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PROSPECTS FOR REGIONAL STABILITY: ASIA AND THE PACIFIC

REPORT

SUBMITTED BY A

SPECIAL STUDY MISSION TO ASIA AND
THE PACIFIC, JANUARY 2-22, 1978

UNDER THE AUSPICES OF THE

SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS

OF THE

COMMITTEE ON
INTERNATIONAL RELATIONS
U.S. HOUSE OF REPRESENTATIVES



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FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C., June 29, 1978.

This report has been submitted to the Committee on International Relations by a special study mission, conducted by Hon. Lester L. Wolff, chairman of the Subcommittee on Asian and Pacific Affairs, between January 2 and 22, 1978.

The findings in this report are those of the special study mission and do not necessarily reflect the views of the membership of the full Committee on International Relations.

CLEMENT J. ZABLOCKI,
Chairman.

(III)

FOREWORD

This report has been submitted to the Committee on International Relations by a special study group constituted by the Committee on the Study of the Status of the United States in the World, January 2 and 3, 1972.

The findings in this report are those of the special study group and do not necessarily reflect the views of the membership of the full Committee on International Relations.

Chairman: J. N. Harwood
Chairman

(iii)

LETTER OF TRANSMITTAL

DEAR MR. CHAIRMAN: I am submitting for consideration a report on a study mission to Asia and the Pacific conducted from January 2 to January 22, 1978. The purpose of the study mission was to examine prospects for regional stability in Asia and the Pacific. To that end, we attempted to develop a clearer understanding of security concerns in Asia and the Pacific and of our ability to assist in the promotion of regional stability.

Members of the House International Relations Committee who participated in the study mission were Representatives Lester L. Wolff, New York, chairman of the Subcommittee on Asian and Pacific Affairs; Tennyson Guyer, Ohio; and George E. Danielson, California.

Also participating were Representatives James R. Mann, South Carolina, Judiciary Committee and Select Committee on Narcotics Abuse and Control; Charles B. Rangel, New York, Ways and Means Committee and Select Committee on Narcotics Abuse and Control; Joe Skubitz, Kansas, Interstate and Foreign Commerce Committee, Interior and Insular Affairs Committee; John T. Myers, Indiana, Appropriations Committee; Donald J. Mitchell, New York, Armed Services Committee; John W. Jenrette, Jr., South Carolina, Agriculture Committee, Government Operations Committee; Robert Badham, California, Armed Services Committee, House Administration Committee; and Delegate Antonio Borja Won Pat, Guam, Armed Services Committee, Interior and Insular Affairs Committee.

The Members of Congress were accompanied by their wives. The women not only attended various state functions but also contributed to the overall success of the mission through their wide-ranging discussions with Government officials and private citizens as well.

Mr. Adolph Dubs, Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs, and Mr. James Free, Special Assistant to the President, represented the executive branch.

Mr. Edward J. Palmer, staff director of the Subcommittee on Asian and Pacific Affairs, Mr. Jon Holstine, minority consultant to the subcommittee, and Ms. Ann Swift, Department of State congressional liaison, assisted by subcommittee staff associates, Mr. Christopher D. W. Nelson and Mr. James J. Przysup, planned and coordinated the mission. Maj. Theodore Dolloff, U.S. Army congressional liaison, served as escort officer.

The composition of the delegation and the wide-ranging expertise of the individual members allowed the study mission to break down into task forces and to discuss in detail a broad range of issues.

The importance of the Asian-Pacific region to the United States cannot be underestimated. Our security is closely linked to stability in Asia and the Pacific. Commercially, our trade with the region exceeds our trade with Europe and, as the economies of the region con-

tinue to develop, our trade prospects can be expected likewise to increase.

We believe that the very size of our delegation served to allay Asian and Pacific uncertainties concerning U.S. interest in the region and to underscore that the United States is and will continue to remain a Pacific nation with strong interests in Asia.

To emphasize congressional interest and U.S. active participation in the region, Chairman Wolff, at a luncheon hosted by the Australian Minister of Foreign Affairs, Mr. Andrew Peacock, proposed the formation of an Asian-Pacific Parliamentary Assembly. As a result of the widespread support for the proposal in all of the countries visited, the subcommittee has prepared a prospectus for congressional review.

At the same time, in both Japan and the Philippines, we raised the issue of burden sharing, pointing out that the U.S. balance-of-payments deficit, roughly \$27 billion, is only slightly more than the yearly cost of maintaining 500,000 military personnel overseas.

The study mission afforded Members of Congress the opportunity for a personal and frank exchange of views with President Ferdinand Marcos of the Philippines, Prime Minister Lee Kuan Yew of Singapore, Prime Minister Hussein Bin Onn of Malaysia, Prime Minister (General) Kriangsak Chomanan of Thailand, Prime Minister Moraji Desai of India, Prime Minister Jamshid Amouzegar of Iran, and other senior government officials in each of the countries visited.

The mission also met with members and officials of the American Chambers of Commerce in Manila, Singapore, Kuala Lumpur, and New Delhi. The meetings allowed the mission to develop a more complete understanding of the overseas operations of American business. At the same time, individual members of the mission represented the views of their constituents concerning the locating of American business overseas.

The study mission had an additional objective: To investigate the Asian narcotics trade and to review the U.S. narcotic assistance control programs in Southeast Asia. Recently, as a result of successful narcotics eradication programs in Mexico, the international drug trade has turned to Southeast Asia as source of supply for heroin. To underscore the determination of Congress to deny this area to international drug traffickers, Congressman Wolff, as chairman of the Select Committee on Narcotics Abuse and Control, along with Congressman Rangel, Congressman Danielson, and Congressman Guyer, addressed the State Department Asian and Pacific Coordinators Conference in Singapore.¹

The mission assumed worldwide proportions—10 countries intensively covered in 20 days—and could not have been accomplished without the close cooperation of the Department of State, the Department of Defense, and Embassy personnel in each of the countries we visited.

LESTER L. WOLFF,

Chairman, Subcommittee on Asian and Pacific Affairs.

¹ A separate narcotics report will be issued by the House of Representatives Select Committee on Drug Abuse and Control.

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SUMMARY

SOUTHEAST ASIA

Southeast Asia today is witnessing a political evolution of major proportions. As a result of the U.S. withdrawal from Vietnam and the attendant Asian uncertainties regarding U.S. policy toward the region, the nations of Southeast Asia are moving to shape their own destiny and to assume a greater role in the promotion of regional stability. Collectively, they are determined to prevent the region from becoming an arena for superpower competition and to have political confrontation give way to economic development.

SECURITY CONCERNS

International security concerns are not absent among the non-Communist nations of Southeast Asia. However, given the existence of insurgencies and terrorist activities in the Philippines, Thailand, Singapore, and Malaysia, security concerns are decidedly internal. And, given the history of the past 30 years, the non-Communist governments of Southeast Asia are determined to restrict the involvement of extraregional powers and to avoid the internationalization of internal problems. Individually, they are committed to economic development and social progress as the ultimate guarantee of domestic security and long-term stability.

At the regional level the non-Communist governments of Southeast Asia share the conviction that stability will depend on the fate of the Association of Southeast Asian Nations, the nature of their relations with the Communist successor governments in Indochina, and the role of the United States.

ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

The Association of Southeast Asian Nations was organized in 1967 with the objective of promoting regional stability through economic cooperation, accelerated economic development, and social progress. The Association consists of Indonesia, Malaysia, the Philippines, Singapore, and Thailand. While regional cooperation developed slowly during the early years of ASEAN, the organization has assumed a greater significance since the accession to power of Communist governments in Vietnam, Cambodia, and Laos.

That ASEAN has been slow to develop is in part attributable to the fact that the economies of the member states are basically competitive rather than complementary. As a result, trade patterns tend to be extra rather than intraregional.

However, as evidenced by the results of the ASEAN summit meetings at Bali in February 1976 and at Kuala Lumpur in August 1977, regional economic cooperation is progressing. At the Kuala Lumpur

meeting the member states reached agreement on an allocation of ASEAN industrial projects and intra-ASEAN trade liberalization measures. The intra-ASEAN tariff reductions have been in effect since January 1, 1978, and the industrial projects are currently under review.

Vis-a-vis the developed world, ASEAN has stressed the need for increased Western investment, continued market access for ASEAN exports, and a regional commodity price stabilization agreement.

ASEAN has established consultative relations with the European Economic Community, Australia, Japan, New Zealand, and the United States.

INDOCHINA DEVELOPMENTS

From vantage points on the periphery of Southeast Asia, Australia and Japan perceive the current Government of Vietnam as being more nationalistic than communistic, more pragmatic than ideological, and more intent on internal development than on external expansion. They view the current conflict between Vietnam and Cambodia more as a reflection of historical, national rivalries than as evidence of Vietnamese expansionism.

The non-Communist governments of Southeast Asia are less certain with regard to Vietnamese intentions. Nevertheless, they are encouraged by the fact that Vietnam appears to be concentrating on the development of state-to-state relations. The Vietnamese-Thai decision to normalize relations and the January visit by the Vietnamese Foreign Minister to the Philippines, Indonesia, Malaysia, and Thailand are viewed with favor.

THE ROLE OF THE UNITED STATES

The policy of the United States is of singular importance to the stability of Southeast Asia. Throughout non-Communist Southeast Asia there is general agreement that regional stability today depends on a continuation of the status quo with regard to superpower balance in the area. At the same time, there is a general concern that the United States has experienced a psychological withdrawal from Asia and is in the process of physical disengagement.

Despite continued assurances to the contrary, Asian doubts remain. And presently the United States-Philippines base negotiations are being followed as a barometer of U.S. policy toward Southeast Asia.

The non-Communist nations of Southeast Asia believe that prospects for long-term stability will be largely shaped by U.S. policy toward the region. While national perceptions do vary as to what the future role of the United States should be, there is general agreement that a continuing U.S. presence is vital and that military containment should give way to an increasing, long-term commitment to regional economic development and social progress.

Political leaders throughout the region voiced the opinion that economic issues will become the critical political questions of the 1980's and the belief that the United States, more by reason of economic strength than military might, can exercise a significant influence in their resolution.

Consequently, there is widespread concern with regard to the possible international consequences of U.S. tax and trade legislation, particularly as the legislation may affect the ability of the United States to respond to the economic needs of the region.

SOUTHWEST PACIFIC

Government officials in Papua New Guinea and Australia emphasized the importance of economic development to regional stability. The ability of the island governments to provide for the material well-being of their populations is the key to domestic stability and to insulating the region against destabilizing superpower competition.

As a result of the study mission, the Subcommittee on Asian and Pacific Affairs has requested the Foreign Affairs and National Defense Division of the Library of Congress Congressional Research Service to prepare a study on the prospects for stability in the Southwest Pacific. The subcommittee will take appropriate action after it reviews the findings of the report.

INDIAN OCEAN

Political instability along the Indian Ocean littoral is less the result of an external superpower presence than of existing internal tensions. However, trends are in the direction of regional stability.

Prime Minister Moraji Desai has acknowledged that the Indian Government has not always been successful in persuading the littoral nations that India is not expansionist and announced the commitment of his government to policies aimed at reassuring them of India's peaceful intentions.

The Indian Ocean nations are concerned lest the Indian Ocean become an area of superpower competition and share an interest in the reduction, if not the eventual elimination, of superpower presence in the Indian Ocean. Consequently there is support for the current United States-Soviet Union arms limitation negotiations on the Indian Ocean. It should be emphasized that no interest was expressed in a unilateral U.S. force reduction or withdrawal from the Indian Ocean.

RECOMMENDATIONS

The members of the mission are encouraged by developments in the Asia-Pacific region and with the prospects for regional stability. At the same time, the members are concerned by the fact that doubts continue with regard to U.S. policy toward Asia and the Pacific.

To underscore U.S. interest in and commitment to the region, the mission recommends:

Establishment of an Asian-Pacific Parliamentary Assembly

The mission believes that increased contact between Asian and Pacific parliamentarians will promote a greater awareness of the political realities which shape legislative activity within the member nations and thus further the cause of mutual understanding. An Asian-Pacific Parliamentary Assembly will provide a forum for the discussion of specifically regional issues and for the development of informal, personal relations between present and future political leaders. Finally, the existence of an Asian-Pacific Parliamentary Assembly will strengthen the cause of parliamentary democracy throughout the region.

The Asian-Pacific Parliamentary Assembly was formally proposed during our visit to Australia at a luncheon hosted by the Minister of Foreign Affairs, Mr. Andrew Peacock. As a result of the enthusiastic response to the proposal encountered during subsequent stops on the mission, the Subcommittee on Asian and Pacific Affairs has prepared a prospectus for consideration by Congress.

Appointment of a U.S. Ambassador to the Association of Southeast Asian Nations

In light of the increasing significance of ASEAN, the appointment of a U.S. ambassador to ASEAN will testify to our interest in the area and our intention to participate actively in the economic development of Southeast Asia.

Greater role in the Southwest Pacific

The United States should assume a greater role in assisting the emerging island nations of the Southwest Pacific. The mission believes that a modest appropriation of funds to provide seed money for the development of economic assistance programs will be well received by the nations of the Southwest Pacific.

To that end, the mission supports the repeal of sections 201 and 211 of the Foreign Assistance Act of 1961 which limit the number of developing countries eligible for economic and human resource development assistance.¹ Additionally, the subcommittee recommends that the

¹ On May 15, 1978, secs. 201 and 211 were repealed by the House of Representatives.

Agency for International Development and the Department of State be authorized to enter consultations with the governments of the Southwest Pacific with a view to developing economic and technical assistance programs.

Continuation of the Overseas Private Investment Corporation (OPIC)

The mission regards an American business presence overseas as essential to the penetration of foreign markets and believes that an increase in foreign earnings can help to offset our increasing balance-of-payments deficit. Consequently, the mission endorses a continuation of the Overseas Private Investment Corporation.

Defense burden sharing

The maintenance of 500,000 armed services personnel overseas has significantly contributed to the U.S. balance-of-payments deficit. Thus, the mission strongly supports the efforts of the administration to negotiate a more equitable sharing of the defense burden.

In Japan as well as the Philippines, the mission discussed the issue from a congressional perspective and emphasized the need for our allies to assume a greater share of defense costs.

International marketing studies

Industrial development in the Third World has traditionally been employment and export oriented. Additionally, development has often taken place without consideration of export markets for the goods produced; and, at the initial stages of development, products tend to be similar in nature and thus competitive in international markets. As a result, developing nations are often faced with unmarketable surplus production.

To increase the effectiveness of U.S. technical assistance programs and to insure that such programs will promote sound, long-term development, the mission recommends that the Agency for International Development undertake international marketing studies prior to an extension of development assistance.

Continued U.S. support for the Asian Development Bank

In general, the mission approves of the operations of the Bank and its financing of projects aimed at assisting the "poorest of the poor." The mission urges continued U.S. support for the Bank but calls attention to the fact that the legacy of the war in Vietnam, in particular the lack of information on the 1,200 Americans still listed as missing in action, makes difficult the extension of across-the-board U.S. support for Bank projects.

Continued initiatives in human rights

Our 200-year commitment to the cause of human rights is and will continue to be one of our strongest diplomatic assets. Thus, the mission supports the human rights foreign policy initiatives of the administration.

Attention is called to the speech of Deputy Secretary of State, Warren Christopher, before the American Bar Association, February 13, 1978, and in particular to the following passage:

The diversity of cultures and the different stages of economic and political maturity tend to produce agonizing, almost incredibly complex, choices in grant-

ing or withholding aid. Moreover, human rights, while a fundamental factor in our foreign policy, cannot always be the decisive factor. But the difficulty of the decisions will not deter us from supporting our words with action.

Increased minority representation in the Foreign Service of the United States

The mission is concerned with the lack of minority representation in the Embassies visited. The mission believes that the Foreign Service should more accurately reflect the diversity of the American people and urges the administration to intensify its efforts to increase minority representation in the Foreign Service.

Attention is called to the appendix and to the views expressed in a letter from Hon. Charles B. Rangel, a member of the mission, to the President on this matter.

Expanded congressional hearings

As a result of the mission, the Subcommittee on Asian and Pacific Affairs is planning to conduct a series of hearings on political conditions in Vietnam, Cambodia, and Laos, the Indochina refugee situation and its impact on domestic political conditions in non-Communist Southeast Asia.²

The subcommittee also plans to develop hearings on the Southwest Pacific and on insurgencies in Southeast Asia.

² On May 10 and again on June 8, 1978, the Subcommittee on Asian and Pacific Affairs held public hearings on developments in Indochina and the refugee situation in Southeast Asia. Further hearings are tentatively scheduled for later this year.

JAPAN

In a speech delivered at Manila, August 18, 1977, Prime Minister Fukuda Takeo announced his government's decision to assume a more positive role in the promotion of regional economic cooperation and stability.¹ The Prime Minister's initiative is regarded as a major turning point in Japan's postwar diplomacy.

The Carter administration's Korean troop withdrawal decision and trade negotiations dominated United States-Japan relations during 1977.

The congressional mission arrived in Tokyo on January 3 during the final stages of the trade negotiations.

Tokyo, Japan, January 3-4

On the morning of January 3, 1978, the mission met with Mr. Nishiyama Takehiko, Deputy Director General, Asian Affairs Bureau, Ministry of Foreign Affairs; Mr. Seki Hiromoto, Director of the Regional Policy Division, Asian Affairs, Ministry of Foreign Affairs; and Mr. Tanino Sakutarō, Director of the Second Southeast Asia Division, Ministry of Foreign Affairs to review recent developments in Southeast Asia and to discuss Japanese policy toward the area.

SOUTHEAST ASIA

Mr. Nishiyama stated that the non-Communist states of Southeast Asia are concerned that the United States, as a result of its experience in Vietnam, is undergoing a psychological withdrawal, if not a political and military retreat from Southeast Asia. The Japanese consider the perceived lack of a firm U.S. commitment to the area to be a destabilizing element in Southeast Asia.

Other destabilizing factors include the current political instability within the Communist states of Indochina and the attendant uncertainties shared by the nations of Southeast Asia regarding Vietnamese intentions.

ASEAN

Stabilizing elements are not lacking. The Japanese Government views with favor the recent revitalization of the Association of Southeast Asian Nations (ASEAN) and considers the association to be the psychological rallying point for non-Communist Southeast Asia. Based on the premise that economic viability is the best guarantee of internal security and political stability, Japanese policy is to support

¹ Japanese names appear in Japanese order, i.e., surname followed by given name.

the development programs of the ASEAN governments and to encourage closer economic cooperation among its member states.

JAPANESE POLICY

Japanese policy toward Southeast Asia is being developed along the principles enunciated by Prime Minister Fukuda Takeo in a speech made at Manila August 18, 1977. Accordingly, Japan rejects the role of a military power and instead will strive to foster with the member states of ASEAN a "relationship of mutual confidence and trust based on heart-to-heart understanding * * * in wide-ranging fields covering not only political and economic areas but also social and cultural areas." Additionally, Japan will "cooperate positively with them in their own effort to strengthen their solidarity and resilience * * * while aiming at fostering a relationship based on mutual understanding with the nations of Indochina * * *."²

Mr. Nishiyama called the Fukuda doctrine an event of the greatest significance. He further noted that the Southeast Asia policy of the Fukuda government is based on the recognition of Japan's responsibility for political and economic stability in the area and that it marked the beginning of a departure from Japan's passive postwar foreign policy.

As part of its contribution to regional stability, Japan seeks to promote greater mutual understanding between the members of ASEAN and the Indochina states of Laos, Cambodia, and Vietnam.

The Government of Japan views Vietnam as being more nationalistic than communistic, more pragmatic than ideological. Japan places great importance on bringing the Indochina states into a wider network of interdependent economic relationships and consequently favors the earliest possible normalization of relations between the United States and the Socialist Republic of Vietnam.

The Foreign Ministry officials stressed the need for a continuing U.S. interest in Asia as well as a nonreduced military and economic presence.

In the discussion that followed:

Chairman Wolff inquired as to the effect of ASEAN-Japanese trade on United States-Japanese trade relations, particularly with regard to competition between the United States and Japan for the ASEAN domestic market.

Mr. Nishiyama replied that Japan's policy is to increase imports from ASEAN rather than increase exports to the member states. Consequently he did not see the United States and Japan competing for the domestic markets of ASEAN.

Mr. Mann referred to the defense requirements of the individual ASEAN nations and asked whether Japan would move to export arms to Southeast Asia.

Mr. Nishiyama explained that the Government's policy is to prohibit the export of weapons and that he did not think that the policy will be changed in the near future.

Deputy Assistant Secretary of State Dubs expressed the view that security is best assured by economic development and economic progress and inquired about the security concerns of the ASEAN countries.

² See Appendix: Japan, for the complete text of the Prime Minister's August 18 speech.

Mr. Nishiyama agreed with Mr. Dubs and went on to say that the ASEAN states are less concerned with external threats than with domestic insurgencies and terrorist activities.

At a working luncheon:

The Minister for External Economics, Mr. Ushiba Nobuhiko, the chief Japanese representative in the United States-Japan trade negotiations then in progress, took up the subject of the trade negotiations.

Mr. Ushiba stressed that the United States and Japan share a common interest and purpose, the preservation of an international economic order based on the principles of free trade, and expressed the hope that the United States and Japan could work together toward that end. He assured the mission that Japan would make every effort to remove by concrete action whatever anti-Japanese feeling existed in the United States as a result of the trade problem.

The Minister also referred to Southeast Asian developments. Mr. Ushiba remarked that, after a recent trip through the region, he had the impression that the nations of Southeast Asia share a concern about an American withdrawal from the area and are seeking assurances of a continued U.S. presence.

In the discussion that followed:

Chairman Wolff in response stated that the United States is not returning to an "island fortress" isolationist mentality. The chairman emphasized that the United States is and will continue to remain a Pacific nation with strong interests in Asia.

With regard to the ongoing United States-Japan trade negotiations, the chairman made clear the need for cooperation in the solution of economic problems that cannot be wished away.

He pointed out that, as representatives of the American people, Members of Congress are faced with the problems of unemployment and inflation and that the cost of fulfilling U.S. defense responsibilities throughout the world has made their solution only more complicated.

Citing a well-accepted figure of \$50,000 for the maintenance of each of the 500,000 U.S. military personnel stationed overseas, the chairman calculated that the total cost approached the current U.S. balance of payments deficit of \$25 billion. Mr. Wolff stated that, while the United States does not want to reduce further its military presence abroad, it is asking for understanding and assistance with reference to troop maintenance. He also commended Japan for having moved to accommodate the United States on this issue.

At the same time, the chairman called for a wider opening of the Japanese domestic market to American goods and for the conclusion of a United States-Japan trade agreement.

Mr. Jenrette emphasized the need for Japan to increase agricultural imports from the United States.

Mr. Ushiba agreed to recommend consideration of Chairman Wolff's and Mr. Jenrette's proposal.

JAPAN FOLLOWUP

On January 13, 1978, the Governments of Japan and the United States announced agreement on the text of a joint statement on trade and economic policy.³

Prime Minister Fukuda Takeo visited the United States in late April and early May to discuss matters affecting United States-Japanese relations.

³ See Appendix: Japan, for the complete text of the Strauss-Ushiba communique.

PHILIPPINES

On December 17 President Ferdinand Marcos received 89.3 percent of the vote in a referendum on the Government's policies. Opposition leaders, anticipating an early announcement of elections for an interim national assembly, were considering their response.

Human rights, particularly the case of Senator Benigno Aquino, and the Philippine base negotiations were matters of major concern during 1977.

Manila, the Philippines, January 4-7

During its visit to the Philippines, January 4-7, 1978, the mission met with President Ferdinand Marcos, Secretary of Foreign Affairs Carlos Romulo, Secretary of Finance Cesar Virata, Secretary of Defense Juan Ponce Enrile, Secretary of National Economic Development Gerardo Sicat, and other senior government officials. The mission also met with opposition leaders and with representatives of the American business community in the Philippines.

On January 5, President Marcos reviewed the security situation in the Philippines as well as the security environment in Southeast Asia.

INTERNAL SECURITY

Addressing domestic security problems, the President stated that the active Communist movement in the Philippines now centered around the National Democratic Front, a relatively new organization serving as a umbrella for all subversive groups. The Philippine Government believes that the insurgents are receiving assistance from outside sources judging from the arms it has captured. It is of the opinion that, as in Malaysia, Thailand, and Indonesia, Communist insurgents are being assisted by the Communist Party of the People's Republic of China.

In the south, the Moro Liberation Front continues to pose security problems for the Government. The President traced the origins of the present conflict back to the Spanish attempts to convert the Moslem population. He asserted that large numbers of young Moslems had joined the present insurgency in an attempt to oust the leadership of the traditional Moslem oligarchy and that many came over to the Government in 1974 when it revealed its plans for the reconstruction of the Philippine society. However, shortly thereafter arms from foreign sources began reaching the MLF and have had the effect of prolonging the insurgency in the south.

Turning to the April elections for an Interim National Assembly, the President remarked that the Interim Assembly is an integral part of the Government's plan to restructure Philippine political life. The President stated that elections for a regular National Assembly will

take place once peace has been restored to the south and the threat of a Communist insurgency has ceased. That election will mark the end of martial law.

THE AQUINO CASE

The President gave particular attention to the Aquino case. The President acknowledged that he had received a number of strongly worded letters from the United States when the death sentence was announced in December. However, he emphasized that he had been trying to dispose of the case since 1972 and that every consideration had been extended to Aquino. The President disclosed that the Government had offered pardon and amnesty to Aquino but that he had rejected the offer. It is the President's belief that Aquino is trying to keep the case alive for political reasons.

EXTERNAL SECURITY

With reference to the external security environment, the President emphasized that security in Southeast Asia must continue to depend on a balance of forces. Should the United States pull back from the region, another superpower would soon fill the vacuum. Consequently he cautioned that a withdrawal of the United States presence from the Philippines would create a very unstable environment. The President stated that his views were shared by the governments of Indonesia, Malaysia, Singapore, and Thailand.

BASE NEGOTIATIONS

On January 6, the President and senior Philippine Government officials again took up national security issues more specifically focusing on the Philippine-United States military base negotiations.

The Secretary of Defense emphasized the Government's concern with the War Powers Act. Mr. Enrile argued that, to the extent the Philippine-United States Military Defense Treaty is not binding, the Government must be able to provide for its own security at least while the United States is deciding on its course. He also argued that the presence of the U.S. bases imposes a double security obligation on the Philippines: The Government must be prepared to meet direct threats to the Philippines as well as indirect threats as a result of the U.S. presence.

The President stated that from the beginning of the base negotiations in 1966, the Philippine Government has viewed the Military Bases Agreement (MBA), the Military Defense Treaty (MDT), and the Mutual Assistance Agreement (MAA) as constituting a whole. Thus, if the MBA is renegotiated, the Mutual Assistance Agreement must also be renegotiated. And the President pointed out the Government of the Philippines has always viewed military assistance as a consideration for the use of the bases.

The President went on to develop Philippine security concerns. Philippine threat perceptions focus on a full scale Moro insurrection supported by the Soviet Union through Libya, the increased proximity of a Communist presence should Taiwan be incorporated into the People's Republic of China, and Vietnamese expansionism, particularly toward the Spratleys.

Chairman Wolff, after noting that the mission was not in the Philippines to negotiate, stressed that an American presence in the Philippines is the best guarantee of appropriate and responsive action on the part of the United States.

As for Philippine security concerns, the chairman noted a disinclination in Congress to supply arms for use against domestic insurrections. External threats are a different matter. However, the chairman called attention to the fact that the cost of maintaining U.S. military forces abroad, approximately \$1 billion per annum in the Philippines and \$25 billion worldwide, has imposed a substantial balance of payments deficit on the United States and referred to the burden-sharing discussions that have been conducted with the Japanese.

The chairman went on to point out that the Carter administration is committed to reducing arms transfers. Additionally, he noted that the human rights issue, even if based on some misconceptions, would inevitably arise in connection with an arms transfer request. Therefore the chairman urged consideration of alternatives to the transfer of arms and military equipment. He suggested the substitution of supporting economic assistance.

President Marcos indicated a willingness to consider supporting assistance for education, power, and irrigation projects.

ECONOMICS/TRADE

Mr. Jenrette and Mr. Skubitz represented the mission in meetings with the Secretary of Trade, Mr. Troadio Quiason; the Assistant Secretary of Trade, Mr. Francisco Valeda; the Secretary of National Economic Development, Gerardo Sicat; Acting Secretary of Agriculture, Miguel Zosa; Chairman and General Manager, Philippine Tobacco Administration, Mr. Demetrio Tabije and Mr. Thomas Hernandez of the Philippine Tobacco Board.

Mr. Jenrette opened the meeting by asking about the economic issues in United States-Philippines relations.

Secretary Quiason discussed such issues as the rules governing direct private investment in the Philippines, the waiver desired by the Philippines from the competitive needs provision of the U.S. general system of preference, a reduction of the U.S. tariff on coconut oil to zero and a reduction of 60 percent on mahogany plywood.

At the Department of Agriculture, Mr. Secat reviewed the operation of the Masagana 99 rice program and pointed out that the program has enabled the Philippines to achieve self-sufficiency in rice production. The Philippines has accumulated a 1-year rice reserve and currently is exporting rice to Indonesia.

Mr. Tabije expressed a desire to expand the export of cigar filler tobacco to the United States and emphasized the fact that filler tobacco does not compete with American wrapper and binder tobacco. However, because of transportation costs, Philippine filler is 40 percent more expensive than filler from Brazil or Santo Domingo. As a result, Philippine filler exports to the United States have declined 44 percent in the past 5 years. To compensate for the transportation cost, the Philippine Government seeks to negotiate a reduction of the U.S. duty on Philippine filler tobacco.

OPPOSITION LEADERS

Chairman Wolff, along with Mr. Jenrette, Mr. Rangel, and Mr. Mann, represented the mission at a meeting with leaders of the opposition including former President Diosdado Macapagal, former Senator Francisco Rodrigo, and former Senator Jovito Salonga.

The election for the Interim National Assembly was the major topic of discussion. Mr. Salonga stated that the opposition would consider participating in the election but only on the condition that the Government agree to the publication of sympathetic newspapers and the operation of a sympathetic radio station, freedom of assembly with media coverage, and the presence of opposition observers at the ballot counting. Mr. Rodrigo, however, cautioned that opposition participation in the forthcoming election could be interpreted as an endorsement of President Marcos' legitimacy.¹

ASIAN DEVELOPMENT BANK

Mr. Danielson represented the mission at a meeting with President Yoshida Taroichi and the Board of Directors of the Asian Development Bank.

Mr. Yoshida stated that the ADB is giving highest priority to agriculture and rural development in line with its policy of assisting the "poorest of the poor." Likewise the highest priority is attached to resettlement projects for the Indochina refugees.

Mr. Danielson inquired concerning ADB contacts with the Indochina states.

Mr. Yoshida replied that the ADB has had no contact with Cambodia. As for Laos, he stated that the Bank has no problem in making loans available to the present Government. Mr. Yoshida also explained that the ADB does expect to reactivate its loans and projects in Vietnam in the near future. He went on to point out that Vietnam has been a full member of the ADB since July 1976.

Mr. Yoshida made clear the fact that the ADB's lack of resources has limited its ability to respond to the needs of Asia and appealed to the United States to continue its support of the Bank.

Mr. Danielson replied by emphasizing his personal commitment to the Bank but at the same time referred to the difficulty the ADB has encountered in Congress as a result of its decision to admit the Government of Vietnam to full membership.

Mr. Yoshida also expressed the hope that there might be an improvement in the relationship between the United States and Vietnam and pointed out that, inasmuch as Vietnam is a full member of the Asian Development Bank, the Bank will deal with Vietnam in the same manner it deals with other members.

¹ See Appendix: Philippines, for a letter to President Marcos expressing the views of the opposition on the elections and the 1973 Philippine Constitution. Also, see Appendix: Philippines, for the comments of the Philippine Government on the State Department report on human rights in the Philippines.

PHILIPPINES FOLLOWUP

In an election marked by charges of vote fraud on the part of both government and opposition parties, the government party swept the 21 contested seats in metro Manila. According to unofficial returns, opposition leader, Benigno Aquino, campaigning from prison, placed 22d or 23d in metro Manila.

As a result of antigovernment postelection demonstrations, approximately 600 protestors were imprisoned. The vast majority of those detained were released shortly thereafter and on June 3 President Marcos announced the release of the remaining opposition leaders and that charges against all involved in the postelection demonstrations had been dropped by the Government.

PAPUA NEW GUINEA

Papua New Guinea, independent since 1975, stands at the beginning of its national history.

The Government's major concern is the development of Papua New Guinea's human resources. The Government's development policy is conservative, deliberate, and based on the principle of self-reliance.

Papua New Guinea has supported United States positions in the United Nations and United States-Papua New Guinea relations are considered good.

Port Moresby, Papua New Guinea, January 7, 8, 9

During its visit to Papua New Guinea, January 7-9, 1978, the mission met with Deputy Prime Minister Julius Chan, Foreign Minister Ebia Olewale, Secretary of Defense Thomas Ritako, Brig. Gen. Edward Diro, commander of the Papua New Guinea self-defense force and other senior government officials.

FOREIGN POLICY

The foreign policy of Papua New Guinea is based on the principle of universalism.¹ Consequently Papua New Guinea seeks to avoid association with any military or ideological camp and supports a zone of peace policy for the Pacific and Indian Oceans.

SECURITY

With reference to the security of Papua New Guinea, the foreign and defense ministries agree that, while Papua New Guinea might be affected by developments in Asia, there is no immediate threat to its security.

In the absence of any identifiable security threat, Papua New Guinea's defense policy aims at the development of a small scale defense force with the capability of being expanded to meet unforeseen contingencies. Presently the self-defense force is employed in civic action programs including airstrip, road, and school construction.

General Diro stated that in any crisis Papua New Guinea will look first to Australia and New Zealand and then through the ANZUS alliance to the United States.

In its immediate vicinity, Papua New Guinea's sole security problem involves the activities of certain Indonesian dissidents operating from inside Papua New Guinea against the Indonesian Province of Irian Jaya. Dissident activities have resulted in skirmishes with Indo-

¹ See Appendix: Papua New Guinea, for an explanation of Papua New Guinea's foreign policy.

nesian troops along the long and poorly demarcated Indonesian-Papua New Guinea border. Foreign Minister Olewale emphasized that his Government is in constant contact with the Government of Indonesia and that monthly meetings are held to discuss the border problem.

Privately, however, various individuals expressed some concern over the future intentions of Indonesia and their personal apprehensions over the possibility of another East Timor situation being created and exploited to the detriment of Papua New Guinea's territorial integrity.

Nevertheless, paramount concerns are domestic rather than foreign. The government's domestic policy emphasizes the development of a population that is 90 percent rural in character and composed of 600 to 700 language groups.

DOMESTIC POLICY

Deputy Prime Minister Chan explained that the government's development policy is based on the principle of self-reliance and gives prominence to the extension of basic services to the rural areas.² However, the drain on the government's financial resources has caused it to eliminate those services and institutions it considers excessive in the context of Papua New Guinea and to project a 3-percent real expenditure growth rate in government goods and services over the next 5 years. Deputy Prime Minister Chan noted that a 3-percent growth rate is extremely modest given the fact that population is expected to increase at a rate of 3 percent per year over the same period.

Government officials stressed the critical importance of increased foreign investment and the fact that the government is seeking to attract foreign investment from increasingly diverse sources to preclude domination of individual industries in Papua New Guinea by any single foreign investor. Both Deputy Prime Minister Chan and Foreign Minister Olewale emphasized that the domestic political stability enjoyed by Papua New Guinea affords investors the best possible incentive and that the National Investment and Development Authority is open to negotiation as to what constitutes a reasonable rate of return.

Mr. Chan made it clear that Papua New Guinea is not looking for assistance just for the sake of receiving assistance. The government will accept financial aid only when it is in accord with development priorities and within its technical capability to administer.

PAPUA NEW GUINEA-UNITED STATES RELATIONS

With respect to Papua New Guinea-United States relations, the Deputy Prime Minister noted that the European Economic Community had recently granted Papua New Guinea special concessions on tropical products and that the government would like to negotiate some similar special arrangement with the United States on such labor intensive products as coconut oil and palm oil.

The Foreign Minister mentioned that Papua New Guinea is likewise interested in developing a tourist trade with the United States and in securing a direct connection for Air Niugini with the United States at Guam.

² See Appendix: Papua New Guinea, for an outline of Papua New Guinea's development policy.

Both the Deputy Prime Minister and the Foreign Minister encouraged the United States to play a more active role in the Southwest Pacific, particularly to exert its influence in favor of independence for the Anglo-French condominium still exercised over New Caledonia and the New Hebrides.

In the discussion that followed:

Chairman Wolff stated that a major objective of the mission is to demonstrate U.S. interest in the Southwest Pacific and to evaluate U.S. policy toward the region. Chairman Wolff went on to emphasize the traditional U.S. commitment to ANZUS and to explain that through ANZUS our concern extends to Papua New Guinea.

Mr. Guyer suggested the establishment of educational and cultural exchange programs as a step in the direction of strengthening relations between the two countries.

Mr. Skubitz asked if Papua New Guinea is interested in receiving United States technical assistance in the fields of health, education, and agriculture. Mr. Skubitz cited the example of the technical assistance program now in operation between the Philippines and Kansas State University.

Deputy Prime Minister Chan answered that his country is very interested in receiving such assistance. He went on to say that Papua New Guinea is deeply grateful to the Americans who have given freely of their services to his country.

Mr. Myers inquired about oil exploration.

Deputy Prime Minister Chan replied that substantial oil exploration is underway.

Mr. Mitchell asked whether the self-defense force is experiencing problems in acquiring small arms ammunition and replacement parts.

General Diro explained that most of the self-defense force equipment is of U.S. origin and that the Carter administration's decision to end arms sales to developing countries has forced Papua New Guinea to rely more heavily than it would like on other suppliers.

PAPUA NEW GUINEA FOLLOWUP

Papua New Guinea participated in the Asian-Pacific Commonwealth Heads of Government Conference in Sydney, Australia, February 13-16.

AUSTRALIA

In December elections the Liberal-Country Party government of Prime Minister Malcolm Fraser was returned to office.

The government's major concern is the domestic economy. In 1977 inflation averaged 9.35 and unemployment averaged 5.6 percent.

United States-Australia relations are close and cordial. The government has expressed satisfaction with the United States-Soviet Union arms limitation negotiations on the Indian Ocean and with United States-Australia consultations on the negotiations.

Canberra, Australia—January 9, 10, 11, 12

On January 11, 1978, the mission met with the Minister for Foreign Affairs, Andrew Peacock, who returned from holiday specifically to attend meetings with the mission; Deputy Secretary of the Department of Foreign Affairs, Peter Henderson; Secretary of the Department of Foreign Affairs, Nicholas Parkinson; Acting First Secretary for the North and South Asian Division, Ray Percival; and First Assistant Secretary of the Nuclear Affairs Division, Roy Fernandez. During the meeting the Australian officials presented their perceptions of recent developments in Southeast Asia.

SOUTHEAST ASIA

The Department of Foreign Affairs considers Vietnam an historical watershed and believes that the developments surrounding the unification of Vietnam have cast the die for the future of Southeast Asia for the next quarter century.

In their attempts to deal with the new political and strategic realities, the nations of Southeast Asia are moving to shape their own destiny. Today these nations share a desire to avoid the great power rivalries that have characterized the past 30 years and to have military confrontation give way to economic development.

ASEAN

The most significant development in this regard has been the emergence of a revitalized ASEAN. The goal of ASEAN, "National Resilience," is indicative of a common determination to focus on national development and to be less dependent on nations outside the region. Australia regards ASEAN as an institution capable of coordinating approaches to economic development and of evolving political cooperation within the region.

Australia sees the ASEAN nations as passing through that stage of development experienced by South Korea and Taiwan a decade ago. The nations of ASEAN share the recognition that the agricultural sector alone will not suffice to employ their burgeoning populations and a determination to develop labor intensive light industries. Australia believes that the response of the Western World to these developments will be a factor of critical importance to regional stability.

The Minister for Foreign Affairs emphasized that it is impossible for Australia to encourage industrial development in ASEAN without opening its markets to ASEAN exports. For the Government this means balancing short term political responsibilities with the long term duty of living with Southeast Asia.

Likewise critical to regional stability will be the relationship that evolves between the member states of ASEAN and the Communist governments in Indochina. Consequently, Australia views the ASEAN attempt to develop a consensus rather than confrontation relationship with Vietnam as a forward-looking decision. Australia is likewise pleased that Vietnam is moving toward bilateral contacts with Malaysia, Thailand, Indonesia, and the Philippines and encouraged by the fact that Vietnam no longer views ASEAN as an American Trojan Horse.

AUSTRALIA-INDONESIAN RELATIONS

As for Australia-Indonesian relations, the Department of Foreign Affairs is of the opinion that relations in general are quite good and, despite some differences over East Timor, strongly and widely enough based to allow the two neighbors to live with occasional differences.

In short, Australia sees Southeast Asia as more settled than at any time since World War II.

INDIAN OCEAN

The Indian Ocean, and in particular the increased Soviet naval presence, is a matter of strategic concern to Australia. Australia believes that a complete superpower withdrawal from the Indian Ocean is undesirable and advocates instead a balance at the lowest practical level. The Australian Government is therefore pleased with the current United States-Soviet arms limitation talks and with United States-Australian consultations on the negotiations. The Government likewise hopes that any United States-Soviet agreement on the Indian Ocean will not impair U.S. treaty obligations under ANZUS.

SOUTH PACIFIC

Australia is concerned that the South Pacific remains open to outside influences. While acknowledging the area to be one in which Australia and New Zealand must play a major role, the Minister for Foreign Affairs expressed the hope of his government that the United States will not be disinterested in the region and that it will continue to find ways to manifest its interest. In this regard Mr. Peacock commended the study mission's visit to Papua New Guinea as a reaffirmation of U.S. interest in the area.

In the discussion that followed:

Mr. Mitchell asked the officials their views concerning the cause of the fighting between Vietnam and Cambodia.

Mr. Percival replied that, sensational news stories notwithstanding, the Department views the present conflict as rooted in national and historical rivalries.

Mr. Danielson asked whether the population problem in Indonesia might adversely affect Indonesia-Papua New Guinea relations.

Mr. Percival replied that population pressure in Indonesia is concentrated on the island of Java and that the other islands are relatively underpopulated.

Mr. Badham asked about arms supply in the region.

Mr. Henderson stated that Australia would like to see the United States make available modest amounts of defense equipment to the nations of the region if and when they indicate a willingness to buy.

Mr. Mitchell asked about the Australian perception of the Korean troop withdrawal.

Mr. Percival replied that Australia is not unhappy with the way it is going at the moment but is most concerned that the withdrawal be carried out in consultation with the Governments of South Korea and Japan.

Deputy Assistant Secretary of State Dubs asked about the United Nations Zone of Peace Resolution for the Indian Ocean.

Mr. Fernandez noted that the resolution has made little progress and that in fact very few of the littoral countries want to see super-power presence disappear from the Indian Ocean.

Deputy Assistant Secretary of State Dubs expressed the opinion that the United States, while not diminishing the present security aspects of its involvement in Southeast Asia, must also realize that failure to participate in the economic development of the region may give rise to future instability.

Mr. Percival agreed and expressed the opinion that the economic and financial strength of the United States will give it greater future influence in Southeast Asia than it can hope to have on a military level.

DEFENSE POLICY

On January 10, Chairman Wolff, Mr. Mitchell, and Mr. Badham met with Australian defense officials including Sir Arthur Tange, Permanent Secretary of the Department of Defense; Mr. Gordon Jockel, Director of the Joint Intelligence Organization; and Air Marshal Sir James Rowland, Acting Chief of Staff of the Australian Defense Force.

The Australian officials provided an assessment of Australia's security environment and its defense policy.

Mr. Jockel began with an analysis of Australia's security environment. The Joint Intelligence Organization is of the opinion that Australia faces no immediate, discernible, strategic threat. While its immediate neighbors are beset with formidable domestic problems because of their rapidly increasing populations, Australia believes that the neighboring governments are intent on an internal solution of their problems and have rejected external expansion. Australia likewise believes the governments are committed to policies of economic development as the best guarantee of internal political stability and that consequently ASEAN can exercise a decisive influence on regional stability.

Australia takes particular note of the fact that the Communist governments in Indochina appear to be concentrating more on state-to-state relations than on supporting insurgencies against neighboring non-Communist governments.

Australia believes that short-term prospects are favorable for regional stability in Southeast Asia and the South Pacific and that these conditions will continue for some time.

Air Marshal Rowland explained that Australian defense policy has been largely shaped by three factors: small population, vast territory, and the lack of a perceptible and agreed upon security threat. Consequently defense planning has emphasized mobility and the development of a capability to respond to a wide range of contingencies. Priority also has been placed on developing a defense force able to integrate its structure and equipment with that of its allies. Thus an ongoing program of technology transfer from its more technologically advanced allies is of vital importance to Australia.

In the discussion that followed:

Chairman Wolff asked about Australia's view of the United States presence in the Indian Ocean.

Sir Arthur Tange replied that Australia accepts the wisdom of seeking a balance with the Soviet Union at the lowest possible force level but is concerned that, in any agreement reached with the Soviets, the United States not impair its obligations under ANZUS.

Mr. Badham asked Sir Arthur for his views on Korea and arms sales.

Sir Arthur replied that the troop withdrawal should be executed in consultation with the Koreans and the Japanese and at a pace that will not upset the existing equilibrium in Northeast Asia. As for arms sales, Sir Arthur expressed the view that it would be a mistake to abandon the field to less scrupulous competitors and the hope that the United States would continue to supply arms to the region.

TRADE

On January 11, Mr. Mann, Mr. Danielson, Mr. Jenrette, Mr. Myers, and Mr. Skubitz met with the Deputy Secretary of Trade and Resources Paul Barratt; Deputy Secretary of the Treasury, Roy Daniel and the Acting First Secretary of the Foreign Investment Division, Mr. Michael Cranswick.

Mr. Barratt stated that the principal problems in Australia-United States trade relations are U.S. quotas on beef and tariffs on sugar and wool. Mr. Barratt observed that laws passed in the United States for domestic political purposes have had a profound effect on Australia. Mr. Barratt likewise stated that the tariff on wool has adversely affected the U.S. wool industry and expressed the opinion that, if the United States were to lower the tariff on wool, it might have a positive effect on the American wool industry.

Mr. Barrett also defended Australia as a consistent supporter of trade liberalization even though foreign tariff barriers have affected Australian agricultural exports.

In the discussion that followed:

Mr. Mann called attention to the positive effect trade liberalization has had on employment patterns in the United States and asked how Australia had managed to erect the highest tariff barriers among the members of GATT. He called attention to the fact that Australia has made repeated use of article 19 of the General Agreement on Trade and Tariffs.

Mr. Barratt answered that no one had yet offered Australia the tariff cuts on its agricultural products that would make reciprocal tariff cuts on imports worthwhile. He went on to say that Australia's success in lowering its tariffs to a large degree will be related to finding markets for its exports.

Mr. Danielson stated that the development of new markets is critical to the foreign trade of both the United States and Australia.

Mr. Daniel and Mr. Cranwick concentrated on a review of Australian investment policy. Australian investment policy in general is to welcome foreign investment but to insure that there is a fair sharing of the returns. The Australian officials expressed the belief that Australian investment laws are generally acceptable to foreign investors and do not constitute a major barrier to the inflow of foreign capital.

AUSTRALIA FOLLOWUP

On January 20, 1978, Australia's Minister for Foreign Affairs, Mr. Andrew Peacock, announced his government's decision to recognize officially Indonesia's sovereignty over the former Portuguese colony of East Timor.

On February 6-7, 1978, Prime Minister Malcolm Fraser met with Ambassador Alan M. Wolff, U.S. Deputy Special Trade Representative to discuss United States-Australian trade relations.¹

On February 13-16, Commonwealth Heads of Government of the Asian and Pacific region met in Sydney to discuss matters of regional interest.²

¹ See Appendix: Australia, for the complete text of the joint statement on the Australia-United States trade discussions.

² See Appendix: Australia, for the complete text of the communique issued at the conclusion of the Asia-Pacific Commonwealth Heads of Government conference.

SINGAPORE

Singapore considers a continuing U.S. presence in Southeast Asia essential to regional security.

Human rights issues and U.S. trade and investment policy dominated United States-Singapore relations during 1977.

Singapore—January 12-15

On January 13 the mission met with Prime Minister Lee Kuan Yew and Foreign Minister Sinnathamby Rajaratnam. Both the Prime Minister and the Foreign Minister reviewed recent political developments in Southeast Asia and took up issues relating to trade, human rights, and Indochina refugees.

ASEAN

The Foreign Minister stated that ASEAN and the Communist states of Indochina represent two competing social systems. He argued that the lack of armed conflict between the member states of ASEAN evidenced the fact that ASEAN is politically the more cohesive system. Additionally, he expressed the view that the Indochinese states economically need ASEAN more than ASEAN needs them.

The Foreign Minister argued that economic development is the key to meeting the challenge of communism in Southeast Asia and that in the long run economic strength will have a greater influence on the region than military power. He urged the United States to assist economic growth in Southeast Asia and to assure continued access to its domestic markets for ASEAN exports.

The Prime Minister expressed concern over trends in the direction of protectionism. The erection of worldwide tariff barriers, he cautioned, could bring about another 1929 and in turn lead to the destruction of the international economic order. Should that occur, the free world political order would be endangered.¹

HUMAN RIGHTS

Both the Prime Minister and the Foreign Minister addressed the issue of human rights. They stated that "human rights" are two words used to describe an exceedingly complex set of relationships. Human rights, they maintained, are relative, not absolute, and vary in their enjoyment from country to country as domestic conditions vary from country to country. Consequently they urged the United States not to expect its experience to be universal and to refrain from judging the world by its standards. The Prime Minister argued that the key question in assessing human rights is whether conditions are getting better or worse for the average citizen.

Defending the government's detention laws, the Foreign Minister pointed out that the governing People's Action Party consistently runs on a detention platform and that the people keep returning the party to power.

¹ See Appendix: Singapore, for the text of a press conference held by Prime Minister Lee Kuan Yew at the conclusion of the Asia-Pacific Commonwealth Heads of Government conference.

INDOCHINA REFUGEES

With reference to the Indochinese refugees, the Foreign Minister stated that the Prime Minister had announced that Singapore is prepared to establish transit facilities for the Indochina refugees provided that it receives a "bankable guarantee" for their permanent resettlement. He emphasized that resettlement is an international responsibility and that Singapore, because of its size and population density, cannot absorb a large influx of refugees.

U.S. PRESENCE

The Foreign Minister stated that the members of ASEAN are unanimous in their support for a continued U.S. presence in the Philippines and emphasized that the congressional mission has helped to counter anxieties about a U.S. withdrawal from Southeast Asia.

In the discussion that followed:

Mr. Rangel asked whether Singapore considered the human rights issue to be a form of intervention in its domestic politics.

The Foreign Minister replied that Singapore did not. Moreover, he felt that the U.S. advocacy of human rights is right and proper. However, he again urged that the United States not judge the rest of the world by its standards.

Mr. Mitchell asked Singapore's view on the Korean troop withdrawal.

The Foreign Minister replied that the withdrawal should not be considered a matter of numbers but rather a psychological problem involving U.S. credibility. The issue is whether the withdrawal could suggest that the United States is not to be counted on.

The Prime Minister observed that the U.S. primary concern should be the attitude of Japan.

Mr. Myers stated that he considered a U.S. presence in the area to be a significant factor contributing to regional stability.

The Foreign Minister agreed. He referred to what he terms the "metaphysics of politics" stating that, while Singapore is neutral, there are certain countries for which it has an affinity.

Subsequent to the discussion *Chairman Wolff, Mr. Rangel, Mr. Danielson, and Mr. Guyer* addressed the State Department Regional Narcotics Coordinator Conference.²

SINGAPORE FOLLOWUP

The resettlement of the Indochina refugees is a major problem for the nations of Southeast Asia. Singapore considers resettlement to be an international problem to be resolved by the international community.

In February, at the conclusion of the Asian-Pacific Commonwealth Heads of Government Conference, Prime Minister Lee Kuan Yew announced that Singapore is prepared to allow up to 1-year's temporary asylum for the Indochina refugees, provided that it is assured of their permanent resettlement elsewhere.³

² A separate report will be issued by the Select Committee on Narcotics Abuse and Control.

³ See Appendix: Singapore, for the complete text of the Prime Minister's statement. On May 10 and again on June 8, the Subcommittee on Asian and Pacific Affairs held public hearings on developments in Indochina and the refugee situation in Southeast Asia. Further hearings are tentatively scheduled for later this year.

MALAYSIA

Malaysia is the leading advocate of a Zone of Peace, Freedom and Neutrality (ZOPFAN) for Southeast Asia. Through ZOPFAN Malaysia seeks to regulate the activities of outside powers and to deny them the opportunity for involvement in the domestic politics of the region.

Malaysia is interested in increasing U.S. investment in Malaysia and in expanding Malaysian exports to the United States. As a major exporter of raw materials, Malaysia has supported a regional commodity export earning stabilization plan.

Kuala Lumpur, Malaysia—January 15, 16, 17

On January 16, the mission met with Prime Minister Hussein Bin Onn, Foreign Minister Tengku Ahmad Rithaudeen, and Home Affairs Minister, Tan Sri Ghazali Shafie.

SOUTHEAST ASIA/ASEAN

The Foreign Minister defined the aim of Malaysian foreign policy as the promotion of regional stability in Southeast Asia.

The Foreign Minister stated that Malaysia is pleased with the slow but nonetheless increasing economic cooperation between the member states of ASEAN and with the stabilizing influence ASEAN has exerted in Southeast Asia. Through ASEAN, Malaysia seeks to develop the national resilience essential to the preservation of its independence.¹

Also vital to regional stability are the foreign policies of Japan and the United States. Accordingly Malaysia is pleased with the decision of the Fukuda government to play a more responsible role in the development of Southeast Asia. The Foreign Minister went on to state that Malaysia sees the United States as playing preeminently an economic role in the region.

INDOCHINA

The Foreign Minister also discussed developments in Indochina. Malaysia is encouraged by the participation of Vietnam and Laos in the Economic and Social Commission for Asia and the Pacific as well as by the fact that they have indicated a willingness to cooperate on a bilateral basis with the member states of ASEAN. As for Malaysian-Vietnamese relations, he noted that his government likewise had been encouraged by the recent visit of the Vietnamese Foreign Minister to Kuala Lumpur.

¹ See Appendix: Malaysia, for an exposition on the concept of National Resilience by Home Affairs Minister, Tan Sri Ghazali.

The Foreign Minister emphasized that the future of Thailand, in particular its relations with the Indochinese States is crucial to Malaysia. And, just as Malaysia and Thailand are cooperating on their border problem, Malaysia is prepared to help Thailand in its relations with the states of Indochina.

The Foreign Minister argued that the Soviet presence in Vietnam and the Chinese presence in Cambodia are inherently destabilizing and in part a cause of the Vietnamese-Cambodian border dispute. He also voiced the concern that an escalation in the fighting between Vietnam and Cambodia could lead to a corresponding increase in great power rivalry not only in Southeast Asia but also in the Indian Ocean.

ZONE OF PEACE, FREEDOM, AND NEUTRALITY (ZOPFAN)

Therefore, the Foreign Minister attached particular importance to the realization of a zone of peace freedom and neutrality (ZOPFAN). Based on the premise that insurgencies are to be dealt with internally and not internationalized, Malaysia's policy is to regulate the activities of outside powers and to deny them the opportunity for involvement in the domestic politics of the region.

The Foreign Minister pointed out that ZOPFAN should not be considered a denial of legitimate superpower interests in the area, particularly those financial and economic interests which contribute to regional peace and security.

In the discussion that followed:

Chairman Wolff asked the Foreign Minister if he did not think it contradictory to ask the United States to provide a security umbrella for Southeast Asia and at the same time to ask it through ZOPFAN to stay out of the area. The chairman cited Malaysia's past support of the nettlesome United Nation's resolution calling for self-determination for Guam.

The Foreign Minister replied that Malaysia is prepared to be patient in the realization of ZOPFAN and acknowledged that it will take time to phase out what took time to phase in. He did not think ZOPFAN to be inconsistent with regional security: The U.S. presence in the Eastern Pacific serves as a security umbrella for the entire Asian-Pacific region.

Chairman Wolff emphasized that the United States has consistently supported self-determination and self-government but that somehow the group of 77, the nonaligned nations, refused to recognize the fact. Chairman Wolff stated that "nonaligned" is a misnomer; there are no nonaligned states; in fact they are aligned together.

MEETING WITH HOME MINISTER TAN SRI GHAZALI SHAFIE

The Minister welcomed the mission by emphasizing that, although the United States traditionally has considered Malaysia to be beyond its immediate concern, in terms of beliefs and interests the United States has no better friend than Malaysia.

SOUTHEAST ASIA/INDOCHINA

The Home Minister reviewed the problem of insurgencies in Southeast Asia. He stated that the insurgencies are external rather than internal in origin and that their roots could be traced back to the Com-

munist agents planted in Southeast Asia prior to World War II. The Minister subsequently discussed in detail Malaysia's antiterrorist policy and recent antiterrorist operations.

The Minister also took up Vietnamese-Cambodian relations relating the current fighting to the long-term prospects for regional stability in Southeast Asia. He explained that Malaysia views the Vietnamese-Cambodian conflict as evidence of a Soviet-PRC power struggle and is concerned lest Cambodia be weakened to the point where the PRC would perceive a shift in its position vis-a-vis the Soviet Union. Should that occur, the possibility of PRC attempts to rectify the situation by intensifying activities beyond Cambodia is not to be excluded.

The Minister urged sympathetic understanding for the problems faced by the Governments of Indonesia and Thailand. He argued that the Governments of Thailand and Indonesia require international support for their efforts to develop the national resiliency and stability essential to the growth of parliamentary government. He pointed out that, notwithstanding its present lack of parliamentary government, Thailand has manifested a concern for human rights as evidenced by its acceptance of over 100,000 Indochinese refugees.

The Minister stated that Malaysia will do all in its power to assist Thailand. Malaysia is pleased with the Malaysia-Thailand border agreement which provides not only for cross-border, antiterrorist operations but also for joint development of the border region in order to assure stability through balanced economic growth.

With reference to Indonesia, the Minister again asserted that, if the Government of Indonesia is given international support, the country will have the opportunity to develop the stability essential to the growth of democracy. He expressed the opinion that the future of Indonesia will determine the stability of Southeast Asia.

As for Singapore, the Minister described Malaysia and Singapore as the best of friends. The ongoing contact and cooperation between the two Governments testify to the close nature of their relations.

The Minister reviewed Malaysia's close security cooperation with its neighbors and expressed his personal view that in terms of security Thailand, Indonesia, Singapore, and Malaysia are conceptually one.

ZOPFAN, he made clear, is not directed against the United States.

In the discussion that followed:

Chairman Wolff expressed his disappointment with Malaysia's past support for the Guam resolution and remarked that the United States considered its presence in Guam and the Philippines contributed to regional security. He went on to point out that certain actions, for example, the Guam resolution, make it difficult for the Government to convince the American public that the United States should remain involved in the region.

Mr. Won Pat noted that his presence as a representative of Guam in the Congress of the United States is evidence of the healthy state of democracy on the island.

At a working luncheon:

The mission met with Prime Minister Hussein Bin Onn who delivered a formal address on the subject of United States-Malaysia relations.

The Prime Minister stated that because of its strategic position and raw materials Southeast Asia "is no less important to the United States as other parts of the world are."

The Prime Minister emphasized that "Malaysia believes in and practices parliamentary democracy." Within that context, Malaysia is striving to eliminate poverty and to correct social and economic disparities which exist in its multiracial society.

The Prime Minister made clear that Malaysia welcomes United States investment and that he believes that the United States has an important role to play in Southeast Asia with regard to "trade, investment, and 'general security.'"²

MALAYSIA FOLLOWUP

In January 1978 the Governments of Malaysia and Vietnam concluded a joint trade agreement. The agreement was the first concluded by a member of ASEAN with the Government of Vietnam. In February, Malaysia announced its decision to extend technical aid to Vietnam to assist in the development of the Vietnamese rubber industry.

² See Appendix : Malasia, for the complete text of the Prime Minister's address.

THAILAND

The government of Prime Minister General Kriangsak Chomanan came to power in November 1977. The Prime Minister has placed renewed emphasis on improving relations with Vietnam, Cambodia, and Laos.

Bangkok, Thailand—January 17

The study mission met with Prime Minister, Gen. Kriangsak Chomanan; Deputy Prime Minister Sunthorn Hongladaron; Foreign Minister Upadit Pachariyangkun, and other senior Government officials.

The Prime Minister, while emphasizing Thailand's determination to be self reliant, expressed his Government's interest in U.S. economic and military assistance and in a continued U.S. presence in the region. The Prime Minister also expressed the hope that President Carter would soon visit Thailand.

The narcotics situation in Thailand was also discussed.¹

THAILAND FOLLOWUP

In January 1978 Thailand and Vietnam agreed to exchange ambassadors and to conduct formal diplomatic relations. In February Thailand reached a similar agreement with Cambodia.

¹ A separate report will be issued by the Select Committee on Narcotics Abuse and Control.

INDIA

The mission visited India at the invitation of the Speaker of the Lok Sabha, Mr. K. L. Hegde. The mission arrived 14 days after the visit of President Carter.

Superpower presence in the Indian Ocean and nuclear proliferation policy were major issues in United States-India relations during 1977.

New Delhi, India—January 17, 18, 19, 20

On the evening of the 17th, Mr. Hegde hosted a formal dinner for the mission. In his after dinner remarks, the Speaker observed that India and the United States share a common commitment to democratic values and characterized the 1977 national elections as "a striking demonstration" of Indian democracy.

Mr. Hegde referred to the recent visit of President Carter as "the beginning of a new era of closer and growing friendship between our two countries."

The Speaker acknowledged United States cooperation in promoting economic progress in India and called for increasing cooperation between developed and developing countries.¹

MEETING WITH MINISTER FOR EXTERNAL AFFAIRS, MR. A. B. VAJPAYEE

The Minister opened the meeting by stressing the common ideals held by India and the United States: a belief in fundamental freedom, human rights and faith in the democratic process.

DOMESTIC POLICY

The Minister went on to develop an overview of the Government's domestic policy. The Desai government is seeking to effect changes in the structure of Indian agriculture, education, and industry and to end the migration from the countryside to the major urban centers. In the agricultural sector, the Government is aiming for self-sufficiency and consequently allocating greater revenue to power and

¹ India Express, New Delhi, Jan. 18, 1978, p. 4. For further information on the subject of United States policy toward India and South Asia, see: "The United States, India, and South Asia: Interests, Trends and Issues for Congressional Concern," a report prepared for the Subcommittee on Asian and Pacific Affairs by Dr. Richard Cronin of the Foreign Affairs/National Defense Division, Library of Congress, Congressional Research Service. Dr. Cronin's report assisted the subcommittee in planning the study mission and is being published under the auspices of the subcommittee as a supplement to this report. While the findings of Dr. Cronin's report are those of the author alone and do not necessarily reflect the views of the members of the subcommittee, the subcommittee believes that the report is a timely and thought-provoking assessment of regional developments and U.S. policy.

irrigation projects. In the field of education, emphasis is being placed on technical job oriented training. While in the industrial sector, the development of small and medium scale industry is a national priority.

INDIA-UNITED STATES RELATIONS

The Minister described India-United States relations as very friendly and stated that the visit of President Carter had been an outstanding success. In particular, the President had created a deep impression by his readiness to take concrete measures to advance arms limitation and the North-South dialog.

The Minister emphasized that, while there are bound to be differences between democratic countries, India and the United States, as democracies, have much in common.

In the discussion that followed:

Chairman Wolff noted the favorable reaction produced in Congress by the Government's March 1977 electoral victory and stressed the need not only to maintain the existing state of United States-India relations but to foster even closer ties.

Mr. Badham asked the Government's position on the Indian Ocean.

The Minister stated that the Indian Government welcomed the efforts of the United States and the Soviet Union to limit arms in the Indian Ocean but made it clear that India is disappointed by what appears to be an attempt to freeze force levels at their present level. Such an agreement would be acceptable only as a first step toward force reduction and the eventual elimination of all foreign bases. He did, however, express a strong interest in the success of United States-Soviet negotiations.²

Deputy Assistant Secretary of State Dubs remarked that, as a result of the mission, he had the impression that, while regional stability is best promoted by economic development, a U.S. security presence is indispensable to the creation of an atmosphere conducive to economic growth. Additionally, he raised the question of India's relations with Southeast Asia.

The Minister replied that the Desai government is paying greater attention to Southeast Asia. The Government has welcomed the emergence of ASEAN and is seeking to develop closer relations with it. In fact, the Government favors the Shah's proposal for a common market extending from Teheran to Thailand.

However, he recognized that there are difficulties in the way of an increased Indian role in the area. He admitted that India, as a nation of more than 600 million, sometimes finds it a difficult task to assure its neighbors that it is not expansionist.

Chairman Wolff expressed the belief that a U.S. presence is sometimes necessary to prevent some nations from exploiting others.

The Minister disagreed. He believed that a U.S. military presence in fact caused other nations to establish a matching presence.

MEETING WITH VICE PRESIDENT B. D. JATTI

With reference to the development of India-United States relations, the Vice President suggested that cooperation would be mutually advantageous in the following fields:

² See Appendix: India, for a further explanation by the Foreign Minister of India's position with regard to the Indian Ocean.

(1) *Agriculture*.—To develop high yield crops and reduce growing time, to transfer technical information to the rural sector, and to assist in the development of India's agricultural extension services.

(2) *Technology*.—To develop nuclear reprocessing. The Vice President stated that India would share the benefits of its nuclear technology with those who need it but emphasized that technology transfer by India would involve only nonweapon technology.

(3) *U.S. investment in India*.

(4) *Indo-American joint ventures in third countries*.

As for the Indian Ocean, the Vice President stated that the Government is not in favor of a unilateral withdrawal by the United States.

MEETING WITH PRIME MINISTER MORAJI DESAI

The meeting began with a discussion of India-United States relations.

The Prime Minister stated that India-United States relations are close and cautioned against being swayed by those who oppose India-United States cooperation. Although noting that India-United States relations have not always followed a smooth course, the Prime Minister believed that relations will continue to improve.

Referring to the nuclear issue, the Prime Minister emphasized that, while India has unilaterally renounced the possession of nuclear weapons, it is determined to develop nuclear energy for peaceful purposes. He was confident that he could persuade the Congress to accept India's position on the nuclear issue, but realized the impossibility of doing so during the brief visit of the mission.

The Prime Minister said that India supports the total elimination of nuclear weapons but is aware that the goal cannot be realized overnight. However, he added, if the two most powerful countries were to agree to renounce further nuclear testing, to refrain from adding to their nuclear arsenals, and to reduce their arsenals within a specified period of time, there would no longer be any problem in moving toward the final elimination of nuclear weapons. If they are unable to do so, they cannot claim the moral right to tell others what they should do.

The Prime Minister made it clear that he did not favor unilateral arms reduction and returned to the theme that if the United States and the Soviet Union were to agree then total elimination is indeed possible. He stated that he is not worried about China, arguing that if the United States and the Soviet Union agree, Great Britain and France will fall in line and that China cannot stand alone.³

The Prime Minister then offered the services of India to act as a buffer in United States-Soviet disarmament talks.

In the discussion that followed:

Mr. Rangel stated that the nations of Southeast Asia had expressed a concern about a U.S. withdrawal from the area and asked if the Prime Minister saw a role for the United States in the area.

The Prime Minister in reply asked whether violence can create non-violence, whether an increase in arms can bring about disarmament. He questioned whether the United States is acting on behalf of small nations or simply to establish an American presence in the area.

³ See Appendix: India, for a further explanation by the Prime Minister of India's stand on the nuclear question.

Deputy Assistant Secretary of State Dubs inquired about prospects for regional cooperation.

The Prime Minister admitted that India has been remiss in removing the suspicions of its neighbors and acknowledged his duty to build confidence among them.

He expressed his appreciation for the frank exchange of views and announced that he planned to visit the United States some time in the spring.

Chairman Wolff referring to the Prime Minister's statement on nuclear energy, informally invited the Prime Minister to address the House of Representatives Committee on International Relations on the occasion of his planned visit to the United States.

DOMESTIC POLICY

The mission met with Manomhan Singh, Secretary of the Department of Economics, Ministry of Finance, and with other Government officials concerned with the problems of commerce, finance, health, and family planning.

The Secretary explained that the next 5-year plan aims at the elimination of poverty among the poorest elements of the population. Consequently the Government is emphasizing integrated rural development programs, irrigation projects, and the development of small and medium scale industries at the village level.

The Secretary stated that approximately 95 percent of Indian investment is generated internally. While expressing the belief that domestic resources must continue to lead India's economic development, he also acknowledged a need for the transfer of highly sophisticated technology.

The Secretary expressed a concern that trends toward protectionism among the industrialized countries could have a detrimental effect on India's economic development. In contrast, he cited India's recent attempts to liberalize its import policy.

During its stay in India, the mission visited the farm village of Bichpuri and a U.S. Government financed Public Law 480 experimental agriculture station. The mission believes that U.S. agriculture technology can play a significant role in increasing India's agricultural output and in strengthening United States-India relations.

INDIA FOLLOWUP

The Foreign Minister of India, A. B. Vajpayee, visited Pakistan February 6-8. Both Governments viewed the visit as carrying forward the process of normalization in India-Pakistan relations.

In late February the Vietnamese Premier Pham Van Dong visited India. On March 1, the Governments of India and Vietnam announced the conclusion of a number of trade and aid agreements.

On June 13, Prime Minister Moraji Desai met with Members of Congress during his visit to Washington.

On June 14, the International Relations Committee reported out unfavorably a resolution disapproving the President's decision to export nuclear fuel to India for use in the Tarapur reactor. In effect, the committee's action allows the President to implement his announced policy.

IRAN

Iran views a continuing U.S. presence in the Indian Ocean as essential to the security of the Persian Gulf and conducive to regional stability.

Tehran, Iran—January 20

The mission met with Prime Minister Jamshid Amouzegar, Deputy Foreign Minister Manuchehr Zelli and other senior officials of the Government of Iran during a stopoff for refueling.

Iranian officials raised the issue of the U.S. troop withdrawal from Korea.

In the discussion that followed:

Chairman Wolff explained that U.S. ground troops are not essential to the defense of Korea, particularly if Korea receives the equipment transfer package. The chairman pointed out that U.S. air and naval units will remain and would be engaged almost immediately in the event of a North Korean attack. The chairman stated that the Japanese now understand that the withdrawal will take place in a measured and orderly fashion and appear to have accepted it.

Chairman Wolff also raised the narcotics issue and called for greater Iranian participation in the United Nations Fund for Drug Abuse Control (UNFDAC).

The Prime Minister agreed that greater efforts could be made by Iran and ordered the Deputy Prime Minister to raise the level of Iranian participation at the February UNFDAC meeting.¹

¹ A separate report will be issued by the Select Committee on Narcotics Abuse and Control.

UNITED KINGDOM

In 1968 Great Britain announced its decision to accelerate its pullback from east of Suez. While its force posture has been sharply reduced, Great Britain retains strong commercial and financial interests in Asia.

London, England—January 20-21-22

On January 21, the mission met with Mr. D. F. Murray, Assistant Under Secretary of the Foreign and Commonwealth Office to discuss British perceptions of the Asia-Pacific region.

INDIAN OCEAN

The Assistant Secretary stated that the sources of tension in the Indian subcontinent and along the Indian Ocean littoral are indigenous and not the result of the exercise of external naval power.

Nevertheless a naval presence does allow outside powers to reinforce their political influence. And, given the significance of the Indian Ocean to the trade of the Western world, the United Kingdom believes that an American counterweight to the Soviet presence is essential. At the same time, the United Kingdom is concerned that a United States-Soviet rivalry not lead to confrontation and, therefore, favors a mutual restraint agreement between the superpowers with regard to the Indian Ocean.

SOUTHEAST ASIA AND ASEAN

As for Southeast Asia, the United Kingdom is encouraged by the emergence of ASEAN and considers it to be the single greatest factor contributing to regional stability. Accordingly, the United Kingdom is supporting ASEAN and encouraging other members of the European Economic Community to pursue a similar policy. In spite of a military and naval withdrawal from Asia, strong economic ties remain and indicate a foreign policy directed toward the maintenance of political stability.

SOUTHWEST PACIFIC

The Assistant Secretary stated that neither the Soviet Union nor the People's Republic of China has indicated significant interest in the islands of the Southwest Pacific. The islands do not appear to be prominent in either Soviet or Chinese global strategy.

AMERICAN BUSINESS OVERSEAS

The mission met with representatives of the American Chambers of Commerce in the Philippines, Singapore, Malaysia, and India. The meeting in Manila is representative with respect to the issues discussed in the individual meetings.

The President of the American Chamber of Commerce in the Philippines, Mr. George Suter, discussed the concerns of the American business community. Specifically, he referred to: Section 911 of the United States Internal Revenue Code, tax deferrals on income earned abroad, and an uncertainty in the business community regarding U.S. investment policy.

Mr. Suter is encouraged by the development of ASEAN and believes that the U.S. Government and the American business community should move to increase cooperation with ASEAN. However, he is concerned about the possible impact of U.S. antitrust legislation on ASEAN industrial clubs and asked for a clarification on the application of the law.

In the discussion that followed:

Chairman Wolff, referring to congressional sentiment on foreign aid, expressed the opinion that it is time that the United States consider substituting a trade policy for its aid policy.

Mr. Rangel referred to section 911 and pointed out that American business has to demonstrate that on an individual basis its overseas operations are producing jobs in the United States.

Mr. Suter stated that very few jobs in the United States are lost because of the overseas operation of American business.

Chairman Wolff while acknowledging an overseas business presence as indispensable to the penetration of foreign markets, pointed out that it is very difficult to persuade unemployed Americans that the overseas operations of American business are not responsible for the loss of jobs in the United States. He stated that American business has failed and is failing to inform the American public on the matter.

Mr. Mitchell asserted that the domestic job producing effect of a decision to locate in Manila rather than New York is not immediately clear to the American public.

Mr. Rangel stated that, if American business cannot convince the American public that tax incentives for overseas operations do in fact create jobs in the United States, they will not be able to convince the Congress.

Mr. Jenrette observed that the business community appears reluctant to approach the Congress. He felt that the multinational corporations have resorted to a passive defense strategy and urged them actively to take their case to the American public.

Mr. Boyle of General Motors cited the fact that less than 400 American GM employees are remitting \$100 million per year to the United

States and stated that it is the responsibility of the Congress and the labor unions to recognize this fact.

Mr. Wolff replied that the responsibility for making the UAW cognizant of the fact belongs to the business community.

Mr. Mitchell of Goodrich noted that his company remits over \$2 million per annum to the United States. He went on to explain that the materials his company needs are purchased in the United States and pointed out that \$9 million out of the \$10 million involved in the last Goodrich expansion in the Philippines were spent in the United States.

Mr. Rangel observed that, in those congressional districts where overseas operations have in fact created jobs, industry should be receiving strong labor support.

Mr. Danielson stated that the job creating capacity of overseas operations is not that complex a story and again urged the business community to take its case to the American public.¹

¹ See Appendix, Business, for "A Damaging U.S. Economic Policy Abroad" Asian Wall Street Journal, January 5, 1978.

Also, see Appendix: Business, for the complete text of the communique issued at biennial meeting in Singapore, February 1978.

APPENDIX 1

JAPAN

SPEECH BY PRIME MINISTER FUKUDA TAKEO, MANILA, AUGUST 18, 1977

PRESIDENT MARCOS, MADAME IMELDA ROMUALDEZ MARCOS, DISTINGUISHED GUESTS, LADIES AND GENTLEMEN: My journey through Southeast Asia, which began in Kuala Lumpur with my meetings with the leaders of ASEAN, is now approaching its end. I am delighted, as a kind of finishing touch to this journey, to be able to share my ideas with you, here in the Republic of the Philippines, our nearest neighbor, in the distinguished presence of one of Asia's most eminent leaders, and my close friend, President Marcos.

Let me begin with one strong impression I gained from my tour.

It was the spectacular and rich diversity of the area I have just visited, the diversity in ethnic composition, language and religion, in the cultural impact of distinct histories, and in economic structures. Southeast Asia is by no means a homogeneous or uniform part of the world. It is no wonder that some have been skeptical of the prospects for intra-regional cooperation in this area.

Yet, the Association of Southeast Asian Nations, which has just celebrated its tenth anniversary, is now in the process of firmly establishing itself as a self-reliant organization for regional cooperation in the area. The first summit conference in Bali was a milestone in progress toward solidarity, and the success of the summit conference which has just ended confirms the belief that the determination of the ASEAN members to strengthen their solidarity is now irreversible.

ASEAN is, indeed, a historic and successful attempt to seek and create a regional identity of this area through the strengthening of solidarity, while affirming the rich diversity of its membership, and respecting the proud nationalism of each member country. I saw, and was impressed by one expression of these creative efforts, the ardent dedication to solidarity of the ASEAN leaders whom I had the pleasure of meeting in Kuala Lumpur.

The solidarity of ASEAN strengthened by the success of cooperative undertakings, in turn, opens up new opportunities for useful collaboration, thus, further strengthening solidarity. This dynamic and self-reinforcing process will, I believe, characterize the future course of ASEAN. Progress toward regional solidarity may at times be slow, in comparison with more homogeneous regional groupings, such as Western Europe, and there may be occasional pauses.

But let me here offer a pledge to the leaders and peoples of ASEAN. My pledge is that the government and people of Japan will never be skeptical bystanders in regard to ASEAN's efforts to achieve increased resilience and greater regional solidarity: but will always be with you as good partners, walking hand in hand with ASEAN.

The ASEAN heads of government, in our recent meetings, called Japan "an especially close friend" of ASEAN. A true friend is one who offers his hand in understanding and cooperation, not only in fair weather, but in adverse circumstances as well. I know Japan will be such a friend to ASEAN.

Ladies and Gentlemen, I should now like to say a few words about the basic position and posture of today's Japan—the world role we see for ourselves, and, especially, what this means for our relations with our Asian neighbors and friends.

During the thirty-odd years since World War II, the Japanese people have worked hard at building a free and democratic society. In the course of those decades, this open system has made Japan a world economic power of 110 million people, with a Gross National Product of half a trillion dollars and the will—as well as the capacity—to participate constructively in world economic growth and development.

Throughout the world's history, great economic powers have always been great military powers as well. Japan, however, has set for herself a new ideal, unprecedented in history, of relying for the safety and survival on the justice and good faith of nations. We have chosen not to take the path to great military power. Although we possess the economic and technological capability needed to produce nuclear arms, we have firmly rejected the acquisition of such weapons.

This is a challenging experiment, without parallel in history. I am, however, persuaded there can be no other proper course for Japan. My country, densely populated and with few natural resources, depends for its survival on free intercourse and cooperation with all countries. Moreover, I believe the path Japan has chosen also serves the best interests of Asia and, in the final analysis, of the world as a whole. A Japan which does not pose any threat to its neighbor countries, either in a military way or in any other way whatever, can only be viewed as a stabilizing force in the world, devoting its energies exclusively to peaceful and constructive purposes, at home and abroad. Thus can Japan best contribute to world peace, stability and development.

I have often said that we live in an age which compels greater cooperation and solidarity among men. No human being can live in isolation. Society exists to serve each individual in the development of his or her potentiality, the fruits of which are shared and complement each other. As society is improved, each individual finds greater opportunities for total fulfillment.

So also in our increasingly interdependent world community, no nation can any longer go it alone. All nations must learn to help and to complement each other, sharing responsibilities in the world community. And as the world community is improved, each nation will find greater opportunities for fulfilling its people's aspirations.

This principle has special relevance to relations between Japan and the nations of Southeast Asia.

It is not enough for our relationship to be based solely on mutual material and economic benefit. Our material and economic relations should be animated by heartfelt commitments to assisting and complementing each other as fellow Asians.

This is the message I have carried everywhere on this tour, speaking repeatedly of the need to communicate with each other with our hearts as well as our heads, the need in other words for what I call "heart-to-heart" understanding among the peoples of Japan and Southeast Asia.

You, fellow Asians, will understand what I mean. For it is in our Asian tradition, and it is in our Asian hearts, always to seek beyond mere physical satisfaction for the richness of spiritual fulfillment.

There is no need for me to stress the important role cultural exchange plays in deepening mutual understanding and appreciation, heart-to-heart and person-to-person, between the peoples of Southeast Asia and Japan.

Today, between Japan and Southeast Asia, there are active programs of exchange in scientific, artistic, sports and other fields. This is no one-way street, serving only to introduce Japan's culture to our neighbors. We are also introducing the ancient and glorious cultures of Southeast Asia to the Japanese people.

It goes without saying that the promotion of this two-way cultural exchange between Japan and the ASEAN nations should be further intensified. It should also be noted that as the sense of solidarity rises among the countries in the region, the increasing importance is being felt of the need to promote exchanges among the ASEAN nations in the fields of culture, sciences, and, in particular, regional studies. It is from this point of view that I have expressed Japan's readiness to extend our full cooperation in this regard in response to the concrete formulation by ASEAN of a workable scheme for such enhanced intra-regional exchanges. This reflects the Japanese people's appreciation of the desires of the peoples of the ASEAN nations to enhance mutual understanding among themselves.

I was gratified that all the leaders of the ASEAN nations expressed their enthusiasm for this proposal of mine as timely in my meeting with them, and I feel certain that we will before long see this idea translated into a concrete action.

Furthermore, when I responded positively to the request for cooperation to the value of one billion dollars for ASEAN industrial projects, it was because I believed it important to respond with "heart-to-heart" understanding to the hearts of the peoples of the ASEAN nations, who fervently desire the strengthening of the regional solidarity. I expect that Japan's cooperation will expedite the realization of these projects, which are of historical significance as an experiment

in intra-regional division of labor, and that it will give momentum to the strengthening and development of various other intra-regional cooperation efforts within ASEAN.

Japan has already announced a policy of more than doubling its official development assistance within the next five years. We anticipate that an important part of this assistance will continue to be for industrial projects, or for infrastructure improvement which will facilitate industrialization in Southeast Asia. At the same time, we shall intensify our cooperation in areas close to the people's welfare—agriculture, health and education.

As may be noted from the fact that half of Japan's official development assistance is now directed toward the ASEAN nations and Burma, our economic relations with all six nations are already close. Following up the results of the summit meeting in Kuala Lumpur, and the meetings with the individual leaders of these countries in their respective capitals, we shall continue to have close consultations with these countries to further explore ways of strengthening our ties. Needless to say, as a world industrial power, Japan has inescapable responsibilities to the world economy as a whole, particularly in the field of trade. A world divided into exclusive economic blocs would be something suicidal for all the nations on earth. Such a world would certainly go against the interests of the ASEAN nations, whose future lies in expanding export markets throughout the world. In seeking specially close trade and economic ties with the ASEAN nations, we should of course act with a full understanding of each other's long-term and wider interests and respective positions in the world economy. This is very important when we aim at the building of an enduring cooperative relationship between Japan and the ASEAN countries.

Finally, we all recognize that the future stability and prosperity of the ASEAN area can only be assured within a framework of peaceful progress throughout Southeast Asia as a whole. Now that decades of war and destruction have finally come to an end, we have a chance to work for enduring peace and stability in the whole region. Let me pay tribute here to the ASEAN countries for having expressed, in the joint communique of the ASEAN summit, their desire to develop peaceful and mutually beneficial relations with the nations of Indochina, enunciating their policy that "further efforts should be made to enlarge the areas of understanding and cooperation with those countries on the basis of mutuality of interests." I believe that these patient efforts will eventually expand the scope of mutual understanding and trust throughout the breadth of Southeast Asia. Toward this same objective, Japan will also seek to place its relations with the nations of Indochina on a solid foundation of mutual understanding.

Ladies and Gentlemen, I have expressed all of these ideas, in my very productive meeting with leaders of the ASEAN nations and Burma during the last fortnight, and have outlined Japan's position with regard to Southeast Asia. I consider it a great fruit of my journey this time that such position of Japan as I have explained has been met by full appreciation and concurrence by all the leaders of the nations that I visited. I may summarize this position as follows:

First, Japan, a nation committed to peace, rejects the role of a military power, and on that basis is resolved to contribute to the peace and prosperity of Southeast Asia, and of the world community.

Second, Japan, as a true friend of the countries of Southeast Asia, will do its best for consolidating the relationship of mutual confidence and trust based on "heart-to-heart" understanding with these countries, in wide-ranging fields covering not only political and economic areas but also social and cultural areas.

Third, Japan will be an equal partner of ASEAN and its member countries, and cooperate positively with them on their own efforts to strengthen their solidarity and resilience, together with other nations of the like mind outside the region, while aiming at fostering a relationship based on mutual understanding with the nations of Indochina, and will thus contribute to the building of peace and prosperity throughout Southeast Asia.

I intend to implement vigorously these three pillars of Japan's policy with regard to Southeast Asia. It is my hope that we may build on such foundations a strong framework of cooperation, animated by mutual understanding, confidence and trust, throughout Southeast Asia. By joining together in this shared endeavor, we will be making the greatest contribution in our power to peace and prosperity in Asia and to the well-being of all the peoples of the world.

Mr. President, Citizens of the Republic of the Philippines, my first act on arriving in Manila yesterday was to pay tribute to Dr. Jose Rizal, the leader

of the movement for Philippine independence by laying a wreath at his monument. It was, indeed, the Philippine people who first lit the fire of the independence movement in Southeast Asia. Today, as new horizons are opening up in international relations, it is only natural that the Philippines, under Your Excellency's able leadership, should be taking a positive initiative as it is in expanding regional cooperation under ASEAN and in the international efforts to solve North-South problems.

We are now opening a new page in the history of the relations between Japan and the nations of Southeast Asia. We are reaching together for higher levels of mutual trust, based on "heart-to-heart" understanding between us. I earnestly hope that you, Mr. President, and the people of the Philippines will be willing to play a leading role on this new frontier as well. Thank you, salamat pô.

STRAUSS-USHIBA JOINT STATEMENT ON UNITED STATES-JAPAN TRADE,
JANUARY 13, 1978

1. On January 12 and 13, 1978 the Governments of Japan and the United States of America, through their representatives, Minister of State for External Economic Affairs, Mr. Nobuhiko Ushiba, and the President's Special Representative for Trade Negotiations, Ambassador Robert S. Strauss, consulted upon a series of policies and measures designed to contribute to global economic expansion and to strengthen their economic relations. The objective of the consultations was to develop common policies which would facilitate constructive adjustment to changing world economic conditions and the economic relationship between Japan and the United States.

2. In particular, Minister Ushiba and Ambassador Strauss agreed that a new course of action, building on the steps outlined below, was necessary to avert increasing unemployment and a worldwide reversion to protectionism.

INCREASED ECONOMIC GROWTH

3. Both sides agreed to take major steps to achieve high levels of non-inflationary economic growth. The Government of Japan reiterated its recently adopted real growth target of seven percent for Japan fiscal year (JFY) 1978, and stated its intention to take all reasonable and appropriate measures, including those previously announced with respect to public expenditures, in order to achieve this target.

The Government of the United States confirmed its intention to pursue policies aimed at the maintenance of substantial non-inflationary economic growth, as will soon be detailed by President Carter.

4. Both sides agreed that in the present international economic situation, the accumulation of a large current account surplus was not appropriate.

Accordingly, Japan has undertaken steps aimed at achieving a marked diminution of its current account surplus. The Minister added that in JFY 1978 Japan's current account surplus would be considerably reduced through the expansion of domestic demand, the effect of yen appreciation in recent months, and a series of new measures for improving the access of foreign goods to the Japanese market. In JFY 1979, and thereafter, under present international economic conditions, all reasonable efforts would be continued with a view to further reducing Japan's current account surplus, aiming at equilibrium, with deficit accepted if it should occur.

The United States stated its intention to improve its balance of payments position by such measures as reducing its dependence on imported oil and increasing its exports, thereby improving the underlying conditions upon which the value of the dollar fundamentally depends. The Ambassador expressed confidence that in the next ninety days an effective energy program would be enacted by the congress.

TRADE OBJECTIVES

5. To preserve and strengthen the open world trading system, both sides fully support the acceleration and early conclusion of the Tokyo round of the multilateral trade negotiations (MTN), each making substantial contributions in full cooperation with other participants to reduce or eliminate tariff and non-tariff barriers to trade.

6. Both governments agreed that their joint objective in these negotiations is to achieve basic equity in their trading relations by affording to major trading countries substantially equivalent competitive opportunities on a reciprocal basis.

To achieve parity in their trading relations and equivalent openness of their markets, deeper than formula tariff reductions would be utilized.

In this connection, both sides expressed their intent in the course of the MTN to consider favorably taking deeper than formula reductions on items of interest to each other with the aim of seeking to achieve comparable average levels of bound tariffs, taking into account non-tariff measures at the end of the MTN, taking fully into account the interests of third countries.

7. The Government of Japan intends to take all appropriate steps to increase imports of manufactures. The Government anticipated that the total volume of imports of manufactures, as well as the share of these imports in total Japanese imports, would continue to increase steadily. Both sides agreed to review progress in these matters in the joint trade facilitation committee or other appropriate forums and to take whatever corrective actions might be necessary.

TRADE MEASURES

8. The Minister stated that Japan is taking the following significant actions to increase imports:

Advance tariff reductions on \$2 billion of imports effective April 1.

Removal of quota controls on twelve products.

As regards high quality beef, we shall make mutual efforts to exploit demand so that within the hotel and general quotas there will be an increase in importation by 10,000 tons on a global basis beginning in JFY 1978.

A three-fold increase in orange imports to 45,000 tons.

A four-fold increase to 4,000 tons in the quota for citrus juice.

Conducting a sweeping review of its foreign exchange control system and planning a new system based on the principle that all transactions should be free unless specifically prohibited. As a forerunner of the new system, certain immediate measures of liberalization are to be announced soon.

Formation of an inter-industry citrus group to study the present state and future developments in the citrus situation including juice blending and seasonal quota, and to report to their governments by November 1, 1978.

Dispatch of a forest products study group to the U.S. Northwest with the objective of expanding and upgrading this trade.

Dispatch to the United States of a mission to explore the possibility of purchasing electric power plant machinery and equipment, including nuclear plant components and equipment.

Dispatch to the United States of a Government-industry buying mission sponsored by the joint trade facilitation committee.

A Japanese Cabinet decision to secure for foreign suppliers substantially increased opportunities under Government procurement systems.

Simplification of inspection requirements on imports.

Expansion of credit for imports into Japan.

Relaxation of rules for the standard method of settlement.

Cooperation in international efforts to curb excessive competition in export credits.

ECONOMIC COOPERATION

9. Referring to official development assistance (ODA), the minister reaffirmed the intention of the Government of Japan to more than double its aid in five years and noted that, as part of such efforts, proposed ODA for JFY 1978 had substantially increased, and that the quality of ODA had improved through an increase of grant aid. He added that the Government of Japan would pursue its basic policy of general untying of its financial assistance.

Ambassador Strauss welcomed these developments and noted that the President would seek legislation to increase substantially U.S. bilateral and multilateral aid to developing countries.

REVIEW PROCEDURES

10. In addition, both sides agreed:

To coordinate closely with each other and their trading partners including the European communities in multilateral and bilateral forums.

To improve access to Japanese markets, by making every effort to assume the success of the joint trade facilitation committee in its work to increase imports of manufacturers, and resolve concrete problems encountered in trade with Japan including the aim of overcoming non-tariff barriers by applying a liberal approach.

To continue regular technical exchanges on growth problems and prospects through the joint economic projections study group.

To review global and bilateral economic policy this spring in Washington at the next meeting of the sub-cabinet group.

To review progress made in all these areas at a meeting between Minister Ushiba and Ambassador Strauss next October.

APPENDIX 2

PHILIPPINES

A LETTER TO PRESIDENT MARCOS EXPRESSING THE VIEWS OF THE OPPOSITION ON THE ELECTIONS AND THE 1973 PHILIPPINE CONSTITUTION

JANUARY 20, 1978.

President FERDINAND E. MARCOS,
Malacañang Palace,
Manila

SIR: You have repeatedly told the nation that you will shortly call elections for the legislature, otherwise known as the interim *Batasang Pambansa*, in line with the 1976 amendments to the 1973 Constitution.

Your legislative advisory council, the so-called *Batasang, Bavan*, is scheduled to meet at the end of this month to advise you on the rules that will govern the manner and conduct of said elections. The "1978 Electoral Law" has been drafted for the purpose. Before this proposed law is promulgated, we feel that we should express to you our stand on a number of relevant matters.

We recall that four days before the December 17, 1977 referendum you expressed the desire to have a "democratic dialogue" with the members of the Opposition—one which, in your language, "presupposes the willingness of all parties involved to a peaceful exchange of ideas and to consider the public welfare over and above personal interests." You have repeatedly asked the Opposition to put up candidates for the *Batasang Pambansa* (*Daily Express*, December 14, 1977; *Times Journal*, January 15, 1978).

It is in the light of your avowed desire to maintain a democratic dialogue and in the context of your appeal to national unity that we, who come not only from the political Opposition but from various sectors of Philippine society, now address this open letter to you.

In our view, it would be impossible to have such a democratic dialogue unless the same is based on truth, fairness, and freedom. The national unity which your Administration seeks to attain can only be achieved if such unity serves the interests of the entire nation, not the interests of a few.

Allow us, therefore, to respond to your call by dealing with a specific problem—the forthcoming elections for the interim *Batasang Pambansa*.

We realize that the 1973 Constitution, as amended, provides for a rubber-stamp legislative body. However, it has been pointed out that proposed amendments to the Constitution, aimed at restoring democracy and freedom in the Philippines, including proposals for a genuine law-making body and an independent judiciary, can only be initiated by members of the interim *Batasang Pambansa*.

In general terms, high officials of your Administration are apparently in favor of free and honest elections. But we cannot have free, honest elections unless we are willing to accept certain indisputable facts, however disagreeable they may be, and in complete sincerity take the necessary remedial measures on the basis of those facts.

Let us itemize them one by one.

1. There is no free press in the Philippines today. Since you declared martial law in September 1972, the only ones which can own and operate the national mass media—the newspapers, radio and television stations—are your own relatives and close associates. For more than five years, our people have been given only one side of the news. Events have been distorted and the whole truth mangled whenever the interests of the ruling few are affected. By the standards of any civilized society, this is most unfair. The results have been disastrous to the entire nation. In a "White Paper" issued last September 1977, your own publishers branded the journalists and the newsmen of the so-called New Society as corrupt and unprincipled. One New Society columnist hit back and called your publishers "crooked, opportunistic, and greedy"; he also correctly charged that, through the

Media Print Council, which the publishers themselves had organized allegedly to police the press, they have been able to foist a monopoly that serves only their own interests and which rules out all other citizens who may wish to publish newspapers—with “no exceptions”. (Mr. T. Valencia, *Daily Express*, October 1 and 2, 1977). We have no interest whatever in the intramural quarrels between the publishers and the journalists of the New Society. What is important is that for more than five years now, our people have been deprived of the opportunity to seek and know the whole truth about their public officials so they can render informed judgment on their competence, integrity, and actual performance. It is time, we believe, to call a halt to this gross disservice to our people, and end the corrupt and disreputable practices it has spawned.

We note that you have just said in an interview with the *New York Times* (January 14, 1978) on current allegations of special favors and benefits for your relatives and associates, that:

“If there is any insinuation that any friend, relative, or golf partner has taken advantage of his relationship, we are going to rectify this. I want to assure you I am sincere about this.”

Mr. President: You can now rectify an unjust situation and prove your sincerity by encouraging and protecting independent, untainted publishers who are prepared to publish all the available facts on matters of public interest, for the sake of public enlightenment. Nothing less will convince our people and the rest of the world.

It is an essential condition to the validity and credibility of the forthcoming elections that your Administration now recognize, in the most unmistakable terms, the constitutional right of the people to a free press, specifically the right of independent elements in the national community to publish and circulate periodicals, pamphlets, and magazines, without need of previous approval of the Media Print Council and free from censorship by any government agency. The Media Print Council, it should be noted, has been operating in violation not only of the Bill of Rights of the 1973 Constitution but also of the Anti-Graft and Corrupt Practices Act.

The right of citizens to operate radio broadcasting stations in accordance with existing statutory laws should also be recognized.

To insure fair, responsible and objective reporting, we suggest that the laws on libel, slander, and sedition be enforced with an even hand, without fear or favor.

We can have elections from year to year, in addition to the usual referendum, but without a system of free mass media, these exercises will be worse than useless. As Salvador de Madariaga, whom you have quoted more than once, wrote in his work on “Rights of Man”: “*Without a free press, no rights are worth the paper on which they are written.*”

2. We must now bring to your attention an unpleasant fact. The first referendum of January 1973 and the referendum-plebiscite of October 1976 share the same basic flaw: the lack of sufficient time for the people to know and understand what it is they were supposed to vote for or against. In the January 1973 referendum, the question “Do you approve of the New Constitution” was—as stated by the Supreme Court in *Javallana vs. Executive Secretary*, 50 SCRA 30—brought up on the very eve of this scheduled consultation. In the October 1976 referendum, the proposed amendments were published for the first time only after a suit had been filed in the Supreme Court—our people had only a little more than two (2) weeks’ time to read your proposed amendments which only a limited few could comprehend. Your speech of October 27, 1977 at the *Batasang Bayan* session admits this fact: after the people had reportedly approved Amendment No. 3 in 1976, you found it necessary in 1977 to inform them what they had supposedly approved one year ago. Thus, you said in your *Batasau* speech of October 27, 1977:

“Because of the amendments to the Constitution present a novel form of government and create a new office, that of President and Prime Minister in one person, the person of Ferdinand E. Marcos, I deem it wise and necessary to inform the people accordingly.”

Mr. President: we hope that in this forthcoming election, this unfairness is not repeated.

The latest report in the controlled media is that elections will be held on April 2, 1978 and that the period of campaign shall not be more than sixty (60) days. Inasmuch as the people in every region will need ample time to know the various candidates in the region, and the candidates themselves, especially the

"new faces" who are not well known, will need around three (3) months' time to prepare, organize their campaign, and communicate their views to the voters, *we urge that a reasonable time, say a period of 90 days from date of call, be set aside for the purpose of the campaign.* This is the import and message of Art. XII C, section 6 of the 1973 Constitution.

3. In the last referendum of December 17, 1977, you authorized "instant registration and voting"—thus paving the way for scandalous practices surpassing in some respects the excesses of the so-called Old Society which you used to lead. Likewise, salaries of Metro-Manila employees were increased shortly before the referendum; sacks of rice and television sets were distributed, government buses and army trucks were used to transport all sorts of hired people to the mass rally at Luneta. Public funds were misused to produce a "Yes" vote. All these practices should be stopped. Let salaries of all Government employees at all levels and everyone be increased—they deserve even more—but let us do this long before your Administration needs their votes. In our opinion, a good society cannot be built through corrupt means and practices.

4. The press had informed the public that the Board of Inspectors, where both the party in power and the Opposition used to be represented, is now abolished. The proposed Electoral Law creates a Citizens' Election Committee which will take charge of the voting and the counting of the votes in each and every voting center. The Committee, it has been reported, will be composed of a Chairman, a poll clerk, and a third member. The Chairman and the poll clerk will be public school teachers, but the third member will be a Kabataang Barangay, or a member of the barangay, or a qualified voter of the barangay, as proposed by the barangay captain.

In view of the many adverse reports, some of which appeared in the local media, on the conduct and behavior of the barangay leaders in the last referendum of December 17, 1977, the known bias of the Kabataang Barangay or barangay in favor of the present Administration, the lack of representation on the part of the minority and your reported posture of impartiality, *we urge that the third member be likewise chosen from the ranks of public school teachers.*

5. The 1975 Constitution invests the Commission on Elections (Comelec) with tremendous powers not given by the 1935 Constitution to the old Comelec. For instance, it is now "the sole judge of all contests relating to the elections, returns, and qualifications of all members of the National Assembly and elective provincial and city officials." Under the proposed Electoral Law, it has also the power to prevent the circulation of campaign materials it considers irrelevant, libelous, or subversive—terms which are ambiguous and which can be used for the purpose of excluding any critical literature, no matter how true and beneficial to the Filipino people.

Not satisfied with the powers they already possess, the incumbent Commissioners are asking you for more, including the power (1) to arrest persons allegedly committing electoral offenses; (2) to disqualify candidates through summary proceedings; (3) to monitor bank withdrawals and other financial transactions of candidates, their relatives, or supporters including business firms reported to have contributed to their campaign funds, and (4) to issue warrants of arrest. (*Times Journal*, January 3, 1978).

It becomes imperative—now that the nation is about to witness the first election under martial law—that the Comelec as an "independent body" charged with "the enforcement and administration of all laws relative to the conduct of elections," be impartial, non-partisan, and truly independent.

Without in any way impugning their competence and their personal loyalty to you—a trait otherwise admirable in other circumstances—the incumbent Commissioners of the Comelec do not inspire public belief in their impartiality, for reasons that are quite obvious. They were either your spokesmen or subordinates *before* martial law; they continue to be your spokesmen and fanatical followers *under* martial law. General Order No. 1, which is still law today, places all agencies and instrumentalities of Government (including the Comelec) under your personal direction and control. How can they be considered independent, in law as well as in fact?

There are many Filipinos known not only for their competence and integrity but also for their non-partisanship. There are, for example, retired justices of the Supreme Court who, during their entire career, have never played a role of apologist for anyone in power. There are distinguished members of the Philippine Bar and outstanding civic-minded citizens who have never allowed themselves

to be used for partisan purposes. *We urge you to consider them for appointment to the Comelec—a Comelec with a new face—and to exempt the Comelec from the coverage of General Order No. 1, so that the people's trust in the integrity of the electoral process may be restored.*

6. Except for those favored few who directly benefit from martial law, there is a widespread clamor for its lifting and the removal of its accompanying constraints. Everywhere, the comment is "It has been too long. Enough is enough."

A free election under martial law is a contradiction in terms and will not be given any degree of credence, here and abroad.

Soon after you declared martial law in September 1972, you told the whole world that what you did was nothing more than a temporary constitutional expedient to preserve public order and tranquility.

In your first TV-satellite interview on NBC's *Meet the Press* program, you declared:

"It is my hope that I will be able to lift martial law within the period of my term as President, that is, before the end of 1973. However, I cannot guarantee this. Nobody can guarantee this. Probably the Communists can answer this question, though."

Carl Rowan: "Mr. President, under the present Constitution you are not eligible to succeed yourself as President. Will you state categorically that you will relinquish power at the end of your term?"

President: "It is my intention to do so and I so state categorically." (*Daily Express*, October 10, 1972)

Your legal term expired long ago. The top Communist leaders here are in jail. With their capture, the NPA organization, as you stated in 1976, has been virtually eliminated. (*Bulletin Today*, August 27, 1976). In 1975, you opened diplomatic relations with Peking and Moscow. But martial law is still with us.

There are now two stock excuses: (1) martial law is still needed in order to carry out social and economic reforms; and (2) martial law should stay as long as the Muslim problem in the South is not solved.

The first argument is specious. Reformation of society anywhere is a task that will never end. Were we to take it seriously, martial law should be declared in every state in the world.

The second argument insults the intelligence of our people. The Muslim problem has been with us for around 400 years.

On the other hand, you long ago announced to the world that martial law here had already been actually removed (*Time*, April 15, 1974). We have also held and spent hundreds of millions of pesos on beauty contests and athletic extravaganzas—the most notable of which being the Miss Universe contest of 1974 and the Ali-Frazier fight of October 1975—and on scores of international conferences, such as the IMF-World Bank Conference of 1976, the International Magistrates Conference of January 1977 and the Manila Law Conference of August 1977—all of which are incompatible with the concept of a government in crisis. Recently, your Administration even invited the General Assembly of the United Nations to meet here for its 3-month session this year, all extra expenses to be borne by the Philippines.

Additional excuses for the indefinite prolongation of martial law can still be invented, but none will be believed.

The claim has been made that were you to lift martial law now, when there is as yet no legislature that can enact laws, you would be unable to govern the nation. The claim is false and baseless. No President or Prime Minister of any democratic nation in the world has the enormous, pervasive powers that you now possess. The 1973 Constitution, as reportedly amended in 1976, gives you all the powers of the President under the former (1935) Constitution—including the power to issue executive orders under normal circumstances—and all the powers vested in the President and Prime Minister under the new Constitution (1973) as amended, which now includes the power to negotiate, sign, ratify treaties all by yourself. Under Amendment No. 6, even after the lifting of martial law, you can exercise the absolute power to make laws by the simple expedient of declaring a state of emergency, whether imaginary or real, and regardless of whether there is a Batasang Pambansa or not. That is why your legal experts do not hesitate to say that what you call "constitutional authoritarianism" is just a polite term for dictatorship.

On the other hand, apart from the ordinary legal consequences that will flow from the lifting of martial law, the beneficial effect upon our people will be in-

estimable. The oppressive climate of fear and compulsion will be dispelled, and—hopefully—our people can assert again their rights as free citizens and human beings.

We realize, of course, that you can lift martial law but the essence of martial law will still remain. The 1973 Constitution says that even after the lifting of martial law, your orders, decrees, and letters of instruction will remain valid and binding unless you revoke them. (Article XVII, sec. 3, paragraph 2).

Hence, unless the restrictions on free speech, peaceful assembly, mass action, freedom of organization, and the like are also removed with the lifting of martial law, any election at this point will be of little consequence.

In the interest of free elections, therefore, we urge you to remove martial law along with all its constraints on free speech, peaceful assembly, mass action, and freedom of organization with no reservations or time limitations.

By way of summary, we urge your Administration:

1. To recognize in the clearest possible terms the basic right of our people to seek and know the whole truth through a free press, by protecting the constitutional right of citizens not related to, or in any way connected with, those in power to print, publish and circulate newspapers, magazines, and pamphlets without need of previous approval of the Media Print Council and free from censorship by any government agency. Likewise, the right of citizens to operate radio broadcasting stations in accordance with existing statutes should be recognized.

2. To prohibit and penalize the scandalous acts that marked the last referendum of December 17, 1977, such as the "instant registration and voting" procedure, the misuse of public funds for partisan purposes, the employment of army trucks and government vehicles for Administration-sponsored meetings or rallies, the distribution of dole-outs a few days before the elections.

3. To provide a reasonable time for campaign, say a period of 90 days, as contemplated by the 1973 Constitution.

4. To make the Citizens' Election Committee completely nonpartisan, by appointing public school teachers as Chairman, poll clerk, and third member.

5. To reorganize the Commission on Elections by the appointment to the position of Commissioner of reputable, outstanding citizens known not only for their competence and dedication but also for their independence, impartiality, and non-partisanship, so that the people's trust in the electoral process may be restored.

6. To remove martial law and all its constraints on free speech, peaceful assembly, mass action, and freedom of organization, with no reservations or time limitations.

We earnestly hope you will consider and adopt these recommendations in the same spirit of candor and fairness in which they are being presented to you. Another suppression of the popular will, in an election where there are competing candidates for various offices, may not only block the unity we all seek to achieve but also persuade our people that there is no more hope for meaningful change under the present state of things.

Very truly yours,

PHILIPPINE GOVERNMENT COMMENTS ON THE U.S. STATE DEPARTMENT'S ANNUAL HUMAN RIGHTS REPORT ON THE PHILIPPINES, FEBRUARY 13, 1978

INTRODUCTION

The recorded history of the Philippines is a history of the struggle of a people for freedom.

While the foreign colonizers enriched the country's culture in certain ways, the Filipino people's struggle for freedom and independence has always been patient and fearless. When finally, the Philippines ceased to be a "colony of the United States", it continued in its struggle not only to be politically independent but to uplift the social and economic well-being of its people and maintain a stable and progressive government.

The proclamation of martial law in 1972 by President Marcos pursuant to the Constitution of the Philippines—far from being intended to bring about "the suspension of democratic forms of government and (in) the severe curtailment

of human rights of individual citizens"—was to prevent the subversion, overthrow and destruction of the democratic institutions which secured the people's freedoms. At the same time, martial law has been utilized to extirpate the causes of social unrest and economic discontent. In short, martial law was precisely proclaimed to make the Filipino truly free and the democratic institutions of his government strong and stable. And this is what it has accomplished.

In a world conditioned by labels, truth is not always easy to perceive. The existence of martial law in the Philippines, it is now obvious, conjures visions of perhaps a garrison state, of a nation whose liberties have been violently repressed, of a people helpless and despairing under the heels of authoritarian rule.

Proclamation 1081, now a landmark document of Philippine history, recites the various reasons for martial law. It includes the legal bases therefor. While it was President Marcos who declared martial law in September 1972, it is often forgotten that the proclamation was made pursuant to the 1935 Constitution of the Philippines and that it is the Filipino people, through several referendums, who overwhelmingly endorsed and affirmed, not only the fact of its declaration, but also its continuing effectivity through this critical period of history. The martial law government of the Philippines is thus not a government by imposition; it is a government mandated by the Filipino people themselves.

Quite understandably, the impression might have been imparted to those who have not lived in the Philippines, that martial law has brought about "the suspension of democratic forms of government" because of the exercise by President Marcos of legislative power. But this has been by mandate of the Constitution. The Filipino people have also affirmed in several referendums the exercise by President Marcos of legislative power. At all events, the exercise of legislative power by President Marcos is temporary. On April 7, 1978, elections will in fact be held to elect the members of a National Legislative Assembly.

It should nonetheless be emphasized that while decrees were apparently issued by one man, that is, the President of the Philippines, there can be no doubt that the exercise of the legislative power has been responsive to the manifest desires of the people and to the needs of both country and people. On several occasions, decrees were reexamined, amended or repealed because of the people's manifest reaction.

Indeed, it has been under martial law that the grassroots foundation of a democratic order was firmly established. Barangays, or village councils, were organized. Through them the people have participated in the governance of the nation. Thus citizen participation—as a hallmark of democracy—has been increased and enhanced under martial law.

It is incorrect to state that there has been "severe curtailment of human rights of individual citizens". What has happened is no more than an effort to locate the proper point of balance between liberty and authority. In this, the Philippine Supreme Court—not unlike the United States Supreme Court—has played a vital role. If after five years of martial law, during which the balance shifted in the direction of public power there is a need to redress that balance in favor of greater freedom for the individual, there can be no doubt that such shift will occur, as in fact is now evident in the unrestrained statement of critics of the government.

The observation then in the U.S. State Department's report that "no real steps have yet been taken toward the restoration of democratic government or the elimination of the more severe intrusions on individual rights" is unwarranted as it is unfortunate. It proceeds from the wrong premise that the Philippine Government has ceased to be democratic and evidences lack of awareness of the actual conditions of freedom in the Philippines.

The Philippine Government believes in the dignity of the human person. It not only endeavors to protect that dignity; it spares no effort to assure that every Filipino has the skills, the education, the economic means, the social status to carry his head high as a human being. It seeks to assure that the Filipino will have the strength to protect his freedom—even against his own government.

I. RESPECT FOR THE INTEGRITY OF THE PERSON, INCLUDING FREEDOM FROM:

(a) *Torture*

The Philippine Government unqualifiedly condemns torture of detainees. It does not tolerate the practice. It exerts every effort to prevent its use. It punishes those guilty of maltreatment.

The report relies on conclusions made by certain organizations which allegedly "investigated" the Philippine situation. As has been repeatedly pointed out, while perhaps well-meaning, the conclusions foisted in the reports of these organizations are without adequate bases. It is to be regretted that the State Department report concludes that there is "no reason to doubt the authenticity of the conclusions" in these reports although it notes "that the frequency of the practices cited in these reports is on the decline."

Representatives of Amnesty International interviewed preselected detainees. Most of the detainees interviewed are accused of subversion or rebellion. They complained of maltreatment. Although Amnesty International is undoubtedly aware that one of the established vehicles of subversion is to discredit organized government, the complaints—given unilaterally and privately—were accepted as authentic. It is farcical to say that there was an investigation. Moreover, those interviewed were less than 3 percent of the total number of detainees at the time. The same may be said of the other reports.

It should also be noted that representatives of Amnesty International and the International Commission of Jurists were not only allowed but given every facility by the Philippine Government to observe conditions in the Philippines. Unfortunately, their efforts seem to have been merely intended to provide apparent basis for preconceived notions as to conditions in the Philippines.

(b) Cruel, inhuman, or degrading treatment or punishment

This charge is simply not true. It may be admitted that since the Philippines is but a developing country, the facilities of its detention centers are not among the best in the world. But within its limited means, the Philippines has consistently extended humane and decent treatment to detainees. Detainees have been given adequate food and living quarters, regular medical check-ups, conferences with counsel of choice, visits of family members and friends, correspondence with the outside community, religious services, recreational and sports facilities, vocational training in handicrafts and such other activities to enhance their physical, mental and spiritual well-being.

The International Committee of the Red Cross, in several nationwide visits to Philippine detention centers, came to the conclusion that except for some instances of overcrowding and inadequate toilet facilities, the treatment and condition of detainees have been highly satisfactory. This conclusion was based not on one, but several visits of nationwide scope. It is surprising that the findings of the International Committee of the Red Cross have not been taken into account.

(c) Arbitrary arrest or imprisonment

Arrest and detention are only made on probable cause. No one may be arrested for political belief or even for political acts not constituting violations of penal statutes.

As of 6 February 1978, there remain 2,024 detainees in detention centers under the administration of the Philippine Armed Forces. All of them are detained for violation of penal statutes. The charges against 1,537 of them involve common offenses while 487 are facing charges for crimes against public order.

The report states that: "the Philippine Government maintains that habeas corpus remains available. But the writ, as generally understood in international practice, is not effectively available to persons detained by the regime for security reasons." The statement is misleading.

Petitions for habeas corpus have been filed by persons detained for all kinds of offenses including those charged of offenses against national security. In every case, the courts have required the government to produce the person of the detainee in open hearing, to submit a return explaining the reasons for detention, and only where the courts are satisfied that there is basis for detention is the detainee not ordered released.

(d) Denial of fair public trial

All trials in the Philippines, whether in civil or military courts, have been open and public, fair and impartial. All traditional and constitutional rights accorded to accused persons such as due process, the right to confront witnesses, to cross-examine them, to a speedy and public trial, etc. are enjoyed in all courts. It should also be emphasized that the legality of any trial, of any act or process of any tribunal, judicial, quasi-judicial, or administrative (including those of military tribunals) can always be brought to the Philippine Supreme Court on a writ of certiorari—even in the absence of any decree. This has been consistently done. Former Senator Benigno Aquino, Jr., for example, has questioned before the Supreme Court the jurisdiction of the military tribunal trying him and several interlocutory orders issued by the tribunal. A second petition for habeas corpus he has filed is now pending in the Supreme Court.

The Supreme Court, as always, has remained a principal protector of individual rights by assuring that no more limitation of civil liberties are made than is necessary in view of the national emergency. In this connection, it should be stated here that it is not true that the justices of the Supreme Court may be removed by the President by the mere expedient of accepting their letters of resignation. The justices of the Supreme Court did not submit letters of resignation. On the contrary, they took a new oath under the new Constitution in October 1973 precisely to make them enjoy the security of tenure guaranteed under the Constitution. The tradition of free dissent in the court continues.

(c) Invasion of the home

Father Jose R. Nacu, a Catholic priest and member of the La Sallette Order, charged before the Supreme Court that the military authorities had illegally searched his domicile and unlawfully seized books and documents therefrom. Fr. Nacu had been charged with subversion and violation of P.D. No. 33 before the military courts. It was found out, however, that the head of the house had consented to the search by the military agents and had witnessed the same, signing a receipt for the seizure of the illegal books and documents seized.

The same charge was made by the suspected killers of the late Judge Isaac Puno, Jr. It appears, however, that the search of the house where one of the suspects lived was consented to by the owner of the house, who also witnessed the seizure of the illegal effects taken by the authorities. These are but two cases of many where charges had been aired but which, upon investigation, were shown to be without substance.

The Philippine Constitution requires that searches shall only be upon proper warrants which cannot issue except upon a showing of probable cause. This provision binds both civilian and military authorities. Thus, by the record, the charge that the sanctity and privacy of the home "has been ignored in many instances" is most likely also an unfortunate charge unable to stand scrutiny in the proper forum.

II. GOVERNMENTAL POLICIES RELATIVE TO THE FULFILLMENT OF SUCH NEEDS AS FOOD, SHELTER, HEALTH CARE, AND EDUCATION

Cooperation between the public and private sectors has been strengthened in recent years through the introduction of a consultative and participative approach to government plan, policy and program formulation. For instance, the new Five Year Philippine Development Plan 1978-1982 reflects the fruition of government-wide planning efforts and the collective thinking of various sectors of society. Specific policies are formulated with various channels of consultations open to all affected sectors, both public and private.

Present development efforts are basically oriented toward the improvement of the population's well-being with emphasis on the poorer majority. Measures are instituted to raise and protect incomes, enhance human resource development and improve income and wealth distribution.

(a) Improvement of income levels

The expansion of employment opportunities in all sectors including rural areas has brought down significantly the unemployment rate in the last few years with adequate attention being given to the minimization of underemployment. Per capita income increased from US\$214 in 1972 to US\$454 in 1977. Maintenance of minimum wages, adjustments in cost of living allowances and expanded labor and social security benefits under a new labor code have further raised the level of incomes. Moreover, the imposition of regulated prices on essential food, clothing, educational supplies, construction materials and medicine has protected the purchasing power principally of the working and salaried classes.

(b) Enhancement of human resources potential

An integrated social development program which aims to moderate population growth in order to improve welfare is being implemented. The marked improvement in welfare and social mobility is manifested by better nutritional intake, high literacy rate and sustained pace of low-cost housing construction.

Meanwhile, morale and efficiency in the public service has considerably improved due to more responsible institutional measures such as the introduction of a career and personal development program and an upgraded compensation system.

(c) Income and wealth redistribution

Some measures have been instituted to improve income and wealth distribution. These measures include progressive income taxation, differential taxes according to essentiality of products and services and the imposition of a development tax on closely controlled and more profitable corporations. Land transfer as a component of the agrarian reform program has brought about the issuance of 359,367 land transfer certificates benefiting 258,078 farmers and their immediate families.

Thus, relative to the past, the lower income groups and the rural areas have benefited substantially from current government measures. In particular, the increased attention to the regional and social dimensions of development encouraged individual initiative and general improvement in the quality of life of the population.

III. RESPECT FOR CIVIL AND POLITICAL LIBERTIES, INCLUDING:

(a) Freedom of thought, speech, press, religion and assembly

The report implicitly acknowledges that freedom of thought, speech, press, religion and assembly are enjoyed within constitutional limits in the Philippines. It is, however, stated that freedom of expression is "controlled by a variety of means" and that "mass communications media have been purged of critical or independent voices."

There is no censorship of newspapers, periodicals and other vehicles of mass communication. The limits on freedom of expression are no more than those which are constitutionally permissible. Recently, for example, the views of the Liberal Party on the coming elections have received the widest publicity. It is noteworthy also that while nearly every aspect of martial law has been challenged before the Supreme Court, there has not been any serious challenge to rules dealing with freedom of expression, thought, press, etc.

It is true that some members of the clergy have been arrested. This is simply because freedom of religion does not include the right to subvert or overthrow the government or to violate the law. Those arrested have been charged for penal offenses and not for political activities.

The holding of public meetings or rallies is not prohibited. But reasonable rules necessary to preserve public order must be observed.

(b) Freedom of movement within the country, foreign travel and immigration

It need only be emphasized that even the most severe critics of the government are free to move around the country and travel abroad. Government travel requirements are applicable to all.

(c) Freedom to participate in the political process

The Filipino has always enjoyed the right to participate in the political process. The absence of a National Legislative Assembly was brought about by the abolition of the congress by the 1973 Constitution and the establishment of a parliamentary system of government after a period of transition. On April 7, 1978, elections will be held for the members of a National Legislative Assembly.

It is incorrect to imply that martial law has been utilized to restrict the right of citizens to participate in the political process of government. Barangays, or village assemblies, have been established to assure the participation of the people in government at the grassroots level. Municipal, city or provincial councils have not been replaced. Their memberships were expanded to include elected barangay and sectoral representatives. This was done to precisely broaden their representative character.

Referendums have been called to enable the people to directly decide vital and important political issues. They have been conducted openly. Foreign diplomats and correspondents have witnessed them. There should be no doubt that they were conducted freely and that the results reflect accurately the sovereign judgment of the people. It is surprising that the report makes the observation that there was "lack of alternatives" in the referendums. Every referendum presented concrete issues. A negative vote in the referendum of December 17, 1977 would have meant that President Marcos would not become Prime Minister when the National Legislative Assembly is convened after the election of April 7, 1978.

IV. GOVERNMENT ATTITUDE AND RECORD REGARDING INTERNATIONAL AND NON-GOVERNMENTAL INVESTIGATION OF ALLEGED VIOLATIONS OF HUMAN RIGHTS

The Philippine Government continues to welcome and assist representatives of various international organizations as well as U.S. Government officials who wish to visit Philippine detention centers and interview detainees. It does not, of course, feel that its policies and procedures, and more importantly, the treatment of its own people, are better judged by others. Rather, the Philippine Government feels that brotherhood among men and amity among nations is enhanced by openness and candor. Regrettably, however, certain observers have not reciprocated in similar measure. They obviously came to look for the imperfections and seemed happy to be able to have some basis—however tenuous and ambiguous—to say that there has been transgression of the rights of man in the Philippines.

APPENDIX 3

PAPUA NEW GUINEA

UNIVERSALISM

(By Sir Maori Kiki, former Minister for Foreign Affairs and Trade)

The doctrine which Papua New Guinea has adopted as its foreign policy is encapsulated in one word: Universalism.

Briefly, universalism entails Papua New Guinea being willing and free to enter into friendly relations with all countries, of whatever ideology other than racist regimes. Papua New Guinea intends to remain unaligned as far as this is possible in such a complex global situation of power blocs.

Papua New Guinea is a small and developing island country, with fewer than 3 million people and an economy heavily dependent upon the fluctuations of the erratic and competitive markets in tropical products and base metals.

We cannot afford the status symbols of defence treaties, supersonic bombers, embassies in every nation, a round-the-world airline, colour television, freeways or even a steel mill. Our foreign policy has its primary ethos in the Government's basic commitment to the people at home—including the 85 per cent who live in village communities.

Papua New Guinea certainly is in a much more fortunate position than many countries, many of them new, some quite ancient. Hunger is traditionally unknown, because of the lushness of our crops and the thousands of years of agricultural experience of our people. We have had no need of a social security system because of the strength of the clan and extended family relationships. Sturdy self-reliance and communal inter-dependence have commingled down the centuries.

Certainly for centuries the peoples of Papua New Guinea remained isolated. On our peripheries, there was casual contact, sometimes through migrations, sometimes through trading voyages. Our multiplicity of ethnic characteristics reflect this.

Close as we are to Indonesia, their exotic spices never found their way into our cooking. There is no tradition of contact between our Torres Strait people and those on the Australian mainland. Even our largest multi-hulled canoes could not span the northern and eastern seas to Micronesia or Polynesia, as far as we know.

And our 700 languages, differing greatly from valley to valley, attest to the localised nature of our traditional society.

About a century ago, the arrival of European explorers, traders and missionaries brought the complexities of the world at large into our domain. Those complexities arrived in an uneven pattern and at an uneven pace. First contact with the Highlands came 40 years or so ago. Some of our people saw their first white man less than 10 years ago.

We have experienced both exploitative and benevolent colonialism at the hands of several powers, invasion and devastation not of our seeking, social upheaval and the penetration of space-age technology into remote areas which literally had not known the wheel.

Against this background, we have come to independence 11 years after our first national elections. Nation-building is our first priority.

So domestic needs and beliefs will condition our evolving foreign policy.

Papua New Guinea, nonetheless, cannot stand aside from the rest of the world. We cannot be isolationist. So we choose to be universalist. Of course, this is a self-seeking policy. To us, in our Melanesian framework, such an attitude appears realistic.

We have high aspirations for development. This is a legacy particularly from Australia which established its own standards here, rightly or wrongly, and left them intact at independence.

So, many of our communities have telephones with international dialling via satellite, but no village water supply. We have tribal fighting with bows and arrows among people who knew airliner travel before they ever saw a land vehicle. We are a people who give legislative recognition to witchdoctors at the same time as we commission international consortiums to remodel the geography of an entire river system. That Papua New Guinea can co-exist with such dichotomies and seeing contradictions is a measure of our people and a situation which many foreigners find difficult to comprehend. But it is out of such a situation that our country comes on to the world stage.

We need to be familiar with the doctrines of capitalism, communism, non-alignment and regional co-operations, and all others which impinge on us in any way. By the same token, we would hope that those who would proffer aid or trade would also seek to understand our ideas of Sana, the Kula or our wantok system, and how "face" is no less important here than among Oriental societies, even if the English word for our terms is "shame".

Whatever the composition of our Government may be from time to time, it will reflect our own specific attitudes stemming from our traditional values which should not be underestimated.

As of July, 1976, Papua New Guinea's foreign policy has been formulated along these principles:

While we are interested in the ideological and security problems which faced the whole world, we do not intend to waste sorely-needed energy in international squabbling on these matters.

Papua New Guinea does not plan to join any military or ideological grouping, by treaty or association.

Our country supports the call for the oceans on either side of us to be true zones of peace. We opt out of the arms race.

We subscribe to the principles of the United Nations which we joined within days of attaining Independence.

Our country looks to the countries of the South Pacific, Australia the nations of South-East Asia, and Japan as being those with which we have close communities of interest. Our diplomatic relations with these are of high importance. So too will be the relationship with the European Economic Community, with which we are associated by the Lome Convention (or whatever may succeed it).

The Papua New Guinea Government will not enter into agreement, financial, economic or politico-military, which will harm the strengths of the mainstaying values within our Melanesian society.

We desire fair access to the world's markets and fair prices for our products. We recognise the need for foreign capital and expertise, but only to the extent that Papua New Guinea gains the greatest share of the accruing benefits.

Development projects must satisfy the objects of our Eight-Point Plan and also be in accord with the Five Directive Principles of our Constitution. These are the social and economic guidelines for our future.

Foreign investment will be welcomed within the categories and priorities already detailed in a comprehensive schedule, subject to the nation's defined policies. We are only too well aware already of the distortions within our social fabric of unplanned and uneven (and sometimes unwise) economic and social change. We do not oppose change; what we wish is beneficial change within our own concepts of what is good for us. We assert our right to choose, where we have a choice.

Our resource potential is substantial. Indications are that it will be found to be much greater than already proved levels. Arrangements for realising that potential will be negotiated on the basis that the people of Papua New Guinea will get full value and benefits, and foreign investors a fair return for whatever risk they may take in a joint venture with us. Our petroleum resources policy is a clear example of this.

In terms of foreign aid, we will welcome aid without strings attached, and aid which does not distort our economy by necessitating the payment of counterpart funds on projects of secondary importance to Papua New Guinea.

Papua New Guinea is prepared to open diplomatic relations with any nation which offers such contact. Already we have done so with many nations. This does not mean we will open legations or embassies in many of them. We cannot afford the costs. However, effective relations can be maintained in those capitals where we and they have actual missions established (e.g. our diplomatic link with the ASEAN nations is through our respective ambassadors in Jakarta).

Papua New Guinea is a constitution monarchy, and not only has Queen Elizabeth II as its chosen Head of State but also recognises her as Head of the Commonwealth, of which we are a full member.

Our nation looks to the South Pacific Forum as a powerful influence in the emergence of regional solidarity in the South Pacific. Papua New Guinea advocates the right of all non-independent nations in the South Pacific to exert the right of self-determination on the question of independence. We support the work of the South Pacific Commission in its changing role.

Foreign policy is not something which can be held static in the context of a convulsed world. This outline must be read in conjunction with the detailed statements made over recent years by our leaders, and in the light of statements and events to come.

OUTLINE OF THE NATIONAL DEVELOPMENT STRATEGY

(Excerpted from *National Development Strategy*, a Papua New Guinea Government White Paper)

The National Development Strategy sets out a framework for the economic aspects of development for the nation. Other aspects of development are thought to be equally important, but it is considered that desirable forms of social, political and cultural development are more likely to take place when:

There is an increase in the range of goods and services available to the people of Papua New Guinea;

Existing inequalities in the distribution of goods and services are reduced.

The National Development Strategy calls for a higher proportion of the nation's resources to be directed to development of rural areas. Government policy will concentrate on the spreading of income earning opportunities through self employment. The strategy aims to reduce the present uneven distribution of incomes by efforts to generate income earning opportunities in all rural areas. Special effort will be made to create opportunities where income levels are lowest.

Rural development is to be accompanied by planned growth of towns which provide important services to both rural and urban residents. Policies to increase rural incomes are not designed to prevent urban growth. Successful rural development will stimulate urban growth to service the increased purchasing power of the rural population. Such growth of towns would reflect the growth of urban opportunities rather than the lack of opportunities in rural areas.

Concentrating immediate efforts on rural development has the following important advantages:

The strategy promotes economic growth that relies on small scale and decentralized organization of production that can be combined with traditional forms of production, and will be under the control of Papua New Guineans;

The strategy calls for a more even spreading of government services and promotes the equal distribution of incomes by involving as many people as possible in the process of economic growth; it is the only strategy that can involve the majority of the population;

The strategy is designed to build on and maintain subsistence production which is Papua New Guinea's most important form of self reliance.

The National Development Strategy has been chosen after considering the alternative ways of increasing the goods and services available to the population. As Diagram 6 shows, Papua New Guineans can increase their total supply of goods and services in the following ways:

(a) producing some of their requirements (e.g. staple foods) using traditional subsistence methods of production;

(b) becoming involved in the cash economy; either by producing goods to be sold for cash or by entering wage employment;

(c) relying on the Government to provide some of their requirements (such as roads and schools).

Diagram 6 also illustrates the prospects for increasing goods and services available per person over the next decade. Most of the population will continue to produce their most important needs relying on their own efforts and on traditional forms of organization. Because of mounting pressure on available land, it will become gradually more difficult for subsistence production to keep pace with population. Therefore, any widening in the range of goods and services will need to be achieved through the purchase of goods from the monetary sector, or be provided by the Government.

INCREASING THE RANGE OF GOODS AND SERVICES AVAILABLE TO THE POPULATION

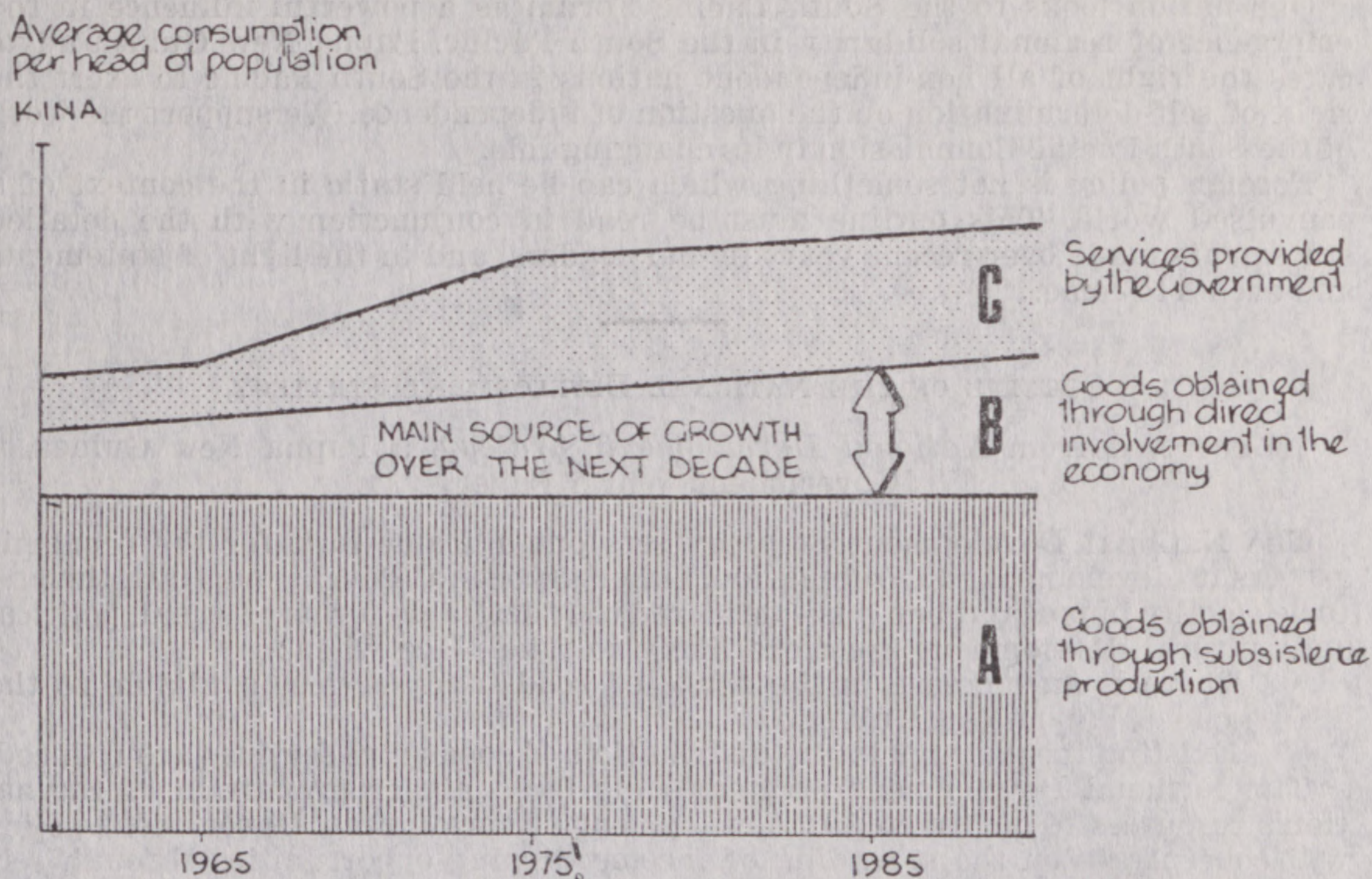


DIAGRAM 6

There has been a major expansion in the range of goods and services provided by the Government over the last ten years. However for the reasons discussed in the previous section, Papua New Guineans can no longer rely on the Government for much further expansion. The Government's role is to change from a direct supplier of benefits to a provider of income earning opportunities. The strategy is not one that treats people as passive receivers of services, but one that makes it possible for people to improve their material standard of living through their own efforts. Any substantial expansion in the range of goods and services available to the majority of the population is to be generated through the direct involvement of the workforce in the cash economy.

In line with Papua New Guinea's national goals, economic growth is to be accompanied by reductions in the existing inequalities in the distribution of goods and services. The National Development Strategy sets out to achieve this by extending income earning opportunities to as many members of the workforce as possible. It is better that all people be directly involved in raising their own standard of living, than to rely on the redistribution of benefits from the better-off sections of the community.

For these reasons the National Development Strategy is *not* a plan for maximum growth regardless of the way the benefits of growth are shared. It *does* not concentrate on increasing the incomes of some groups in the population in the hope that the benefits will later "trickle down" to the remainder. The strategy recognizes that the Government's ability to redistribute incomes, especially from better-off provinces to the others, is very limited. The existing inequalities will become more serious, contrary to the national goals, unless the strategy contains policies that spread income earning opportunities to all parts of the nation.

Alternative ways of generating income earning opportunities include the expansion of opportunities for: wage employment; self employment—urban areas; and self employment—rural areas.

The following paragraphs explain why rural self employment is the only way income earning opportunities can be provided for the majority of the workforce.

Wage employment offers very limited prospects. At present there are approximately 200,000 people in wage employment (including public service, plantation, and other private sector employment). This represents less than 15 per cent of the total workforce of 1.25 milion (see Diagram 7). There has been very little, if any,

growth in total wage employment over the last three years. Some recovery in the rate of growth of the economy and wage employment can now be expected, but the experience of all other developing countries indicates that the rate of growth of wage employment lags behind the rate of growth of overall production. Major natural resource based projects, such as Ok Tedi, which may be launched in the next ten years can contribute substantially to government revenue, but offer very few wage employment opportunities. For these reasons it is unlikely that wage employment will grow by more than 3 per cent per year over the next decade.

Diagram 7 shows that with 3 per cent growth in employment, the number of people in wage employment would rise to 270,000 by 1986. By this time the total workforce will have grown to over 1.65 million. With massive government subsidies it could be possible to raise the rate of growth to 5 per cent per year. In this case the number of people in wage employment would rise to around 350,000 by 1986: but as shown in the diagram well over a million people in the workforce would still be without wage jobs.

WAGE EMPLOYMENT & TOTAL WORKFORCE 1976-1986

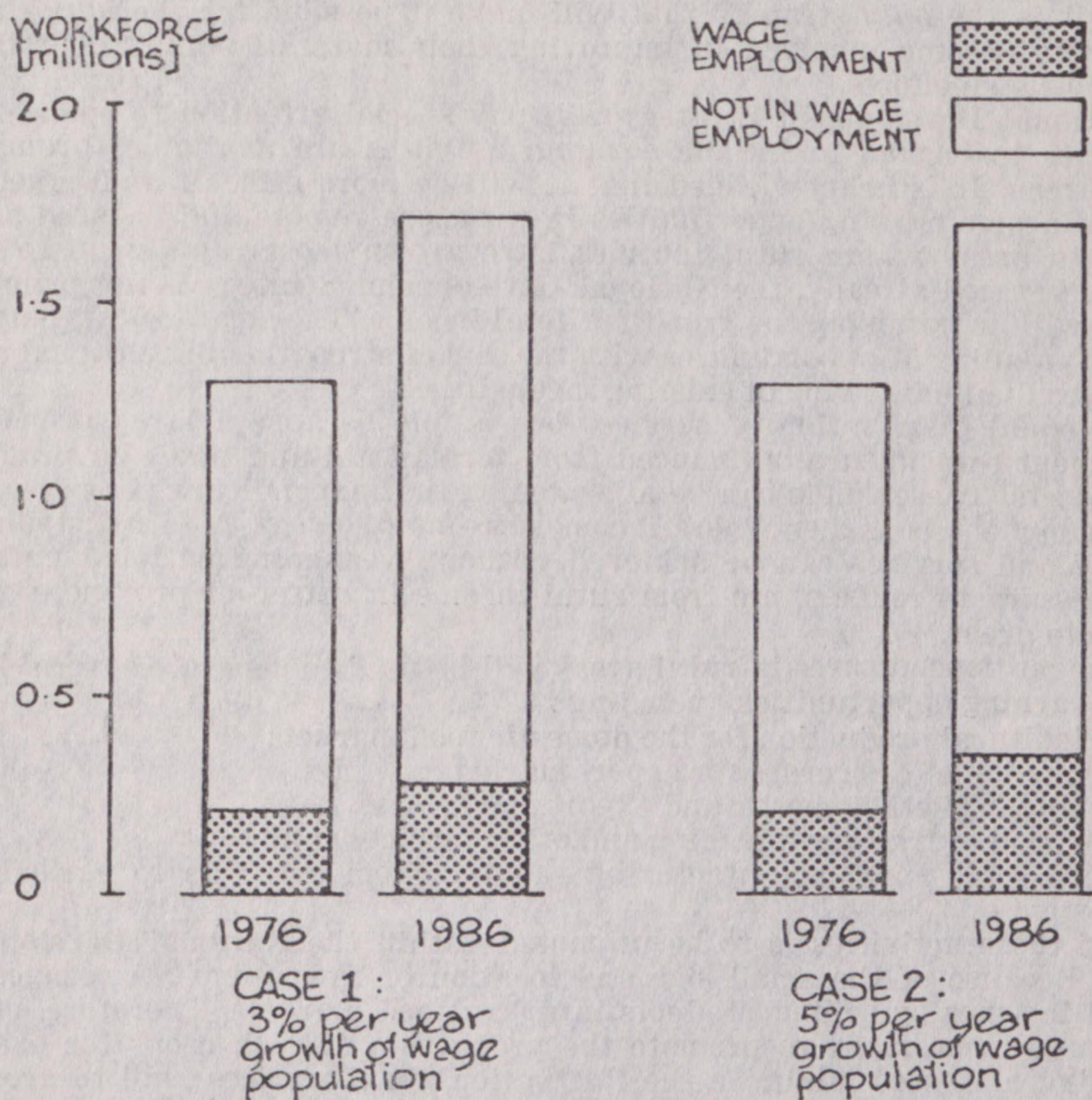


DIAGRAM 7

The Government will encourage the growth of wage employment by promoting the establishment of industries and other modern sector activities that are economically viable. However, the Government will not provide permanent substantial subsidies merely to promote a marginal increase in wage employment. Any subsidies required to generate additional wage job opportunities would be at the expense of government programmes to provide income earning opportunities to the increasing numbers of Papua New Guineans who will not be in wage employment. Rather than subsidizing a minority, the National Development Strategy seeks to promote the incomes of the majority of the workforce by providing opportunities for self employment.

The Government will encourage both individual and group initiatives for self employment in rural and urban areas. Urban self employment presently provides income for only a very small proportion of the total workforce. It is expected that this sector will grow as :

More Papua New Guineans become committed to urban life ;

The range of goods and services in towns supplied by small scale enterprises is increased, partly through the removal of unnecessary restrictive regulations.

Government policy will be to encourage the growth of urban self employment but again this sector can absorb only a small part of the total workforce. Even if the proportion of self employed in the urban workforce increased dramatically so that there was one urban self employed person for each wage employee, over 70 percent of the total workforce would require opportunities for self employment in rural areas.

In view of all these considerations, the policies set out in the remainder of this paper are aimed primarily at generating additional opportunities for earning income through self employment in rural areas. This strategy for rural development is not put forward as an easy solution ; it will only succeed if promoted through a consistent set of policies over the lifetime of the next generation. However, it is the *only* strategy that will make it possible for the *majority* of the people to become involved in improving their material standard of living through their own efforts.

The National Development Strategy will pay special attention to ensure that opportunities to engage in income earning activities are available throughout all rural areas. It is acknowledged that it will be more difficult and expensive to provide income earning opportunities in the more remote and isolated areas, compared to areas where rural incomes have grown most rapidly up to now. However, as stated already, the National Development Strategy is not primarily concerned with maximising the growth of total income. The strategy concentrates on a wide spreading of opportunities with the aim of strengthening national unity through a gradual narrowing of existing inequalities.

A more equal distribution of services is possible because a large proportion of government expenditure is financed from foreign aid and taxes on profits of major projects. These funds can be allocated so that expenditure per person for rural development is higher where incomes are now lowest. A fair distribution of incomes and services can be achieved without weakening national unity. It is not necessary to redistribute from rural income in better-off provinces to the more remote areas.

Government expenditures in rural areas will be used to generate several kinds of income earning opportunities, including :

Agricultural production for the domestic food market ;

Production of cash crops for export markets ;

Fishing for both domestic and export markets ;

Provision of transport, trading and other services ; and

Small scale rural manufacturing ranging from artifacts to agricultural implements.

Each of these activities is to be promoted within the National Development Strategy. Because of the small size and location of towns, not all villages can earn good incomes by selling products in urban food markets. Therefore, efforts will continue to be made to promote the production of cash crops for exports, while taking action to minimise the fluctuations in the prices paid to growers. As rural incomes from agriculture and fishing increase, there will be gradually increasing opportunities for setting up rural trading and manufacturing enterprises.

As well as promoting the growth of rural cash incomes, government policies will also be concerned with maintaining the present base of subsistence production despite the gradually increasing density of population on land suitable for agriculture. The strategy seeks to build on the strength of the existing subsistence base, not merely to replace subsistence incomes by cash incomes.

The National Development Strategy contains positive policies for urban areas, which recognise the strong links between rural and urban development. Rural development is not seen simply as a means of reducing rural-urban migration.

The growth of rural incomes will bring indirect benefits to urban areas. Most of the products purchased out of rural incomes will be supplied from urban production or from imports ; the spending on urban products will lead to increased investment, employment and population in towns. The role of towns is to

change from serving the needs of a colonial administration to serving the needs of the rural majority. At the same time, urban standards of service and construction are to be revised to be more appropriate to Papua New Guinea's economic situation.

The following section of the paper sets out the range of government activities that are considered to be of key importance in implementing the National Development Strategies. Programmes to promote the widespread growth of rural incomes are discussed, followed by policies concerning the expected future growth of the urban population, and the economic and administrative policies that will be required to raise government resources and ensure that they are used efficiently and consistently with national priorities.

SUMMARY OF KEY POLICIES

This section sets out broad guidelines for a number of priority programmes for rural development and urban planning. Detailed policies and programmes for expenditure to reach clearly defined targets in these areas are to be worked out in preparing the National Expenditure Plan for implementation in 1978.

RURAL DEVELOPMENT

The main objective of the strategy to develop rural areas will be to ensure that people have a chance to improve their well being through their own efforts, and in their own areas. It is expected that many difficulties will be met in efforts to improve productivity and the quality of life in villages: perhaps the most difficult problem will be that of land use. In some areas there is already pressure of population on land resources and throughout most of Papua New Guinea there are problems of identifying land ownership. While it is technically possible to increase greatly the capacity of the land to produce food and cash crops, the actual rate of progress will depend on success in overcoming land problems. Two other key elements in rural development are access to improve skills through rural extension and education and access to markets by improving transport facilities.

The solution to all of these problems will take time and will require co-ordinated efforts through legislation, extension and education programmes and development of transport networks. It is also important to recognise that the nature of the problems vary considerably across the country and so different approaches will be required for different areas. Close cooperation between central and provincial government will be one of the most important aspects of building up expenditure programmes for the National Expenditure Plan.

LAND POLICY

Government policy will promote growth of rural production based primarily on community forms of land ownership. Land ownership systems must evolve from the customary base. The government legislative programme, based on the 1973 report of the Commission of Enquiry into Land Matters, will provide a framework for a gradual, systematic registration of customary land, and for resolution of disputes over ownership of both customary and government owned land. The Land Disputes Settlement Act of 1975 has enabled the setting up of a dispute settlement structure with three stages: mediation, arbitration and appeal. Local land courts arbitrate on disputes which cannot be settled by mediation and District Land Courts will hear appeals.

A National Land Bill is to be introduced to Parliament in 1976-7. This is aimed at preventing land speculation and possible conflicts between a landowning class and dispossessed rural people. It will help reduce disputes over government land and will empower the Government to purchase land for public purposes; public purposes are to be declared by Parliament before acquisition.

A customary Land Registration Bill is also to be introduced to Parliament in 1976-7. Registration of customary land will enable more productive use of land in many areas but it does not provide a complete answer to problems of land shortage and will only be effective if people fully understand the implications of registration. Registration will be encouraged where there is a need for registered titles for security for economic ventures. Successful registration should then encourage further demand for registration.

Present ground survey techniques for defining boundaries are very costly. Less expensive aerial photograph mapping techniques (orthophotography) are being investigated. The technique is readily understood and involves local people in survey work. There are two trial surveys being carried out in Madang and Chimbu Provinces.

Extension services

Extension services provided by the Government are aimed at providing information and skills to enable rural people to improve their well being and environment. In the past, these services have been provided through technical specialists from each department dealing primarily with problems relating to their speciality. The Government aims to coordinate the various services provided by such departments as Primary Industry, Natural Resources, Health, Business Development, as well as linking these extension services more effectively to rural education programmes. The focus of effort will be on community development. A team approach to assessing community needs will be fostered and the education and extension systems will be used to bring the most appropriate technologies to individual communities.

The Government is investigating a number of ways in which provinces can effectively integrate their field staff services. A number of team building exercises have been conducted by the Public Services Commission in various provinces. The objective of these exercises has been to develop close coordination of activities of various departments at field level. One proposal under consideration is to set up, on a pilot project basis, a rural development team to serve a group of villages. The team would comprise one extension officer from each of the departments of Primary Industry, Health, Business Development and the Adult Education Section of Education. Pilot projects will also be set up at several vocational training centres to re-examine the role of vocational training in relation to community needs. Extension officers from various departments will give short courses to adults as well as primary school leavers. Once experience is gained in these pilot projects it should be possible to redirect the existing vocational training centres toward a system of rural development centres with each centre providing extension and educational services related to the development needs of the communities in which they are located. Integration of services at a community level will be made easier with decentralised administration under provincial governments.

The Government will also attempt to ensure that access to its extension services is distributed as evenly as possible. Particular attention will be paid to less developed areas and to lower income groups. It is inevitable that inequalities in income will arise in the process of development as some groups will be more capable of taking advantage of extension information than others. The Government must ensure that its extension services do not further promote the process of economic and social differentiation. As groups and individuals become better off, they will increasingly be called on to provide the resources for their own extension services. Producer organizations may be able to fulfill part of the functions of government extension in some areas.

It is an extremely difficult task to assess the effectiveness of the different forms of extension provided by government. However, in view of the limited resources available, some measures of effectiveness for each kind of service is necessary to enable national and provincial governments to make judgments about how much resources to direct to each kind of extension activity. All government agencies providing extension services will be expected to perform an evaluation of the effectiveness of their services as part of their programme development for the National Expenditure Plan.

Cash crops, subsistence and nutrition

The key role for agricultural extension will be to develop farming systems appropriate to the long terms needs of different rural communities. There will be greater emphasis on diversity of production and maintenance or improvement of the productive capacity of the land, particularly for subsistence production.

In many areas export crops such as coffee, cocoa and oil palm offer the best immediate prospects of improved cash earnings. However, there are a number of dangers in over-reliance on a single export crop for rural development particularly in areas where there is strong population pressure on land resources. Agricultural exports are notoriously subject to wide price fluctuations. In land short areas there is a likelihood that too much land may be used for cash crop production in periods of high prices. Soil fertility may be depleted and

the land may be unable to provide adequate subsistence in periods of unfavourable prices. A related danger is that a lot of income derived from export production will be directed to imported foods and may build up a reliance on imports. It will be extremely difficult to switch rapidly back to food production when export prices fall or import prices rise.

Therefore, government policy will give highest priority to development of farming systems which sustain subsistence production per head. There will be continued expansion of export production but policy will be to ensure that there is not excessive reliance upon production of a single crop within a given region. Stabilisation funds are being strengthened to reduce price fluctuations for individual crops.

The Government will continue to give high priority to food production for domestic markets. It is intended to replace imported foods wherever domestic production can be economically viable in the long run. Policies for improved marketing and transport are discussed below.

Improved nutrition is an important input to long term improvement in production. Increased money income can improve nutritional status but unless specific measures to improve diets are taken it is likely that progress on improved nutrition will be slow, inefficient and unduly dependent on imported foods. The Departments of Primary Industry and Health and other relevant agencies have been coordinating their activities through an Interdepartmental Food and Nutrition Action Committee to try to achieve nutritional improvement. An important element of the National Expenditure Plan will be joint programmes of extension and health education aimed at introducing nutritionally superior food crops (whether for subsistence or cash) and at educating rural people on more suitable diets, particularly for children.

The Government's approach to planning for agricultural production and nutrition depends primarily on analysis of problems on an area by area basis. The responsibility for planning and implementation of detailed programmes will lie ultimately with provincial governments but it is essential that a strong basis for integrated national and provincial planning be developed now. A great deal of work already has been done by CSIRO and the Department of Primary Industry on land use classification. Over the next two years it is proposed to use this work together with population data and other work on definition of clan boundaries to classify population groups in relation to the resources available. This will become the basis of a national and provincial planning system whereby the appropriate kind of extension service can be provided and relevant systems of farming or other forms of production developed for different communities according to their needs.

Appropriate technologies

As outlined in the preceding sections, government extension and education efforts will be increasingly related to the needs of specific communities through better coordination of field services and by development of a more integrated national and provincial planning system. In this sense the whole aim of the rural development effort could be summarised as that of introducing technologies that are 'appropriate' to the needs of particular communities. In some circumstances, this could mean the introduction of sophisticated, capital intensive techniques. However, in most cases rural development in Papua New Guinea needs simple technology and wherever possible labour-intensive rather than capital intensive technology.

The rural development strategy for Papua New Guinea is aimed at the gradual transformation of traditional production. To achieve this, the Government will be encouraging introduction of technologies that are 'appropriate' in the sense of:

- Being adaptable to local skills;
- Fitting in with local customs;
- Using primarily local materials; and
- Relying on local control and local initiative.

Such technologies should not require extensive capital investment, foreign skills or imported equipment but should be within the reach of self help schemes based on readily available resources.

The Office of Village Development (formerly the Village Development Task Force) will be the government agency with primary responsibility for coordinating government action on encouragement of appropriate technology. In conjunction with the Development Fellowship Scheme, which seeks to encourage

skilled people to work in their villages, the Office is running a number of appropriate technology workshops which demonstrate a variety of simple equipment and techniques suited to village situations. It is intended to set up appropriate technology centres in each province and train people to administer these centres. This programme will be closely linked to the efforts being made to upgrade vocational training and integrated extension services to villages.

Rural business and industry

Extension to support development of businesses by Papua New Guineans in rural areas will be an important aspect of the strategy. Priority will be given in the National Development Strategy to promotion of small scale industries that are located in rural areas or support rural industry. It is recognised that a large proportion of the most viable business opportunities will arise in towns because of the advantages of transport, materials supply and marketing facilities which occur in urban areas. The development emphasis will, however, be placed on smaller urban centres and on businesses which support rural industry by processing rural products or providing inputs to rural industry. A variety of small industries and process primary products are under investigation at the Small Industries Research Centre in Port Moresby.

There are a number of important areas in which business and industry advisory services are of vital importance to rural development. One such area is the promotion and support of ancillary industries to the major natural resource developments. There are also possibilities of minor activities of overseas enterprises being taken over by nationals. For example, there are considerable opportunities for Papua New Guineans to participate in forest related industries, and a senior officer of Business Development will be appointed to coordinate advisory services and ensure more effective promotion of national participation in forest industry development. Similar efforts will be made to provide specialist assistance for other priority industries.

Business advisory services are also of vital importance to the growing involvement of provincial governments, local government councils, and area authorities in business activities. Business advisory services will be focused on less developed provinces. In many cases, the better-off provinces should be able to afford their own consultancy services to ensure good management and financial viability of their business ventures.

New legislation covering incorporation of businesses owned by traditional groups has recently come into effect. Already over 120 business groups have been registered under the Business Groups Incorporation Act. Much of the future efforts of business advisory services will be directed at promotion and support of group enterprise.

Rural finance

Provision of credit to agricultural producers is essential to any substantial increase in agricultural production and rural income, but credit facilities need to be closely integrated with agricultural extension services. The Papua New Guinea Development Bank is the primary source of finance. It gives particular emphasis to lending to less developed areas. Savings and loans societies provide some additional funds and commercial banks also give some credit for agricultural purposes to Papua New Guineans. Grants from the Village Economic Development Fund with associated loans from the Development Bank are available for groups wishing to undertake agricultural projects.

In other countries, the inability to use land as collateral for loans has restricted the use of credit for agriculture. This has not necessarily been the case in Papua New Guinea; virtually all agricultural credit has been given for projects on customary owned land. However, the problem of disputed land remains. Without security of tenure, villagers cannot invest very much time and money on agricultural projects. For small to medium sized agricultural projects, the Development Bank will normally grant a loan to cover the full monetary cost provided a significant proportion of the inputs are provided by the people in the form of labour. This means that for these projects there should be no "capital gap." For large projects, the Village Economic Development Fund is available to meet the gap in the case of groups. To date, although grants and loans made under this Village Economic Development Fund have gone to rural areas, they have generally been for commercial projects: there has been little demand for agricultural activity.

The mobilisation of rural savings for productive investment remains a problem which is only partly being met by savings and loans societies. It is probable that smaller loans could be more effectively managed through a local savings and loans society than through the Development Bank but, at present, management of these societies is a problem. Management advice to savings and loans societies is an important activity of the Government. It is doubtful, however, that even with improved management, savings and loans societies will be an attractive enough vehicle to mobilise all surplus cash in rural areas. For example, the present flush of funds with high coffee prices in the Highlands appears to be going largely into consumption.

Government policy will be to develop a means for local savings to be used for investment locally. The Australian form of commercial bank savings account has not been designed for Papua New Guinean conditions. Commercial banks tend to use small rural savings for lending in urban areas or to already wealthy Papua New Guineans. A possibility that could be considered by provincial government and local government councils is to set up some form of investment or development corporation which would allow direct investment by groups and individuals in productive enterprise. This would require a considerable buildup of management expertise in the provinces. The Government will therefore give high priority to business and financial management training, primarily through the Laloki Cooperative College and the University of Technology.

Agricultural credit should be provided to rural areas only when there is a reasonable prospect that it will be effectively utilised. A major danger of over-use of credit is that loans come to be seen as a free "handout" rather than something to be used to increase income. Too ready availability of credit can also encourage use of inappropriate capital intensive technologies.

Communications

Extension services and the media should direct their programmes more toward the rural sector and less toward urban and expatriate residents. There is considerable scope for coordination of communication services with government departments in the following areas:

Provision of information: technical departments should use the media to relay information on such things as prices, disease control, improved diets and intermediate technologies; the media should also provide a forum for village people to communicate their needs to the Government.

Education: programmes should be constructed to make villagers more aware of their society and environment; the media can also be used to mobilise people to participate in major development programmes.

Entertainment: in order to make the rural areas more attractive to live, it is also important to produce programmes that are designed for entertainment; such programmes need not be trivial, they can be informative and educational.

"Commercial advertising" does not have any part in a rural development programme. It may be argued that advertising is a part of the "raising aspirations" role of the media, and can be a motivating force for better living standards. However, in a rural based society such as Papua New Guinea, it runs a high risk of contributing to "rising frustrations" when the economic means do not exist to satisfy desires which may be stimulated.

It is probable that the Government will soon have to make a decision about setting up some form of television network in Papua New Guinea. The arguments given above apply with even greater force to use of television. Television can be a potent force for promotion of rural development if used carefully, but it runs even greater risks of unproductive commercial exploitation. Therefore television should be non commercial and should provide services first to rural areas.

Education and school-leaver employment

As indicated in Section 2 of this paper, Papua New Guinea's education system presents a number of problems for implementation of the National Development Strategy. The goal of universal primary education and access to education for as many people as possible remains central to the Government's policies. However, there is an urgent need to redirect the aspirations of the people and the direction of the education system, away from formal schooling with the ultimate objective of training for employment in the modern sector, toward non formal and vocational education which motivates and equips people for work in their own communities.

The first concern of primary schools will continue to be the development of literacy and numeracy. Mastery of these skills by as much of the population, adult and juvenile, as possible is fundamental to the success of any extension programme aimed at rural development. However, in implementing the Education Plan, all possible effort is being made to change the orientation of primary education away from the present emphasis on further schooling toward an introduction of skills relevant to rural life. Retaining of teachers is an important part of this effort.

Curriculum changes will be effective only if they are backed by the development of practical links between school leavers and village communities. Stronger links are required to allow skills acquired at school to be applied directly to village situations. At present school leavers have little status because of their age and the "drop out" label and there has been very little direction in the village to allow their skills to be used. Vocational training of school leavers in Papua New Guinea has so far not been very successful. However, as discussed above, a number of studies are being conducted to improve vocational training and integrate it with extension services. Various proposals have also been put forward to develop a national youth service. The Government will be considering measures along these lines, but it is essential that any such service be able to fit within provincial and community needs. Women play a major role in the work of rural development and female enrollments are being encouraged at all levels.

Government policy on secondary and tertiary education is that growth should be determined by needs for skilled manpower and the need for reduction of dependence on expatriate personnel in specialised positions. Particular emphasis will be placed on effective education and training for the most important skills required for rural development—agricultural extension workers, health workers, nurses, middle level technicians and vocational instructors. In order to encourage as many people as are required into these areas it is essential that public service career structures provide adequate incentives.

Rural health services

The health and well being of individuals and communities have an important effect on their ability to participate and contribute to economic and social development. The health strategy outlined in the National Health Plan will continue to be followed: attempting to equalise services between provinces, providing basic services through health centres and aid posts and referring cases requiring more specialised attention to hospitals. Future expansion of health services will concentrate on improving service to rural areas. No new major hospitals are planned and there will be only limited expansion of existing hospitals. Improved training of staff is essential to provide better health services to rural people. A programme to upgrade the paramedical college at Madang (College of Allied Health Services) has been commenced.

Coordination of health services will be improved in rural areas by providing most of the specialist health functions (such as tuberculosis detection and control or nutritional guidance) through a single general health service. Specialist units will continue to provide expert advice and will be responsible for initiating new work on specialist problems in the provinces. Liaison between churches and the Government is a vital factor in coordination as most rural health services are provided by the churches. Efforts are being made to rationalise the staffing arrangements between the missions and the Government.

The possibility of increasing local self reliance in health services through locally administered health insurance schemes is being investigated by the Government. After some initial difficulties a medical insurance scheme is operating successfully under a local Medical Board at Baiyer River in the Western Highlands Province. This may provide a model which can be applied elsewhere.

Population policy

A major aspect of the National Development Strategy is the recognition of increasing population pressure on resources and the need to adapt traditional production to cope with this problem. As population increases the main effort will have to be to ensure that most people can maintain their standards of living within their own areas. There is limited scope for absorption of population increases in urban areas or through rural resettlement schemes. However, resettlement schemes are very expensive and present major social problems. They cannot cope with the overall problem of population growth as 80,000 are being added to the population each year.

The Government recognises the need to examine all longer term implications of population growth and has established a population research programme. The programme has the following initial aims:

- Determine likely future trends in population growth and distribution;
- Assess the impact of population growth on the physical, social and economic environment of different communities;
- Create an awareness of the problems associated with population growth; and
- Assess attitudes to programmes designed to reduce size of families in order to decide on the most appropriate methods of lowering excessive rates of population increase.

Social control and administration of law and order

Maintenance of social order is vital to the success of the National Development Strategy. Particular emphasis will be given to controlling corruption in administration and control of fraud in the public service or private enterprise. Failure to control crimes of this nature will completely undermine the Government's efforts to promote rural development.

The administration of justice and social control in rural areas should as far as possible be based on the principle of self reliance with community leaders being closely involved in all matters of law and order. The Government is already pursuing this principle through its system of village courts and land courts. In each of these the first responsibility is given to the local community with a system of appeal to higher levels of jurisdiction.

Transport

Improving Papua New Guinea's transport system is one of the most important components of the National Development Strategy. One of the major obstacles to rural improvement in many areas is the high cost and long time required to transport village products to the nearest markets. Highest priority will be given to increasing economic opportunities by extending the existing transport system to increase the number of persons linked to markets. It is proposed to develop feeder road systems to link population centres to regional ports. This will be supported by an efficient coastal shipping service linking islands and areas to each other. Development along these lines should enable outlying areas to reduce their dependence on costly air services. Government expenditures on transport will be determined according to the needs of particular provinces and increasingly these decisions will be made by provincial governments. Government policies are discussed below, first looking at domestic shipping, road and air transport and then at international shipping.

Future planning for transport will give more emphasis to coastal shipping than has been the case in the past. Coastal freight rates in Papua New Guinea are very high. Major causes are that there are too many ships for the present trade (an estimated 50 percent over tonnage) and the ships are very old and inefficient with too high a proportion of one way cargo loads. There is a high vessel casualty rate caused by poor training of crews and outdated hydrographic charts.

The Government is undertaking a number of measures to make coastal services more efficient. These include:

- Giving longer term licenses only to new and more efficient vessels; older vessels will either be given short term licenses or their license will not be renewed;
- Helping to raise finance for new vessels;
- Improving nautical training and regulating ship and seamanship standards;
- Improving hydrographic charts and navigational aids; and
- Improving port and freight handling facilities and rationalising wharf and stevedoring services.

An improvement in facilities for ship repair is also necessary to ensure continuing efficiency in the coastal services. The Government is investigating the possibility of entering into a joint venture shipbuilding and repair enterprise at Port Moresby and possibly repair and survey facilities on the north coast. It is hoped to establish such enterprises through amalgamation of existing skills and facilities; largely utilising machine shops, metal works, electricians and shipping management already in the country.

The Government Fleet (which is used primarily to transport government personnel and equipment) also has an important role to play in improving links to remoter island and coastal areas. In areas where commercial enterprises do not provide services, the Government Fleet will aim to run scheduled services. Together with some upgrading of small ports this should encourage regular feeder

services from coastal villages. Scheduling the utilisation of the Fleet will be under the control of provincial government.

In regard to new roadworks the main emphasis will be placed on building provincial roads and feeder roads. Provincial governments will be responsible for both construction and maintenance expenditures on these roads. It is therefore essential that there be close consultation between the provinces and the National Government to ensure that provincial feeder services are linked as efficiently as possible to national road, sea and air services.

Cost of maintenance poses serious problems to extension of transport services. In order to be able to extend coverage of services the cost of maintenance must be reduced and some of these costs borne to a greater extent by users of transport services. Over 70 percent of government spending on transport is absorbed by operational expenses and maintenance of existing facilities. A high proportion of this is spent on road maintenance. Unless maintenance costs to the Government can be reduced we will very quickly reach the stage where all available funds are required for maintenance; or alternatively a new road can only be built if an existing road is allowed to deteriorate. Maintenance expenditure can be reduced by sealing roads with heavy vehicle usage.

To allow the transport system to be extended as widely as possible it is essential that wherever possible a policy of increasing self reliance be adopted. At present most transport services are very heavily subsidised: the user charges on road and air transport cover only a very small portion of total government expenditure. In line with the aim of self reliance, the Government will expect the better-off users of transport facilities to pay a higher share of the cost of services. Another aim will be to ensure broad equality in the level of subsidisation of the different forms of transport so as to encourage efficient allocation of resources between them.

The Government will help to provide training and promote business opportunities for individuals to maintain road vehicles and outboard motors which now have very short economic lives. Steps are being taken to ensure that a more adequate supply of spare parts is available, and that the variety of products is reduced in order to facilitate training. Such measures will encourage communities to become increasingly self reliant and better able to provide improved and reliable transport services on their own initiative.

The Government will continue to examine possible alternative modes of transport (such as cable ways) that may be applicable to difficult terrain in Papua New Guinea. In suitable areas use of simple engined work boats of 30-40 foot size will be encouraged. Emphasis will be given to simple technologies.

International shipping is of vital importance to Papua New Guinea. International trade has been mainly channelled through Australia. High Australian costs of wharfage and handling of cargo and survey of vessels and low levels of backloading have resulted in high shipping costs. The Government is attempting to control freight rates by establishing a Shippers Council and a Freight Bureau. It is also considering direct participation in the industry through some form of joint enterprise.

The shift in international trade to container handling of general cargo will require the upgrading of Port Moresby dock facilities. It will reduce the number of ports with direct international service and this is a further reason for taking action to improve and extend the services provided by coastal shipping.

Marketing and storage facilities

As well as improving transport infrastructure, the Government will encourage rural production by setting up and rationalising marketing, storage and distribution facilities. The nature of production of most commodities by Papua New Guinea makes it likely that commercial losses would be sustained while setting up such facilities. Therefore private enterprise is unlikely to provide sufficiently coordinated and widespread services to benefit many rural producers, particularly small producers and those in more remote areas.

The Government's involvement in fresh food marketing has already demonstrated the very great impact that provision of such services can have on production. It has also demonstrated some of the major difficulties that can be encountered. The process of purchase, distribution and marketing of fruit and vegetables is both complex and costly, particularly when it relies on production by small scale producers, widely dispersed and often a long distance from the major markets. To date the fresh food marketing operation has experienced great difficulties in handling the quantity of food purchased because of inadequate handling, storage and transport facilities. In the long run the Government aims to cover costs fully and the social benefits should more than outweigh initial developmental costs. Once the industry is established it is likely that local people will be able to take over many aspects of the operations.

For many years the Government has also been a "buyer of last resort" in rural areas by purchasing agricultural commodities and some minor forest products from rural people for resale. It is essential that the Government continues to act in this way in the more remote areas where private enterprise is unlikely to set up viable continuing service. Policy will be to continue such operations covering costs as far as possible until such time as private enterprise or the commercial arms of local government bodies can take over.

The Government plays an important role in regulation, quality control and marketing of the major export crops, principally through statutory boards such as the Coffee Marketing Board. Such government coordination is essential to regulate export industries in accord with international commodity agreements and to ensure maintenance of the quality of Papua New Guinea's exports.

Rural power and telecommunications

Electric power and telecommunications services can be provided most economically to areas of concentrated usage. However, there is considerable scope to extend both power and communications services to rural areas once the central network is established.

The Government, through the Electricity Commission, is examining the possibility of developing small hydro electric schemes to provide electric power in villages to run such things as fish freezers, small industry projects and crop processors. Rural electrification, where feasible, could provide a major input to improve rural production and to make village life more attractive. The benefits of the existing major hydro electric schemes are also being distributed more widely by completion of the integrated transmission system of the Ramu hydro electric scheme.

Papua New Guinea's high quality telecommunications network is being steadily expanded into rural areas and centres presently without such facilities. The Post and Telegraphs Service is required by international loan agreement to maintain a commercial rate of return on its total assets. Rural services do not provide a commercial return on investment so government policy is to subsidise rural communications services from the higher return urban services. A programme of converting outstation networks to single side band is being undertaken to improve rural service.

APPENDIX 4

AUSTRALIA

TEXT OF THE JOINT STATEMENT ON AUSTRALIA-UNITED STATES TRADE RELEASED AT THE CONCLUSION OF TRADE CONSULTATIONS HELD IN CANBERRA, FEBRUARY 6-7, 1978

Following a meeting in Melbourne between Prime Minister Malcolm Fraser and Ambassador Alan Wm. Wolff, United States Deputy Special Trade Representative, accompanied by the U.S. Ambassador to Australia Philip H. Alston, Jr., extensive bilateral discussions were held between Australian and United States officials in Canberra on their mutual trade interests. The Australian representatives in Canberra were led by Deputy Prime Minister J. D. Anthony and Minister for Special Trade Representations, Mr. V. Garland. Representing the United States, in addition to Ambassador Wolff, was Assistant Special Representative for Trade Negotiations, Mr. James Starkey.

The purpose of the discussions was to review the current multilateral trade negotiations currently underway in Geneva. Discussions centered on ways of improvement and expansion of agricultural trade on a global basis, particularly for beef and wheat and how the two countries might act in concert so as to expedite a mutually advantageous and successful conclusion by July, 1978. There were a number of areas in which Australia and the United States had a common view. In the past many of the calls to liberalise trade had concentrated on manufactured goods but both the United States and Australia firmly believed that unless there was some parallel liberalisation of trade in agricultural products, then there would be no balance in any negotiations in terms of the total world trade.

In this regard, both sides stressed that the Geneva negotiations could not be concluded successfully without substantial progress being made in agricultural trade liberalisation, including added disciplines over the use of export subsidies and other trade distorting measures.

Both sides agreed to continue discussions in Geneva to reach early agreement on issues of common concern, both with respect to their particular product interests and with respect to general codes of conducting international trade, including those governing safeguards, subsidies and offsetting measures, and improvements in the international trading framework. In particular both sides undertook to work closely together in the Geneva negotiations to devise effective disciplines upon the export of subsidised products to traditional markets.

Australia is studying the United States requests and January offer on both nontariff and tariff concessions and is preparing its offer which it expects to table in Geneva in the immediate future. Australia reiterated its position that general trade liberalisation with respect to imports into Australia would of necessity be dependent on the degree to which it found balance in the negotiations with respect to benefits to its own export interests—especially in the agricultural sector.

The following is the transcript of an impromptu press conference given by the Prime Minister following his meeting with Ambassador Wolff on 6 February:

Prime Minister. They were very useful discussions. There are a number of areas where the United States and Australia have got a common view that trade in agriculture needs opening up. In the past many of the efforts to liberalise trade have concentrated on manufactured goods, and the United States and Australia now both believe—Australia has for a long while—that a major effort needs to be made to liberalise trade in agricultural goods. I think you know quite well that we have lost market after market—not because we can produce less well, but because countries that used to buy our products began systems of subsidies and support prices for their own farmers, especially in Europe, and they've ended up by denying us an access at all. And I know the United States is interested in having the extreme elements of such policies broken down—nobody challenges the right of European farmers to protect—European govern-

ments—to protect their own farmers, and nobody's seeking to overthrow the common agricultural policy. But what, as I understand it, the United States and Australia are seeking is modifications of the policy at the margin, and this is what I put to European countries and to the Commission during the course of last year—in a way that might make some trade possible when now very often no trade is possible. You know it's rather a nonsense—we take 15,000 tons of cheese from Europe each year, but we're virtually not allowed to sell even a pound of dried milk products to Europe. Now our dairy farmers are entitled to ask why so. And it's not only in Europe of course. Japan has restrictive policies, and we're glad to see the beginning of growth in the beef market in Japan, but believe it needs to be put on a stable and longer term footing, and I've said that before.

Question. As a result of this will an Australian delegation be going to the MTN?

Prime Minister. Oh, good heavens, Australia will be very heavily involved in that. There was never any suggestion Australia is not in the discussions and arguing her own cause. We've also established this in our Minister for Special Trade Negotiations, simply because the Australian Government believes that trade matters are so important. This is begun with Mr. Howard last year after my visit to Europe. It is being continued by Mr. Garland who will be going to Europe for discussions with the community—and those discussions are scheduled for the moment for late March or April, and that's largely after the French elections and the timing is of the community's choosing, because they wanted the time after the French elections rather than before.

Question. With American backing will Australia be playing a tougher role in these talks?

Prime Minister. You know I think there's an implication in that question which is not necessarily right—what I have said is that there will be many interests. And in that case we're arguing for things held in common.

Question. Mr. Prime Minister, did Mr. Wolff give any indication that Australia could look forward to a better market in the United States for its beef?

Prime Minister. I think Mr. Wolff is indicating some hope that there can be a more liberal trading attitude in a number of commodities. He is also indicating, of course, that the United States has its own internal pressures in relation to trading matters, as does any country. But I've found it was a most useful and productive discussion and one that I value very greatly, and Mr. Wolff will be having discussions with Mr. Garland and Mr. Anthony tomorrow. They were to be held today, but the Department recommended that I see Mr. Wolff, and when I knew he was out here I was only too delighted to do so.

Question. Did Mr. Wolff put any blame on Australia's protective tariffs at all for some of these problems that you're talking about now?

Prime Minister. I think there has been a misunderstanding in Australia's position over quite a wide area, because you know the trade negotiations that have taken place in recent years have largely been ones that have reduced tariffs on manufactured goods. And that has suited Europe, it has suited the United States to a significant extent, but Australia has got a very limited domestic market, and therefore your costs are going to be greater. And in addition to this Australia imports very much more per head of manufactured goods from developing countries than does the United States. And if you take sensitive items—footwear, clothing, textiles, for example, from the developing countries, we import four times as much per capita as does the United States. The point I'm making here is that in many areas the Australian market is much, much more open than many people have been led to believe in the past. And I think Australians sell themselves short when we imply that we've got great restrictions that people can't jump over. In fact quantitative restrictions, for example, apply to a very tiny part of Australia's total trade. But when you look at Australia's exports, quantitative restrictions or prohibitions apply to very, very significant parts of our export trade. And that seems to be to me a rather unbalanced circumstance. Unquote.

TEXT OF THE COMMUNIQUE ISSUED AT THE CONCLUSION OF THE ASIAN-PACIFIC
COMMONWEALTH HEADS OF GOVERNMENT CONFERENCE

1. Commonwealth heads of government of the Asian and Pacific Region met in Sydney from 13–16 February 1973. The heads of government who attended the meeting were the Prime Minister of Australia, the President of Bangladesh,

the Prime Minister of Fiji, the Prime Minister of India, the Prime Minister of Malaysia, the President of Nauru, the Prime Minister of New Zealand, the Prime Minister of Papua New Guinea, the Prime Minister of Singapore, the President of Sri Lanka, the Prime Minister of Tonga and the Prime Minister of Western Samoa. The Australian Prime Minister, the Rt. Hon. Malcolm Fraser, was in the chair.

2. Heads of government welcomed the Australian Government's initiative in proposing the meeting which they felt provided a valuable opportunity at the regional level to discuss matters of common interest, including problems of a global nature, from the varied viewpoints and perspectives of their several countries. They noted that these countries together contained nearly one fifth of the world's population and were scattered over a hemisphere of the Earth's surface. With its wide variety of human and natural resources, and its pressing problems of population and development, the area was in their view of key importance to the world's future. They believed that this importance was too frequently overlooked, and that the region and its problems and aspirations deserved a greater share of international attention and recognition.

3. They affirmed the importance of regional organisations such as the association of Southeast Asian nations and the South Pacific Forum, each of which, responding to the diverse conditions of different groups of countries within their respective regions, was making a significant and growing contribution to regional co-operation. It was their firm belief that these efforts should receive increasing international support in order to hasten economic and social development in accordance with the wishes of the peoples concerned.

4. They regarded their meeting as complementing these processes of regional co-operation in a manner which, guided solely by practical considerations, sought to achieve additional benefits through programmes of further and mutually beneficial co-operation. Conscious of the realities of global and regional interdependence, and of the need for neighbouring countries in particular to explore every avenue of collaboration, heads of government expressed deep satisfaction with the results achieved at this their first Commonwealth regional meeting. They regarded these as having given an additional dimension to Commonwealth co-operation, thereby reinforcing the Commonwealth association as a whole.

World and regional political trends

5. Recalling the full Commonwealth meeting in London in June 1977, heads of government reaffirmed the consensus achieved there on a wide range of international issues and reviewed the developments which had taken place since then. These once again demonstrated the validity of their profound conviction that fundamental changes were continuing to take place in the traditional pattern of international relations in a manner that required much greater stress on the practical politics of interdependence, within the region no less than worldwide. They agreed that the new approaches which this called for, encompassing political as well as economic elements, which were inseparably related, must advance the fundamental values of human dignity and equality. A region as variegated as Asia and the Pacific held a real potential for advancing the cause of a wider harmony by fostering a policy of mutual co-operation in an outward-looking spirit.

6. Heads of government noted the dangers presented by great power rivalry to the peaceful and harmonious development of the region. They emphasised the importance of seeking the greatest possible freedom from the tensions caused by such rivalry and of promoting international stability and co-operation. They acknowledged, however, that the great powers had a positive role to play in supporting the economic and social development of the region.

South Asia

7. Heads of government welcomed the developments toward an improved climate for friendly relations in South Asia as holding promise for greater functional and economic co-operation amongst countries of the area.

Southeast Asia

8. In reviewing recent developments in Southeast Asia, heads of government were encouraged by the efforts of the countries in the area to hasten economic and social development within their own countries and to promote peaceful and mutually beneficial co-operation among them. They expressed the hope that the development of friendly relations amongst these countries on the basis of respect for sovereignty, territorial integrity and non-interference in internal affairs

would enlarge the areas of understanding and co-operation, thus enhancing the prospects of peace, freedom and neutrality in the area.

9. They noted with satisfaction the success of ASEAN in broadening and intensifying co-operation among the member states and between itself and other countries.

Pacific

10. Heads of government recall the significant changes that have taken place in the political status of many island countries in the Pacific in recent years. They recognised the importance of the newly independent island states and welcomed the movement toward independence of several countries in that area. Expressing satisfaction that these countries were already successfully engaged in various regional co-operative ventures, they called on the international community to give greater recognition to the special problems of these countries and to grant special measures, which would give added impetus to their economic and social development and to promote further co-operation and progress in the area.

Terrorism

11. Heads of government deplored the persistence of violence in modern society and condemned the growing of acts of terrorism world-wide. They recognised that greater international co-operation was essential to combat this menace. They agreed to explore ways in which their countries could enlarge collaboration, both regionally and internationally, in combating this evil, and decided to establish an ad hoc working group to pursue such efforts.

Disarmament

12. Heads of government discussed the importance of continuing efforts to advance the cause of disarmament in all its diverse aspects. In welcoming the forthcoming special session of the United Nations General Assembly on Disarmament as a positive step toward world peace and security, they expressed their deep appreciation of the initiatives taken by the non-aligned movement and other countries to secure the convening of the special session. They expressed their sincere hope that it would lead to concrete action toward the objective of general and complete disarmament and the application of the resources thus released for assuring a better life for the peoples of the world.

Indian Ocean

13. Heads of government took note of the talks between the United States and the Soviet Union on mutual limitations of their military presence in the Indian Ocean and the assurances given by both countries that they would report on the progress of their talks to the chairman of the Ad Hoc Committee of the United Nations. In this connection they expressed the earnest hope that practical steps would be taken for the implementation of the declaration of the Indian Ocean as a zone of peace and other subsequent related resolutions adopted by the United Nations General Assembly. They urged all the great powers as well as other major maritime users of the Indian Ocean to cooperate effectively with the littoral and hinterland states as the next step toward the eventual convening of a full scale conference on the Indian Ocean.

Southern Africa

14. Reviewing the situation in Southern Africa, heads of government reiterated their concerns and commitments expressed in London in June 1977. Condemning the racist system of apartheid in South Africa they once again called upon the international community to take effective measures to compel South Africa to bring about majority rule. They welcomed the recent talks held in Malta on Zimbabwe in the context of the Anglo-American proposals and stressed their belief that any solution from which the Patriotic Front was excluded would be unacceptable to the international community. They expressed the hope that the 5-power initiative on Namibia would contribute to speedy progress, in full cooperation with SWAPO, in effecting a transfer of power based on principles established under the relevant United Nations resolutions.

Middle East

15. Heads of government felt that the situation in the Middle East continued to pose a serious threat to world peace. They reaffirmed the necessity of urgently moving toward a just settlement of the problem on the basis of the relevant resolutions of the United National General Assembly and Security Council and the recognition of the legitimate rights of the Palestinian people.

International economic issues

16. Heads of government reviewed the current trends and prospects in the world economy and the present state of international economic cooperation in the light of the reality that the majority of the world's absolute poor lived in the region. They noted the close relationship between adequate economic development sustained over the long term and the maintenance of political stability. They agreed that, in the context of increasing interdependence, sustained and balanced economic growth world-wide would benefit all nations and stressed the need for international action which would promote structural change in the international economic system and enable the poorest nations to earn a more equitable share of the rising world product.

17. They acknowledged the value of the assistance which the international community had provided to the developing countries in the region and called for a sustained increase of those efforts. Heads of government emphasized however that hard work, self-reliance and the pursuit of appropriate policies were the principal means for countries to achieve a satisfactory level of development and satisfy the basic needs of their populations within an acceptable period of time.

18. In this connection they stressed the urgent need for all countries to adopt effective domestic policies to achieve sustained economic recovery, to overcome inflation and to secure price stability, making the most efficient use of their own resources. They recognised, however, that unsatisfactory arrangements and developments in the international economy could nullify the effects of the efforts and sacrifice which the countries of the region might make.

North/South dialogue

19. Heads of government welcomed the agreement reached at the 32nd Session of the UN General Assembly to establish a Committee of the Whole to oversee and monitor negotiations on new international economic order proposals and other economic matters. They agreed however that progress made so far in the substantive issues under negotiation was inadequate, they called upon all nations to promote early international consensus and action on the specific issues under discussion and to take other steps to ensure that, in a world which has the means and the resources to do it, the basic needs of all mankind would be satisfied within an acceptable period of time.

Commodities and the common fund

20. Heads of government agreed that the delay in introducing measures designed to stabilise commodity prices at remunerative levels had adverse consequences for producing and consuming nations alike. They noted that the continuing instability in commodity prices generally and the recent sharp decline in the prices of some commodities were adversely affecting development in all producing countries and aggravating the already serious balance of payments and debt servicing problem of many developing countries. They noted further that the unsatisfactory price levels were reducing the flow of much needed new investment funds into new commodity production which had a long lead time and hence endangering adequate future supplies. They agreed to take and to promote action in relevant international forums to secure greater progress in the negotiations on the implementation of the resolutions of the fourth session of the United Nations Conference on Trade and Development and of the Conference on International Economic Co-operation on the Integrated Programme for Commodities, in which the establishment of a common fund is a key instrument.

21. Heads of government expressed the hope that the UNCTAD Negotiating Conference on the Common Fund would reconvene as soon as possible. They undertook to do all they could to facilitate such an early resumption of the negotiations and indicated their willingness to participate actively and constructively in them to achieve an early successful outcome.

22. Heads of government noted with interest the indications of the Government of Australia of its acceptance of the need for adequate direct government subscriptions to a common fund, and for "other measures", while recognising the need for further examination of the scope of such activities to be supported by the fund.

23. They welcomed the report of the Commonwealth Technical Group on the Common Fund as a constructive contribution to the ongoing dialogue on the subject. They supported the proposal of the Commonwealth Secretary-General for a meeting of Commonwealth ministers in March to consider the report with a view to advancing international consensus in the resumed UNCTAD negotiations on the fund.

Trade policy

24. Noting the fundamental importance of freer international trade to economic development, heads of government emphasised the urgent need for a substantial liberalisation of the international trading system within the current multilateral trade negotiations. In this regard, they stressed the importance of improved access for agricultural products to the major consumer markets.

25. Heads of government expressed their concern over rising protectionism in the industrialised countries against manufactured goods which countries of the region were well equipped to supply. They were also concerned over the damaging effects of non-tariff and other barriers in trade in agricultural products which were of major importance to regional countries.

26. They noted that the restrictions in agricultural trade had a doubly adverse effect on the developing countries in that they reduced their capacity to import on the part of those developed countries for whom agricultural exports comprised a high proportion of their export trade.

27. They urged the key industrialised countries to take the lead in giving effect to the undertakings which they had repeatedly given in the past to liberalise speedily the conditions of world trade. In this connection they also referred to the need for the European Economic Community to devise appropriate solutions, as envisaged in the joint declaration of intent, to the problems of the trade of the Asian developing countries which had arisen as a result of the enlargement of the FEC.

Industrial development

28. Heads of government agreed that accelerated industrialisation of the developing countries in the region would not only sustain development in these countries but also enlarge the markets for capital and skill intensive manufactures and services which the industrialised countries have the capability to supply. They also noted the crucial role of appropriate technology in the economic development of the developing countries.

29. They urged the industrialised countries to adopt policies to improve access for manufactures from the developing countries as rapidly as possible and to facilitate the mutually beneficial process of increasing the share of the developing countries in a rising world industrial production.

30. They noted that the Commonwealth team of industrial specialists was examining specific programmes of action to assist developing countries to industrialise, including proposals for the establishment of a Commonwealth Fund for Industrial Co-operation and Development and a centre for development and diffusion of appropriate technology. They expressed the hope that the report would be presented at an early date and would identify specific measures for facilitating industrial development in the developing countries. Noting that the team's report would be considered by all Commonwealth members, they agreed to consult thereafter, at an appropriate time, on ways in which the Commonwealth countries of the region might give effect to any decisions agreed by ministers.

External debt

31. Heads of government reaffirmed the importance of enlarging external capital flows on appropriate terms to the developing countries in order to help them to increase their rate of economic and social development. In this connection, they reviewed the problems which some developing countries now experience in servicing their existing debt obligations. They recognised that while some developing countries had the capacity to service a higher level of borrowing, for others, renegotiations of existing debt obligations are now or shortly may be necessary. They noted that certain donor countries had waived the official debt service obligation of the least developed countries. They stressed the importance of early agreement on the appropriate machinery to examine the debt problems of the developing countries.

Official development assistance

32. Developed countries at the meeting reaffirmed their commitment to increase their ODA with a view to reaching the 0.7 percent target. Recalling that the commitment to increase their ODA toward the target and improve the quality of their assistance was also entered into by other developed Commonwealth countries, and noting that the developed countries in the region provided virtually all their ODA on grant terms, heads of government renewed the call for other donor countries to make a parallel effort to improve the volume and quality of their ODA in accordance with the UN target. They also stressed the

need to enlarge multilateral mechanisms which would enable developing countries to expand their assistance to each other.

33. In this connection, heads of government noted that the economic situation in the least developed and "most seriously effected" countries had shown little improvement in recent years and that in some cases it had worsened. They urged donor countries and international agencies to commit themselves to a continuing enlargement and a softening of the terms of the assistance they provide to these countries.

Regional economic and functional co-operation

Co-operation for regional development

34. Heads of government emphasised the need to adopt measures which would realise the considerable potential for development that exists in enlarged trade among the countries of the region. In this connection they agreed to establish a Commonwealth regional consultative group on trade to examine measures to facilitate travel within the region, to improve communications and reduce the cost of intra-regional transportation of goods, to simplify procedures for intra-regional trade to reduce non-tariff barriers and to facilitate trade within the region. The group would also study ways and means of improving trading opportunities for the countries of the region in the major developed country markets for goods produced by the developing countries in the region. Recognising that access to major markets in the European Community, North America and Japan were critical to the well-being of world trade, they also agreed that the consultative group would examine ways and means of persuading those major trading blocs to break down non-tariff barriers which inhibited so many of the national and economic exports from the region. In urging all countries in the region to promote greater intra-regional trade directly, they proposed that consideration should also be given, where applicable, to long term preferential purchases of materials, essential commodities and manufactures from countries in the region.

35. Heads of government agreed on the need for regular consultation among Commonwealth countries in the region to facilitate further functional co-operation and improve the exchange of information on economic matters. They invited the Secretary-General to examine ways in which such consultation could be improved.

Energy

36. Heads of government emphasised the urgency of developing and diffusing appropriate technology on the use of alternative sources of energy, such as solar energy, biogas and windpower as a supplement to and a substitute for fossil fuels. They noted that some Commonwealth countries in the region had mounted significant research and development efforts in this field designed to meet the energy needs of small rural communities as well as other energy deficient areas and that the exchange of results and experience would bring benefit to all countries. They agreed to establish a Commonwealth regional consultative group on energy, to assist in the identification of the energy problems of individual countries in the region, support the work of national and regional institutions in the research, development and practical application of technologies on alternative sources of energy, mobilise resources for such work and facilitate the exchange of information among Commonwealth countries in the region on energy matters. Its first task would be to review existing alternative energy technology to identify the most practical applications for use in the region, and to determine the most promising fields for research and development.

Human resource development

37. Heads of government attached the highest importance to the development of the human resources of the countries in the region. They noted the contributions which the developed and some developing countries were already making in the form of technical assistance and training facilities for students from the developing countries in the region. They expressed the hope that this contribution would be continued and enlarged.

Food production and rural development

38. Heads of government recognised the crucial role of increased food production and rural development in the economic development of developing countries. While the food supply position had improved appreciably during the last few years, it was still inadequate to meet consumption requirements. They recognised

the urgency of expanding food production and also recommended the measures be devised to improve marketing, employment and incomes, as well as for the provision of food aid and other basic human needs through rural development. They agreed that food surplus countries together with other donor countries should make special efforts to ensure world food security. They urged that the commonwealth advisory group should report at an early date on concrete measures and practical programmes toward meeting these objectives.

Illicit drug trafficking

39. Heads of government recognised that the illicit drug traffic was a growing problem for several countries of the region. They welcomed efforts to suppress the traffic and expressed the view that these efforts needed to be intensified. They confirmed their willingness to co-operate with each other on these matters recognising that the work of international agencies formed the basis for such regional co-operation. In this context, they agreed that interested countries should be invited to participate in a working group of officials to examine the possibilities for further regional co-operation.

Commonwealth Fund for Technical Co-operation

40. Heads of government recognised the important contribution being made by the Commonwealth Fund for Technical Co-operation as a quick and flexible instrument to supplement the bilateral and other multilateral programmes of technical assistance to developing countries in the region. Noting with appreciation that the region accounted for one third of the fund's commitments to all Commonwealth developing countries, they emphasised the importance of ensuring that the fund played an effective role in meeting the expanding needs of Commonwealth governments, so enabling it to continue to demonstrate in a practical way the ideals of co-operation and mutual assistance, and to strengthen the multilateral links among Commonwealth countries and peoples.

Special problems of small states

41. Heads of government recognised that special measures and relationships were necessary to assist small states to realise their development potential. In this connection they welcomed the establishment of the Pacific Forum Line as an important vehicle for promoting the export trade and development of the Pacific island states. They were also mindful of the important developmental role played by regional island ASIR carriers through the Pacific and the need to sustain these services economically. The developed and the industrially advanced developing countries agreed to examine ways of meeting the needs of the islands for growing flows of concessionary finance to improve and operate their infrastructure and develop technical and professional skills, for technical assistance to enable them to derive maximum advantage from their exclusive economic zones, and for favourable conditions of access to the markets of the larger countries for their agricultural and manufactured products.

42. Heads of government also recognised that the range and complexity of international issues under negotiation were placing very heavy burdens on the financial and manpower resources of the small states in the Commonwealth. They acknowledged a collective responsibility to render special assistance to these countries to enable them to pursue their vital national interests. Noting that the need for such assistance will grow with the achievement of independence by a number of very small Commonwealth countries in the years immediately ahead, heads of government felt that systematic programmes of assistance for these countries should be established as a matter of priority. Such programmes should be particularly concerned with the problems of providing the assistance required for international representation and for support in financial, trade and other negotiations related to the promotion of their development, and with the wider question of how the Commonwealth collectively might better serve the needs of its smallest member states. Recognising that many such states were in other regions of the Commonwealth, they invited the Secretary-General to examine the most appropriate ways in which such assistance might be rendered on a Commonwealth wide basis and urged him to seek general Commonwealth support for such programmes. They noted the opportunity which the meeting of Commonwealth senior officials later this year would provide in this regard.

Followup action

43. Heads of government were satisfied that their Sydney meeting fulfilled the highest expectations of the discussion on regionalism at the Commonwealth

heads of government meeting in London last June. They agreed that it served to further confirm and strengthen their faith in the value of the Commonwealth generally. They invited their chairman to convey these sentiments to all other heads of government.

44. With a view to ensuring effective follow-up action on their decisions, heads of government further agreed that:

(A) The following regional governments will act as the co-ordinators in respect of particular decisions involving follow-up action:

(I) Consultative group on trade (para 34)—Australia.

(II) Consultative group on energy (para 36)—India.

(III) Working group on terrorism (para 11)—Singapore.

(IV) Working group on illicit drugs (para 39)—Malaysia.

(B) The Secretary-General be requested to:

(I) Develop and put forward to the Commonwealth senior officials meeting in Malaysia later this year proposals on special Commonwealth programmes to assist small states; and

(II) Provide liaison facilities in relation to all follow-up action through a consultant provided by the Secretariat and based in the South Pacific Bureau for Economic Operation whose duties will include the co-ordination of all follow-up action, the provision of Secretariat resources for it as required, and keeping all regional governments in touch with developments. The Government of Australia has offered initial financial support for the Secretariat's follow-up work.

(C) They would meet again at Delhi in 1980 to renew their conversations and to review progress on the implementation of their decisions at Sydney.

Appreciation to post government

45. Heads of government expressed their warm appreciation of the excellent arrangements made for the meeting by the Australian Government. They also thanked the Australian Government for its unstinted hospitality.

APPENDIX 5

SINGAPORE

[From the Singapore Straits Times, Mar. 18, 1978]

LEE: WE MANAGED TO FIND ENOUGH COMMON GROUND . . .

LEE: I would like to say that I am leaving agreeably surprised that more was achieved than I thought would have been, and that difficult as it is to bring 11 countries as far apart as Indian and Nauru and Tonga and Western Samoa with such disparate interests, we did manage to find sufficient common ground to agree that we shall meet again in 1980. I think that is quite an achievement.

Q: Mr. Lee, coming into this conference you were fairly critical about tariff barriers as operated within this Commonwealth regional grouping, yet there appears to be very little in the final communique issued. Were you rolled on that issue in the conference?

LEE: I would not think so. I didn't expect any change out of this Commonwealth conference. In fact, it would be not the way to do it.

RESENTMENT

If it is going to be done at all, it is something that has to be worked out over a period of years, not a period of months. I don't see our coming out of the high inflation, high unemployment position that industrial nations are trapped in, and I do not see any representative government in Australia or New Zealand, or indeed anywhere in the industrial democracies, taking in large quantities of somebody else's exports.

In fact, there is great resentment even between industrial democracies in any exported-led expansion.

Q: You said you were agreeably surprised at the achievements of the conference?

LEE: I didn't say achievements. I said I was agreeably surprised that we reached enough common ground to want to meet again.

WORTHWHILE

Q: It sounds as though you are starting from a base of very low expectations. What do you think the conference achieved, if anything, apart from that thing that you just mentioned?

LEE: I think that is a considerable achievement: That we thought it worthwhile to meet again.

Q: Could I bring you back to the trade question that you answered before? How much did this figure in your discussions with Mr. Fraser, and what arguments did he put to you and you to him?

LEE: Nothing new. We know what our respective positions are, not just him and me. It is him and me and the Prime Minister of Malaysia and, at the back of our minds, the other members of ASEAN, but we also know that this is not something which can be resolved in 1978.

In fact if we can begin to make some movement towards what we intend in the middle term, in the intermediate term, say, five, seven years from now, are you still going to be using relatively not advanced equipment—making shoes, raincoats, umbrellas, shirts, garments, assembling television sets, electronic calculators five, seven, 10 years from now? That is the decision you must make.

Q: Did you get any indication from Mr. Fraser of that sort of movement that you are after in the medium term?

LEE: I think you can't constantly be confronted with the realities of interdependence in this world—and the interdependence not just between countries but between economics and politics, between stability and security, without having

to exercise your minds as to how you can trade off your jobs for Australians as against a lower cost of living and in return for that some not just goodwill because goodwill is an ephemeral thing, but good relations, good neighbourly relations on a continuing basis between people in a region which at one part became unstable, is bound to affect the other.

WILL

Q: Did the Australians phrase "political will" in your discussions already . . . do you think that "will" already exists in the region for greater trade?

LEE: That "will" exists amongst the Asean countries, yes.

Q: Amongst the countries represented at this conference?

LEE: A desire for greater trade yes. Whether that will emerge as a strong enough political act between the major trading partners of the group of 12 that has been meeting will have to wait probably even beyond 1980.

Q: Would you say that the doubt that you already have about this is perhaps represented by the difference of attitude on trade between Australia and Singapore?

LEE: No, I wouldn't think so at all. It is not Australia and Singapore. If it were Australia and Singapore, I don't think you need be vexed about it at all. I think it is Australia and the whole of your Asean neighbours and the world.

ACCESS

You want more access into the industrial markets of the EEC, of Japan, of America. We support you in that. We think there should not be man-made barriers to trade.

At the same time I do not see how selling more Australian beef and wheat to Japan, to America, to the EEC, creates more employment amongst people who are paid seven, eight, nine times the wage rates of people in the Philippines, Indonesia, Malaysia, Singapore, for sewing fancy shirts with fancy names but really very simple to do, and probably using less advanced equipment than that being used by your neighbours because you don't believe that you can keep this for long.

Q: What sort of role do you see for Australia then in trade in this area if we are getting into antiquated automation and things of that nature? What sort of role do you think Australia should be playing in this part of the world? Where are we going to move if we don't protect our industries?

REFLATE

Lee: I don't really feel this is an adequate format for discussion on Australia's long-term industrial specialisation. I read the Financial Review with my breakfast this morning. They welcomed the Witteveen exhortation to reflate with caution.

I think if Australians feel sufficiently confident that they can reflate without steaming the economy up, they should, but your long term—strategy you have got to decide for yourself.

Either you are going to be a great producer of the commodities that the industrial nations require and benefit from this common fund, price stabilisation, and use that to go into specialised areas where you are going to compete not just against the Asian neighbors who are relatively less developed or underdeveloped, but against the world markets, against Japan, against America, against the EEC, in areas where you have a definite resource advantage and a geographic advantage, proximity to Asian markets, requiring industrial implements, for agriculture and so on . . .

Q: Sir, from your talks with Mr. Fraser, do you believe he is sympathetic to your contention that Australia should move away from these forms of production in the medium to long term?

DOGGED

Lee: Mr. Fraser is a very dogged man. He is not one to make decisions lightly. He has taken his position publicly. I have not the slightest doubt he will stick to his position. I have also not the slightest doubt that he is sensitive to the realities of present day politics and the economics that goes with the politics.

The way in which this conference has been convened by a Liberal-Country Party coalition head of government was in itself unthinkable 10 years ago, and yet you have had this transformation.

Not only that, you are today one of the great supporters of the rights of the black people in Southern Africa, something that nobody could have predicted when the last Liberal-Country Party coalition was in power before Mr. Gough Whitlam occurred, and it shows intelligently and realistically Mr. Fraser and his colleagues adjusted to the facts of life when they reassumed office in December, 1975.

In the same way, I'm not unhopeful that confronted with alternatives which are in varying degrees of unpleasantness, he would choose the one least unpleasant.

Q: Prime Minister, in the context of this regional meeting, and given the prosperity of your island state, do you see yourself as a developed or developing country?

ACCOLADE

Lee: First you attribute to me a quality which you then ask me whether I have or not: I think it is an unfair question, if you already believe that, then you state it as a fact and you should hold a press conference and say so.

Q: I would like to hear your view of whether you see yourself as a developed country or a developing nation.

Lee: In about, I hope, 10, maybe 12 years, if we are able to make five to six per cent growth in real terms each year then in the late 1980s, I would be prepared to accept your accolade of being a developed country. As of now, the technical phrase for countries like us is we are "in a state of transition." That means at least we are not stationary. We are moving.

Q. Prime Minister, what kind of role would you like the West European countries to play in South-east Asia in both political and economic terms?

Lee: You are from ...?

Questioner: Germany.

Lee: I am not a mental acrobat. I have got myself keyed up to meet Australians and suddenly I met a German. I'll try. First, I think the Germans have set a very good example of keeping inflation rates down, a relatively low rate of unemployment considering the fact that you have got so many guest workers with you, despite your recession, and perhaps to take off the heat that is on you from the eight and the nine in the EEC, instead of leading another export-led growth with a very costly D-mark you ought to move into areas like Southeast Asia and have your balance of accounts look much nicer by capital transfers into Southeast Asia.

OVERLAPPING

Q: Sir, did you find Mr. Fraser receptive to your suggestion that there should be improvements in the Australian system of tariff preferences, and did you find him also receptive to your suggestion that perhaps the best way to approach the task of expanding intra-regional trade would be to do it on a basis of three overlapping circles?

Lee: On the basis of three overlapping circles he was not at all enthusiastic. He thought there were three overlapping circles which trapped Australia in each one of them, and, therefore, put Australia to three different stresses.

But on wider and deeper cuts on the Australian system of tariff preferences over a wider range of products, he was positive. That does not mean that when we meet at trade official level of kind of positive response that he demonstrated will be reflected in a similar way by the officials who jealously guard each manufacturer's interest as if they were part of Australia's crown jewels. That is another matter. But it is part of the business of negotiating to free trade.

Q: Mr. Prime Minister, would you describe Australia as being selfish in its concern for its own problems and not enough concerned with the problems of its neighbours?

Lee: I would not like to come to Australia and at a press conference at the end of five days of rather generous hospitality to abuse Australians—but if you feel any sense of guilt, then, of course, I would ask you to search your conscience and purge yourself of that sense of guilt by appropriate steps.

Q: Prime Minister, your country will be heading this working group on terrorism. What sort of cooperation can you see the countries of the region doing to combat this evil?

Lee: We could liaise more closely with each other. We could keep each other posted as to movements of groups and, in fact, we already do that with international organisations. We can teach each other new tricks that had been played on us and how we have countered them, but eventually we go back to the United Nations.

Q: Mr. Prime Minister. Would you care to comment on the Western countries' policies toward Indochinese refugees?

Lee: Western Europe, you mean?

Q: Western countries the total Western countries.

Lee: You mean by that you include...

Q: I include Australia, America, Western Europe...

Lee: I think there is a great deal of sanctimonious hypocrisy—and when it comes to real problems of human needs, human life, then all the primeval prejudices, fears of dilution, racial superiority, well up to the surface, and they want to push it off to somebody else. But it is part of the learning process in this world. We have got to educate each other.

You are trying to teach me how to be an American when you yourself don't want to be one, and I'm trying, I hope not unjustly, in trying to educate you that perhaps I'm not more stupid than some stupid Europeans, that perhaps I am not more wicked than some less wicked Germans and that perhaps I should be allowed to reach higher levels of civilised human standards of living and liberal forms of interpersonal relationships both within my society and between my peoples and Asians generally and Europeans. We have become too small a world to live with our primeval prejudices, a lot of which arise from folklore and now hinder rational thinking and rational policies.

COOL

Q: Has there been reference to the question of the refugee problem during these talks over the last few days?

Lee: It didn't appear in the communique, if I remember.

Q: I am just wondering if the question was discussed?

Lee: As I said, we come here as guests and one of the first things an Asian has at the back of his mind is, when he is the guest he is never to be a cause for embarrassment.

I must say, however, that I did mention to Mr. Fraser and Mr. Peacock that we read with interest what was said in Darwin at the time of the elections when the Vietnamese refugees were arriving, and I personally congratulated both of them in keeping their cool, and moderating some rather extravagant statements being made by Mr. Nixon (Peter Nixon, the Australian Transport Minister), was it? I thought at that time that there was some rather perjorative similarity in the names, but he lacked something.

Q: Mr. Prime Minister, has Singapore been actively, if not encouraging certainly not hindering, the progress of the refugees going down towards Australia in provisioning and things?

EQUALITY

Lee: Would you like to have a 25-foot ketch and I'll provide you with nectar and honey to try and make this hazardous voyage from Singapore to Darwin?

Q: Prime Minister, do you feel that this issue, which you feel deeply about, could be raised or should be raised in a more regional forum soon?

Lee: I think this is a world issue. It is not an issue connected with South-east Asia or the Indian Ocean, Pacific Ocean countries. President Carter has made human rights and human needs and the equality of all mankind a major assumption of his political beliefs and political policies, and I think we ought to take him seriously and spell out the consequences of those major assumptions in its application to this one very cruel outcome of a conflict that went on for many years and has not resolved itself.

UNKNOWN

By the time you have tens of thousands of people willing to risk worse than death for themselves and their families into the watery unknown, then if we are civilised human beings living up to our beliefs, we ought to do something about it and not just say this is a matter for the countries of South-east Asia, perhaps, Australia feeling either geographic proximity or other moral obligations, should talk about it.

I think something has to be done and it has got to be done by the world community . . . or again, we are embarked on an exercise that is just sanctimonious humbug . . . one standard, when I talk about refugees and what South-east Asian countries are doing for them, and another standard when I talk about the rights of man and the equality of human beings in relation to Southern Africa, then you say—well, that is a long way off. But they are the same problem and we have got to face up to them.

Q: Prime Minister, do you consider the border clashes between Vietnam and Cambodia are a danger to the security of the region?

Lee: Not immediately, but they are ominous. By the time two communist states can't live in peace with each other and settle their differences peacefully in the spirit of the brotherhood of the working classes, what chances are there of peace and harmony between communist and non-communist states when they share a common border? But I hope I am wrong.

Q: Mr. Prime Minister, could you background us as to why Singapore was chosen to coordinate your consultative committee on terrorism? Was there any particular reason behind that?

HIJACKERS

Lee: It had to be distributed amongst the various participants. Being an international junction and having had a visit from two Palestinians and two Japanese Red Army hijackers who fortunately didn't hijack an aircraft but hijacked a ferry after exploding a bomb in an oil refinery, perhaps we felt not altogether unqualified from knowing something about the way in which terrorists operate and the inadequacy of the terrorists. As long as there are holes in that net every time you cast a net around the terrorists they slip through and they reappear.

Q: On the problem of refugees, why is it that Singapore turns away so many refugee boats instead of permitting them to land so that they can be processed for settlement by Western countries elsewhere?

Lee: We have told the UN High Commissioner for Refugees and we have told several of the governments who have expressed an interest in the fate of these refugees, that Singapore is quite happy to have one of its off-shore islands or islets set aside for the transit of these refugees, provided we do not have a repeat of what happened in the second half of 1975 when we had thousands of these people come in and then the UN high Commissioner for Refugees goes around hawking them: bodies for sale or settlement.

Nothing is more degrading than to watch that happen. Once they are nicely sited or reasonably sited in relatively sanitary conditions, and the world salves its conscience by just donating to the UN High Commissioner for Refugees fund to feed them, it might go on like the Palestinian refugees for 30 years after the event.

In other words, I say country "X" need not tell me how many—need not tell the world—how many refugees it is prepared to take; it has just got to tell the UN Refugee High Commissioner and whisper it to me . . .

I'd like them to be able to land in Singapore, adjust and adapt and settle in their permanent homes within less than nine months or not more than a year. I wouldn't like to have them festering away like they have done in other refugee camps.

Q: I was going to ask you if you could explain perhaps a bit more fully the Singapore position on this, because you may appear to be saying that because the world isn't sharing in the problem, Singapore won't take a part in the problem.

Lee: Singapore has taken part in the problem. We've provided . . .

Q: Since 1975 you have been tailing off your efforts.

Lee: We have processed several thousand refugees. We provided them with food, with shelter. We were reimbursed for it by the UN High Commissioner whilst he hawked around for governments willing to take these bodies. And I am saying if you feel so strongly about it, you should pester those governments with a capacity to absorb these refugees and just whisper to me how many you can take and I will let them into transit camps in an off-shore island. And if you don't do that, and persist in your questioning, then I must regretfully include your idealistic motives amongst the same bracket of either ignorance or you-know-what.

CAPACITY

Q: How do you react to Australian concern that there have been streams of refugees coming down to the northern coast of this country, apparently haphazardly and we are concerned that we can't organise these fleets?

Lee: Why not mount a campaign if you really feel for them and say, look, now that the Government of Singapore has said that they will take temporarily X number, or any number we mentioned, that we will take permanently, why not inform them quickly so that something can be done immediately? Why pester me? You know my public position.

Q: Do you think we're doing enough?

Lee: That is not . . . you know the Australians suffer from a terrible guilt complex.

Q: Just because you come here too often?

Lee: I haven't been here for two years.

Q: We've still got a hangover.

Lee: I suggest nothing better than a refreshing approach to all problems.

APPENDIX 6

MALAYSIA

NATIONAL DEVELOPMENTS IN SOUTHEAST ASIAN COUNTRIES: TOWARDS NATIONAL RESILIENCE

(By M. Ghazali Bin Shafie)

I. Introduction

The internal development of a country is a dynamic and complex process. For the purpose of explanation and comprehension, which is a pre-requisite for policy making, this process is de-aggregated into a number of segments, each discrete and independent of the other in order to fit into one of several micro theories available in the literature. Each theory then explains only a segment. The whole that is, the internal process of a country, cannot be assembled by aggregating these theories largely because they bear no mathematical relationship to each other. In any case the process of theoretical aggregation cannot completely capture the synergistic process of development.

Secondly, most of the explanatory theories of Western science lack empirical validation in that they are proposed without substantiation of data. Most frequently, the theory used to explain a single segment of a country is applied to another country to establish the same conclusions without a systematic appraisal of comparative methodology. In other words, Western theorists make unnecessary assumptions about the similarity of events between countries by discounting the importance of difference.

In general two types of theories are required in order to organise and control a society. Firstly, explanatory theories which require data, organise them into concepts and establish the relationships between them in some order which corresponds to the relationship existing in reality. Once reality is explained there is a need to change it towards a set of desired objectives. This function is achieved through the development of a strategic theory which establishes the policy proposals and method of intervention designed to intervene in the set of events established by the explanatory theory. The five-year development plan of a country is an example of a strategic theory. The control of a country of society is therefore achieved through the development of strategic theories.

However, unlike explanatory theories which are proven through the scientific method, a strategic theory, in terms of its correctness and potential for change is proved through the implementation process in terms of whether there are large and unusual deviations between achievements and desired objectives. The larger the deviations, the less are the potentials for the desired change and conversely, the narrower the deviations the more appropriate are the strategic theories for the country.

The conventional explanatory and strategic theories of Western science have been demolished by recent developments in South-East Asian countries. The present analysis takes off from this disarray.

Over the last few years a close observation of events which has occurred in these countries had established its common pattern and the primary causes of these patterns. An explanatory theory has been constructed and pursuant to this theory an overarching strategic "theory" for waging war against communist terroristic activities is being developed. This strategic theory is identified as national resilience.

II. Conventional explanatory and strategic theories of internal development

Perhaps the most widely held theory purporting to explain the internal developments of South-East Asian countries is the domino theory. In brief, the theory suggests that there is a causative process between neighbouring countries in that the internal developments of a country will invariably result in another country experiencing the same events and therefore identical consequences.

In recent years the domino theory has been given new life especially after the

events of Vietnam, Laos and Cambodia. To those who subscribe to this theory, the events of these countries have served to reinforce the authenticity of the theory and therefore its general validity for other South-East Asian countries. The theory suggests a notion of historical inevitability from which there is no escape and hence no reason to oppose it. This interpretation is the primary propaganda strategy of the communists.

The theory ignores or at best gives little significance to factors which dictate internal developments in a country. In any country there can be a set of factors which constrain and retard the escalation of communist terroristic activities. The factors in effect constitute the differences which are often discounted in theory application.

It now seems clear that the heterogeneity of the population in terms of two or more groups having fundamentally different sets of aspirations and cleavaged by religion, culture and social organisations but at the same time subscribing and internalising the basic principles of national ideology as the Rukunegara in the case of Malaysia, Pancasila in Indonesia and in Thailand the concept of "Country Religion and King" constitutes a powerful barrier against the expansion of communist subversion or terroristic activities. Thus, in the Malaysian case, the membership of the communist terroristic movement has been primarily restricted to a single race group largely because of the inability of the movement to cross from one group to another through its own global goals. As it is constructed, Rukunegara, because it professes a Belief in God, is the antithesis of communist ideology.

Secondly, where one of the major race groups is totally committed to Islam, the cohesive process is further strengthened. Philosophically, Islam is opposed to any form or version of communist ideology. Islam must first be subverted but the very process of subversion is easily detected and when detected serves to reinforce it. The relative strength of Islam in Malaysia in fact is increasing as witnessed by the enlarging influence of the Dakwah Movement in the country.

Thirdly, there is reason to believe that in a society characterised by the first phenomena as described income differentials between groups tend to be more important than income differences in the group itself. When this occurs there is a total mobilisation attempt by the relatively deprived group to reduce its income differences. In Malaysia, the New Economic Policy is aimed at reducing the income gap between race groups. In the case of the New Economic Policy no distinction is made with respect to race groups under the poverty line. In the process of redressing economic imbalances based on racial lines there may be some individuals who may be personally alienated as that which occurs in other countries where the lowest income group, irrespective of race, are alienated from other income groups in the society. Thus, the socio-economic stratification of a country and the public policy designed to redress income inequalities between groups constitutes an important and crucial factor in ensuring internal security.

Fourthly, recent studies of revolutionary movement indicate that relative deprivation by itself is not a contributory cause for individuals accepting communist ideology. Relative deprivation is only important in the context of the management of the achievement-expectation gap by the government. In effect, if plan implementation is equal or near equal to the aspirations of these groups the prospect of a communist subversion or terroristic movement diminishes correspondingly. In this respect, where the implementation system of the government is efficiently organised and its distributes benefits effectively, the country can withstand attempts by communist terroristic movements to erode the confidence of the people in the governmental system. Malaysia, under the Second Malaysia Development Plan has achieved a relatively efficient system of plan implementation. The strategy for national leaders here is to make no attempt to raise the aspirations of groups to unrealistic levels without an estimate of the capability of the system to implement policies and programs.

Let us now turn to the conventional strategic theory available for a country. Again drawing from the Malaysian experience, one available strategy is the hearts and minds approach. All the theory states is that in any counter insurgency effort equal emphasis must be given to political and economic development of the country. In countries which have achieved independence only the element of economic development is given emphasis and significance. Economic development without its distributive element does not quite guarantee the internal security of a country. An unusually high growth rate in the economy can distort the income structure between groups unless compensating policies are simultaneously developed to redistribute the effects of growth. By itself it is a de-

stabilizing process. From observation made the indication is that the collapse of political regimes tend to occur during periods of relatively high economic prosperity.

The hearts and minds theory is quite inadequate for countries in South East Asia which presently face communist subversion or terroristic movements. What is immediately required is an overarching strategic theory capable of consolidating the basic strengths and astute policy management of the country. It is the management of public policy of the country, in which the political regime makes the trade-offs between the various processes of internal and external control in the effort to establish an optimum relationship that is the heart of the strategic theory of national resilience. Alternatively stated, there must be an ability to establish a delicate balance through public policy making with respect to all the major internal and external processes of a country.

Subsequent paragraphs will describe the processes crucial to the development of national resilience and its implications for public policy makers.

III. Toward national resilience

It has been suggested that the management of the basic processes of a country is central in achieving national resilience. What then are the main processes of internal control?

The basic principle may be accepted that communist terroristic movement is likely to be an internal phenomena. Given this, there should be a central dependence on internal security. Thus, the first strategy is to use internal security as the dependent variable around which all other processes will have to be reorganised in order to enhance it. Four basic processes are necessary and crucial in determining a high degree of resilience.

Firstly, economic planning or economic development. It is not possible for a country facing communist terroristic activities to maximize solely on economic growth. Rather, there must be an equal emphasis between economic restructuring and growth. By economic restructuring it is meant a strategy where there is a conscious effort to utilise public investments to achieve income redistribution between groups. In addition, since private investment is particularly crucial for employment creation, a vibrant and dynamic private sector is an important pre-requisite. The function of public policy is to remove major obstacles in achieving these two goals. In Malaysia, recently, we were forced to reorganise our problem solving process by developing a programmatic approach and effectively linking public and private sector participation in it.

However, at the same time there cannot be a total disregard to the consequences of unregulated private investment. Investment behaviour must be regulated in order that investments can be channelled to productive projects and not wasted on consumption orientated goods and services. In effect, private investment must operate within the context of either investment regulatory laws or by a code of ethics which maximizes future returns to the economy rather than merely economic returns to individuals. The concept of present investment for future gain is an indispensable element. A futuristic concept implanted into the economic system of the country is imperative. However, regulatory procedures should not in turn produce the converse effect of restricting and inhibiting private investments. Delicate balancing is itself a crucial prerequisite.

Secondly, the political framework. Communist movements when waging their struggle utilise the concept of United Front. A country similarly, must be capable of organising the political system in a manner where there is a broad consensus of policy goals to be achieved between the different political parties. Malaysia has found it useful to reorganise the political system around the concept of a National Front (BARISAN NASIONAL). The concept ensures that the energies of the nation would not be sapped by trivial political conflicts which in turn could be utilised by subversive elements for their own political ends. Particularly crucial in the National Front concept is that the rules of conflict resolutions must be clearly established and agreed upon by all parties. Yet the concept should not in itself inhibit the political process or cause the open dissatisfaction of groups to the policies of the government. An articulative and exceptionally strong feedback function must be embedded within the concept.

Thirdly, the legal framework. A country must possess legitimate instruments of ensuring its security. It may be necessary to modify existing laws, develop new trial systems or organise contingency powers all of which may have the effect of curtailing certain freedom. However, these extraordinary legal powers are designed to ensure that ultimately personal and fundamental liberties of the

individual are reserved. Again, delicate balancing is particularly important. The resultant legal framework should not be oppressive to the extent that criticism could be levelled against it by either well meaning services or sources with ulterior motives.

Fourthly, the process of mass mobilisation for security of the community. A country fighting communist terroristic activities must be able to mobilise the population to its side to supplement the main institutions of internal security. This mobilisation process must be highly organized and structured but which places maximum reliance on community participation. In effect, the mobilisation process which at the initial stage, may be organised by government, must at some stage, be transferred to the community itself. In Malaysia, Rukun Tetangga¹ and Rela² are organised as a strategy for local and community participation in fighting communist terroristic activities in the major urban and rural areas of the country. Given an effort of this kind it is correspondingly more difficult for the communists to recruit individuals from the community and in effect blunts their major effort to secure the assistance and support of the population.

These four processes affecting internal security will have to be organised with others (external control) under an overarching strategy of action. Because they are traditionally controlled by different institutions of government, it is useful to have a centralised structure which can plan and monitor the effects of the policies established. In particular, as it has been suggested, the delicate balancing which is required in each of the processes must be periodically assessed and modified when the situation requires. The consolidation of public policy of these four areas of government is therefore a primary requirement for any country to wage a total war against communist subversion or terroristic activities. Some element of this is achieved in the Malaysian context by having a close working relationship between the National Security Council³ and National Action Council⁴ respectively.

In addition to the consolidation of the main processes of internal control, national resilience requires the country to place complete reliance on its ownself for national defence. Undue reliance on an external country creates a dependency relationship which, if and when withdrawn, create a vacuum which cannot be immediately filled through self-organisation. It creates and results in public apathy of the war effort and abstracts a large portion of the population from the realities of the situation. More importantly, the political regime of the country becomes complacent with respect to people's needs and demands and makes little or no concerted attempt to obtain their support and participation in the war effort. Demands are not fed back into policy making. When this happens, the political regime under a dependency situation surrenders control of the population to the insurgency effort. Stated alternatively, the political regime becomes more accountable to the external country in question than to its own population.

A dependency relationship invariably surrenders innovative capability of a country. Rather than the country analysing, organising and implementing concepts and strategies of counter insurgency warfare on its own, it forsakes all this and accepts unquestioningly the concepts and strategies of the external country. These may be totally at variance with the nature and character of the situation at hand but nevertheless becomes implemented because of the requirements and military style of the external country.

The stress here is that there is no greater mistake in fighting a communist movement than to place total dependence on an external country. Rather, the effort must be to increase the capability of the country itself to organise and implement the requirements of the war effort.

IV. Main issues of external control

A major pre-requisite of control is the ability of neighbouring countries to link together or to coordinate internal security arrangements. Coordinated military action and information sharing is particularly crucial. Thus, the revised border agreement which Thailand and Malaysia recently concluded and the border agreement between Indonesia and Malaysia and also the close collaboration

¹ Neighbourhood defence units.

² Voluntary village defence organisations.

³ Composed of Ministers, chaired by the Prime Minister.

⁴ Composed of Ministers, chaired by the Prime Minister to monitor and supervise all economic programmes.

between Malaysia and Singapore internal security authorities are an extension of the internal security arrangement of each country. This concept of extension beyond traditional territorial boundaries is a direct response to the communist refusal to acknowledge such distinctions in their ideological and military strategies. The foreign policy of a country must therefore be orientated towards the needs and requirements of the internal security of a country. If this principle is utilized then should a situation arise where a country does not have the cooperation of a bordering state in resolving its internal security problems, it retains the right to regard those areas used by communist terrorists hostile territory. The emphasis here is that a country cannot expect to resolve its problem of communist subversion of terroristic activities within the context of its own territory if the source of the problem is located external to its territory. It must have the capability of conducting diplomatic, military and police responses beyond its territory.

Still on the theme of foreign relations another concept is found to be important in developing an overarching strategic theory. A country fighting communist subversion or terroristic activities is placed in a difficult situation. As stated earlier as a matter of strategy, certain elements of freedom has to be curtailed or restricted. This curtailment often causes severe criticism to be levelled against it from well-intentional sources who are unable to appreciate or reflect favourably on the dangers of unbridled conflict and internal criticism in the country. In due course public opinion both within the country as well as abroad becomes alienated against the government and pressures build up linking external relations with issues of internal control and regulations. Quite often this process is assisted by the communist united front. In the analysis of recent events it has been observed that international public opinion changed dramatically over a short period converting what started as a moral war against communist totalitarian takeover to some thing obnoxious and immoral. In effect, these countries lose the war not in the battle fields but in the corridors and drawing rooms of political houses because of the stilted and unjustified criticism in the mass media used by interested parties to erode the confidence of its own people as well as people of friendly countries in the struggle against communist designs and subterfuge. In the end the country in question loses its self confidence and becomes isolated in the world community.

The problem is worse confounded by Governments which declare to use a set of criteria of valuations system in human rights, in determining its policy of cooperation with Governments facing a communist movement situation. In giving effect to the principles of human rights or social justice there is bound to be a diversity of opinions with the corresponding proliferation of social and other theories. The semantics and yardstick of human rights are never universal or similar as between the communist system and the rest of the world; communist insurgencies and terroristic movement openly and grossly violate every tenet of morality and human rights known to the free world. When an enemy poses challenges devoid of respect for one's known and understood norms of morality it would be futile to respond to these challenges by using an absolute measurement based on one's normative standards of morality and freedom. Such a situation is likened to a player in a soccer game being permitted to use the rules of rugger simply posited on the fallacy that since both soccer and rugger fall under a common category and nomenclature of "football" the rules must naturally be the same. Any Government that chooses to be guided in its foreign relations strictly on standards of morality and human rights which it believes, albeit sincerely, that such standards are internationally recognized from political and ideological viewpoints, such a Government runs the risk of itself ultimately being as isolated as a totem pole with both itself and its allies placed at great disadvantage in the communist grand designs.

The overarching strategic theory of national resilience requires the nation to invest externally in developing and building a psychological war and diplomatic operations on an international plane in some areas employing narrow and concentrated beams. It is imperative for a Government which has become the target of communist subversion to be proactive in its dissemination of information with regard to its own political, social and economic activities and programmes designed to meet those challenges to obviate any misunderstanding of its true objectives and intentions. The communist international united front under whatever guise or name will spare no efforts in smearing campaigns against a target Government. The half truths, innuendos and mischievous articles must be contradicted, exposed and wrong impressions corrected at inter-

national forums and mass media by an organised and efficient communication system using facts and sound rationale underlying any public policies which the target Government finds it necessary to execute to preserve its internal security. Such measures undertaken by the target Government must be directed at the opinion forming public exposed to both the adjudication in respect of that Government made by the Governments which are self appointed judges of human rights as well as those Governments having fraternal sympathies and ideological links with the communist terroristic or insurgency movements.

There is yet another linkage between internal security and foreign policy. This is in the area of regional development. The principle must be established that regional development is a logical and necessary extension of the internal security strategy of a country. In recent months the national leaders of the Asian countries have been able to develop a plan of economic, trade and industrial cooperation. In addition to the obvious mutual economic benefits to be gained by such schemes of regional cooperation, the biggest benefit however is in the recognition of the essential interdependence of each country in matters affecting their well-being and the necessity to share and pool resources in times of crisis. In effect the principles of cooperation lead to the consolidation of these countries in its dealings with those countries and movements within and outside the region on matters affecting their common interest. A common and united front is established which reinforces each one of the countries concerned with the concept of regionalism simultaneously forming (in time) a regional resilience. Countries with insurgency movements must, by design, consciously move closer towards each other forming a cohesive force able to assist each other in political and economic issues. National resilience must therefore be predicated and based upon eventual regional resilience.

The general substance of this analysis leads to another linkage between internal developments of South East Asian countries and foreign relations. This is in the area of American post Vietnam as well as Japan and EEC countries involvement in South East Asian countries.

The Vietnam War has clearly put to an end the future commitment of American military involvement in the South East Asian area. As stated quite clearly earlier that it would be a fatal mistake for a counterinsurgency war to be fought exclusively by a foreign power. There is therefore today a complementarity between American foreign policy and Malaysia's basic attitude towards insurgency warfares.

However, there is also very deep impression felt in certain quarters that the United States is doing or undoing everything possible to erase the memory of its involvement in Indo China to the extent that it would wish away even the existence of South East Asia lest it would once again be involved. A blank in its memory appears to have been created and maintained. Helped by the press and mass media, every United States citizen is given the impression that South East Asia is so rotten that it is best forgotten. Of course it is the same press and mass media wittingly or otherwise serving the communist international united front which, as mentioned earlier, changed American public opinion from supporting the struggle of the Indo Chinese people against the onslaught of communist totalitarian tyranny into one of the condemning the United States as interfering in the internal affairs of another country. A guilt complex has become apparent and in regard to South East Asia there exists a state of blankness, an AMNISEA: American noninvolvement in South East Asia.

However, the posture and attitude of strict noninvolvement if it were true, might have been posited on a misleading and unrealistic sense of guilt, extending into national consciousness and now consuming the nation without any attempt made to distinguish between situations and forms of cooperation in South East Asian countries facing insurgency wars. After the defeat of Hitler, Germany too experienced a kind of guilt complex but rapidly it had been erased. The most basic form of collaboration and cooperation with South East Asian countries are now questioned and debated with the guilt complex, perhaps sub-consciously, determining and shaping decisions. This development will undoubtedly produce consequential reactions but in what form they will take can only be conjectural at this juncture.

A change in relationship in one area serves to alter relationships in others. It is quite clear that American and other industrialists and entrepreneurs from the free world including capital from within the country itself will now clearly read the signals of the United States policy-makers and adjust their plans of economic and industrial projects and their priorities accordingly. This potentially may bring about serious consequences to South East Asian nations.

Japanese capital may be hesitant to go into Thailand or Malaysia for instance and local capital may flee the country. The issue of economic development is now pulled into the scheme of things.

All developing countries in South East Asian region whose economies are organised on a free-enterprise system depend to a certain degree upon foreign or external capital to produce national economic growth. Malaysia is no exception. Malaysian macro planners estimate that to produce a GNP Growth Rate of 8.5% in real terms over the next five years in addition to substantial domestic capital formation approximately M\$1.3 billion of external capital injection is required. Unilateral foreign policy decisions based upon unjustified fears invariably produce impacting consequences on internal situations. AMNISEA becomes potentially a contributory factor towards instability in countries of South East Asia which are in a life or death struggle to remain free.

The planning documents of most developing countries have invariably identified unemployment as the major social and economic problem. Malaysia will have to create slightly under $\frac{3}{4}$ (three-fourths) million new jobs, the bulk of it originating from the manufacturing, service and agricultural sectors. In creating the jobs required it is planning for a mixture of highly capitalised and labour intensive industrial system.

Highly capital industries, such as petro-chemical and machine tool industries are not the total solution for labour surplus economies although they are necessary for foreign exchange earnings for domestic investment (productive and social). The temptation must be avoided to over-invest in these fields but rather to concentrate on small-scale projects which are labour intensive and which may require an intermediate technological systems. Within the context, the applicability of Development Models which have been specially designed for labour surplus economies may be seriously investigated. Incentives, subsidies for small and medium scale industries will have to be organised and enhanced. Foreign capital invested in these areas will be of exceptional utility and value. In effect, it is suggested that there should be a return to the basics of economic planning, namely, the planning for unemployment and growth as a subsidiary objective in order to enhance national resilience.

This is not radical economic thinking. But given the new and emerging realities which would result if the policy of the developed and industrialised nations is not rethought it is almost incumbent upon South East Asian countries to reconceptualise both the assumptions and frame of their respective developmental models. Paradoxically then the instability of the region becomes a function of the policy making behaviour and perception of developed and industrialised nations of the free world towards the future of South East Asia.

The Asian nations represent the growth area of the future, combined it produces nearly 60% of the world's tin, 70% of its rubber, 50% of the world's palm oil and it is rapidly emerging as one of the primary sources of energy for Western industrialised nations. It is an area for economic expansion and enhancement rather than an area where economic presence should be withdrawn.

Japan in this regard can play a positive role by encouraging and directing its industrialists and entrepreneurs to have a long range view by intensifying their activities in South East Asia, only this time on the basis of complementarity not solely profit making but rather on profit sharing. Japan itself requires a bigger area for its economic "bicycle" to be on the move in order to remain standing in the present ever constricting circle. Countries of South East Asia will provide that additional area provided the "bicycle" is turned into a "tandem" with the new partners pedalling together. A new attitude from Japan can only bring about a new confidence amongst foreign and local entrepreneurs and will certainly encourage the return of the fleeing capital where such capital have fled for loss of confidence.

South East Asian countries do not expect and neither do they desire external powers to defend their national security. What they need is stability in order to organise and strengthen their resilience. But it is clear that the stability of developing countries which adhere to the free enterprise system to a large measure is hinged upon the continued economic cooperation and participation of industrialised nations of the free world. A withdrawal of military assistance must be differentiated from its economic implications. To that extent therefore, the most rational strategy available under a range of limited alternatives for both the free and industrialised nations of the world and South East Asian countries is in an acceleration of economic and industrial participation in the region. In the final scheme of things it is this which by and large contributes towards the stability of countries in the region; more often than not foreign military presence contributes toward instability.

The case can therefore be made that on a close interdependence world major policy shifts of industrialised countries of the free world will produce consequence on the internal developments of South East nations in their endeavors towards the creation of national and regional resilience.

V. Conclusion

This brief analysis is an attempt to construct an overarching strategic theory of national resilience based upon three primary factors, namely, the basic strengths or attributes of a country, astute management of the internal processes of control, the development of a linkage between internal and external processes or the control of external processes and on the primary issue of foreign policy of industrialised countries.

At minimum, a new strategic theory must have these characteristics. Utilising this theory it is possible to extend and intensify the analysis as presented. For example additional processes of internal control may be added on and trade its impacting influence on national security and reorganise it through public policy making in order to achieve desired objectives. Similarly, the external control processes can be further extended into other areas.

In other words, what is being presented is not so much the contents of the theory but rather the theory as a method by which cognitive process could be organised in developing strategies of action in fighting a total and people's war against communist terrorists activities in a way which communism must be regarded not only as an ideology but also as a method of subverting the internal security process through subtle manipulation of individuals and utilizing them.

This overarching theory of national resilience is seen as the method of re-organising a democratic society when faced with the communist challenge. The following explains briefly how the theory is being applied to Malaysia.

In the Malaysian context, the analysis clearly indicates that the capability of the implementation system to implement both poverty redressal and restructuring programs will be a major factor in containing the communist threat. While there have been outstanding successes Malaysia has nevertheless found that the capability of forward planning is largely absent in the administrative system. This forward capability is important to enable to forecast both financial and economic as well as manpower requirements over a five-year period.

Secondly the Malaysian Government has also found it necessary to develop an integrative programming capability largely to ensure that constraints or bottlenecks within the implementation systems are reduced to a minimum. An integrative planning capability fuses the requirements and plans of both the public and private sectors particularly in housing, services and manufacturing. These sectors are being relied upon to create employment and simultaneously to eliminate the propensity of individuals to being alienated from the economic system and thereby contributing to a security problem.

These two strategies which have been developed and are in the process of implementation owe their origins largely to the utilizing of internal security as the dependent variable in the fashion in analysis.

In the political scene some changes have also been made. Generally, the political system of the country is more open today than formerly, with a great deal of party and inter-party discussions on major issues of internal security and public policy. There is today a participatory democracy at work where the ordinary people at various levels are being invited to seminars in which view points are expressed and noted by both the Government and the participants. It is an essential pre-requisite to have, as stressed earlier, a strong feedback and articulate function in order that the public policy making process can design the type of policies which are required for mass groups.

In the internal information-communication systems, because of the major emphasis on internal security which requires and involves government public trust, there has been no serious attempt to withhold any particular news to the public. Information dissemination is as accurate as possible in order to prevent the country from being taken over by rumours which are potentially more serious.

These and other adjustments which have been made in the internal process will hopefully strengthen the resilience of the nation against communist threats in whatever form. The essence of public policy management is the willingness and ability of the Government and the people of the country to recorrect themselves and to develop a path towards national resilience.

REMARKS BY MALAYSIAN PRIME MINISTER DATUK HUSSEIN ONN ON MALAYSIA-UNITED STATES RELATIONS, JANUARY 16, 1978

It gives me great pleasure to host this lunch today in honor of the Honorable Mr. Lester Wolff and distinguished members of his delegation. I have had the privilege of meeting Chairman Wolff as well as most of our guests during my visit to Washington last year. I am therefore very happy to have this opportunity to reciprocate the warm welcome and hospitality accorded me during my visit to your country.

It is not often that we have the honor and privilege to receive as our guests so many distinguished Congressmen from the United States. Mr. Lester Wolff, it gives a special pleasure to be able to welcome you and members of your delegation to Malaysia. During my visit to your great country last September, I was very touched by the kindness and warmth with which I was received by your President, Mr. Carter, your Vice-President, Mr. Mondale and other distinguished members of the administration. I was equally touched by the friendly manner with which I was received by you Mr. Wolff and others on Capitol Hill, and the frankness with which we had our discussions.

I particularly welcome this visit of yours, not only to renew our personal friendship, but also as an opportunity to us to show you our country and people. Should there be anything you wish to see or any information you wish to have, please do not hesitate to inform us.

Southeast Asia is no less important to the United States as some other parts of the world are. Its strategic position, its rich resources of vital raw materials and the size of its population are factors which cannot lightly be ignored. ASEAN has become a symbol of regional cooperation and an effective instrument for peace and stability in the region. The United States should make every effort to understand ASEAN and its aspirations.

Malaysia, in a way, is a unique country. It is a federation of thirteen autonomous states. Some of the states have hereditary constitutional rulers while others have appointed heads of state. It believes in and practises parliamentary democracy. It is multi-racial, multi-religious and multi-cultural. While the United States had to fight a war to get its independence, we achieved it through negotiations.

I hope that during your stay here, short though it may be, you will get some idea of the people's aspirations, expectations, efforts and achievements, as well as their problems. Our efforts during all these years since our country's independence, have been directed towards one overriding objective and that is national unity. The battle against poverty and socio-economic imbalances has been squarely joined. We are accelerating the pace of our advance towards a new socio-economic order.

At the same time, we are also facing trying and difficult times. The threat of Communism has once again reappeared. Through subversion and destruction, militant Communists seek to destroy the unity of our people and our way of life, and in the process, to hamper our national efforts for a free, just and prosperous society.

In the planning of our programs, we are conscious and have taken full account of the socio-economic needs of our multi-racial people, the political realities of our time and the security threat confronting us. We have given the highest priority to the growth and modernization of the agricultural sector where the bulk of the poor of all races is found.

Industrial and urban development is also being actively promoted to complement our agricultural development efforts. The need to improve the quality of life of the poor in both the rural and urban areas is receiving our special attention. We are actively promoting national integration and the attainment of a just society in which there is a place for everyone, within a socio-economic environment, in which all Malaysians find self-fulfilment and self-respect.

The private sector has been given an important role to play in the attainment of the socio-economic goals of the nation. It has been called upon to provide the major source of capital formation. The administration has given high priority to the need to maintain at all times a favorable climate for investment in the country. In the design and implementation of our policies and programs, especially those which affect private enterprise and initiative, we are taking great care to ensure that they always prove helpful in enabling the private sector to continue to contribute in a dynamic manner to our development goals.

From what I have said, it can be summarised that the Malaysian people, irrespective of race, culture and religion, have fully committed themselves to the triple goals of eradicating poverty, restructuring society and ensuring national security.

As regards trade: The United States is one of Malaysia's major trading partners. Malaysia's commodity exports to the U.S. in 1976 are (A) rubber 11 percent, (B) tin 35 percent, (C) palm oil 23 percent, and (D) petroleum, crude and partly refined 19 percent.

American investment: We welcome it. We have and will continue to interest American companies to invest here. We have sent trade missions and our ministers to the U.S., to the business and banking communities there. The signs of U.S. companies' interest are encouraging, example, Exxon—for oil, Reynolds Metals for aluminum and many others. We will continue to improve the investment climate and incentives.

When I visited U.S., I said that the U.S. had an important role to play in Asia, particularly in Southeast Asia, in trade, investment and "general security." The relations between Malaysia and the U.S. have always been close and cordial. I am sure that they will continue to remain so for a long time.

APPENDIX 7

INDIA

SPEECH OF THE MINISTER FOR EXTERNAL AFFAIRS, MR. A. B. VAJPAYEE, IN THE
RAJYA SABHA, MARCH 1, 1978

Calling Attention Notice regarding the reported serious and tense situation arising out of increasing military activities by the Super Powers in the Indian Ocean and the reaction of the Government of India thereto in the context of maintaining the Indian Ocean as a Zone of Peace.

HON. CHAIRMAN, SIR: The House is fully aware of the Government's view that the military presence of Great Powers in Indian Ocean is a cause of tension and insecurity in the area and total elimination of all foreign bases from the area is a necessary condition for maintaining it as a Zone of Peace. India regards the participation of Great Powers and major maritime users of Indian Ocean in the proposed international Conference of the Littoral and Hinterland States of the Indian Ocean to be convened in New York for implementing the U.N. Resolution on the establishment of Indian Ocean as a Zone of Peace as essential. It is our hope that any bilateral understanding/agreement reached by the Great Powers shall incline them to extend increased cooperation to the U.N. in this matter. India has, therefore, welcomed talks between the USA and the USSR on arms limitation measures in the Indian Ocean as a step towards its establishment as a Zone of Peace. Our steadfast objective remains that of eventual demilitarisation of the Indian Ocean.

I may mention that when the question of Indian Ocean was discussed with President Carter, our Prime Minister had stated very clearly and categorically that as a result of talks between the USA and the Soviet Union, nothing should be left in the Indian Ocean except peace. In other words, there should be no further strengthening of existing foreign bases, that no new bases are established and that all existing foreign bases are eliminated.

Our view has been that while the Indian Ocean is open for freedom of navigation, a dangerous situation is created when the presence of big powers gets escalated in the form of rivalry and establishment of bases. That is why we are in favour of complete demilitarisation of the Indian Ocean rather than only stabilization or freezing of forces there. In this context, recent deployment of naval forces of Great Powers in the Indian Ocean has caused us deep concern. We are in no position to accurately assess the increased strength of such presence compared to that in the previous months. We do, however, hold the view that such foreign naval presence in the region acts as an impediment to the lessening of the tension in the area, and turns the clock back away from progress in the establishment of a Zone of Peace in the Indian Ocean to which the international community is committed.

As a member of the U.N. Ad Hoc Committee on the subject, India is actively participating in the implementation of the U.N. resolution on Zone of Peace in the Indian Ocean. All Littoral and Hinterland States also share our view in regard to the elimination of foreign military presence from the Indian Ocean. We will continue to watch very carefully the resultant situation arising out of increasing military activities by the Great Powers in the Indian Ocean.

Having said this, let me state that both U.S.A. and U.S.S.R. are keeping us informed about the progress of talks between them on questions concerned with arms limitation measures in the Indian Ocean. In the round of talks held in Berne from February 7 to February 17, characterised by both sides as frank and useful, some progress has been achieved.

Sir, we regard the activities of Great Powers in regard to the establishment of Indian Ocean as a Zone of Peace as a touch-stone for their commitment toward

detente and for the spread of its benefits for the international community as a whole. We very much hope that the Great Powers would exercise restraint and that the situation in the Horn of Africa would get defused, thereby creating a better political atmosphere for these talks when resumed. On this matter, our Prime Minister is in touch with both President Brezhnev and President Carter. In addition, in the framework of the U.N. Ad-Hoc Committee, we would continue to strive to build an international climate of opinion conducive to an early establishment of the Indian Ocean as a Zone of Peace.

PRESS CONFERENCE OF PRIME MINISTER MORAJI DESAI, NEW DELHI,
JANUARY 12, 1978

Prime Minister Desai said . . . that it was wrong to say that he held a different position on the question of nuclear safeguards during his talks with United States President Jimmy Carter and British Prime Minister James Callaghan.

The first question put to Desai was whether he had promised to Callaghan to accept "full scope safeguards while declining to do so earlier to Carter."

Desai said: "I said the same thing to both of them. I do not see where the difference lies. If you point out the difference then I can tell you."

A correspondent said that British papers had carried reports that Callaghan had been able to persuade him to accept full scope safeguards and that the British Prime Minister had succeeded where Carter had failed. The Prime Minister replied: "why should we get caught in this rivalry. I said the same thing to Callaghan as to the American President."

Desai offered to clarify India's stand so that there would be no room for doubt whatever. He observed: "what I said was that those who wanted us to sign this nonproliferation treaty were having arsenals of atomic weapons. They were going on making explosions and adding to their stockpiles new weapons. How can they ask us to sign the treaty when we have made clear that we will not go in for atomic weapons. In addition we do not even have the intention of having an explosion for peaceful purposes. How can they ask us to sign something when we have already taken a stand?"

The Prime Minister said that at present the USSR, UK, and USA have a comprehensive test ban treaty. The USSR and USA had been first in the nuclear field and making more frequent explosions. "If they, at least the two superpowers—the USSR and USA—decide not to have these explosions of any kind, peaceful or otherwise, they do not add to their arsenals, and also come to an agreement to have a gradual reduction with a view to the eventual reduction of atomic weapons, then there is no difficulty in accepting safeguards. This is what I said to them", he said.

Desai was asked how he could agree to any safeguards unless China and France too signed the treaty. The Prime Minister replied: "it is not a question of leaving out any country. But one has to be practical about it. If these three—the USSR, USA, and UK—sign, the others will also come in. There is no doubt about it."

APPENDIX 8

AMERICAN BUSINESS COMMUNITY OVERSEAS

[From the Asian Wall Street Journal, Jan. 5, 1978]

"A DAMAGING U.S. ECONOMIC POLICY ABROAD"

(By Roger O'Neil¹)

The present international economic policy of the United States is cause for pessimism. The simple truth is that, today, no comprehensive policy exists. In its place, we see a tapestry of inter-related trade, investment and tax measures being enacted or proposed which, as often as not, run counter to America's long-term economic interest.

The sickness is apparent in viewing its symptoms. Consider the following:

America's roughly \$30 billion and growing annual balance-of-trade deficit is discounted by President Jimmy Carter as resulting largely from the country's increased oil import bill, as if the problem of higher oil prices could soon disappear.

More important is the fact that America's export effort is in trouble. U.S. exports will grow by approximately 4½% in 1977, less than can be accounted for by higher prices. In real terms, export earnings are down, and are likely to stay down without reasoned government support.

Not sustained

Statistics for 1977 will surely show that U.S. economic activity abroad isn't being sustained. Exports, investments and the presence of individual Americans overseas all go hand in hand, and none of these is expanding.

In Southeast Asia, the American population dwindles, leaving fewer to sell U.S. services and technology. The departing Americans had sold U.S. made goods and their presence served to whet the appetite of other nationals for things American. Others worked on projects where American equipment and materials were favored simply because American engineers tend to be best acquainted with goods from home.

Those of us Americans in Southeast Asia watch the development of the Association of Southeast Asian Nations and its members and puzzle why the U.S. government is unable to meaningfully participate in the formation stage of this community of non-Community nations. ASEAN members represent a sizable supplier of raw materials as well as a growing market for U.S. exports.

They are bent on self-help, but must rely on outside support to expand their economies and create the 10 million jobs needed annually to absorb the population problem threatening their stability. This stability must be a foreign policy objective of the U.S., but American investment and expertise aren't being encouraged in the vacuum which substitutes for U.S. economic policy towards the region.

These symptoms are indicative of a disease of broad proportions in U.S. official thinking. From this part of the world, the lack of coordinated policy direction appears to have three underlying reasons:

First, the great American strength of optimistic and enterprising self-confidence has waned. It was misapplied in Vietnam, and Americans suffered as a result. Since then, many Americans have mentally crept into an isolationist shell, and tend to perceive American participation in the international economic sphere as a subtle and undesirable form of U.S. aid.

Second, considerable confusion exists among U.S. decision-makers as to where U.S. economic interests should appear in the fabric of foreign policy. There is a

¹ Roger O'Neil is with an international oil company in Singapore and also Chairman of the American Business Council, Singapore, and a Vice Chairman of the Asia Pacific Council of American Chambers of Commerce. This article was written for The Asian Wall Street Journal.

continued penchant for U.S. State Department representatives to see America's interests abroad as being primarily political and military. Economic matters tend to be relegated to a secondary level of importance. Throughout government, there is little appreciation that the major war the U.S. faces as it enters the 1980's, is an economic one, and less still that a coordinated strategy is required to be successful in the fray.

A typical example of the type of confusion which can be generated is on the issue of taxing overseas Americans. What started as an attempt in the 1976 Tax Reform Act to plug a relatively minor loophole and obtain a small increment of tax revenue has resulted in the promise of overtaxation, and hence, the displacement of many Americans from key locations overseas, particularly the Middle East.

The loss of U.S. exports to these locations will probably never be adequately counted, just as the concept was never adequately considered when Congress voted the change.

Third, there is a structural problem which mitigates against an effective U.S. economic policy overseas. Neither Congress, nor the Departments of State, Commerce, or Treasury, nor any other single major branch of government is organized to treat America's overseas economic interests as more than a peripheral issue. Hence, problems are often not adequately identified, and important decisions are taken without sufficient consideration of the effect on the U.S. economic position abroad.

Meanwhile interdepartmental rivalries exist. In August 1977, a report by the house committee on government operations was strongly critical of the export promotion policies and programs of the Departments of State and Commerce. After identifying several key problems, the report pointed out that "a common mistrust exists between the two departments which prevents an effective resolution of their problems. For example, State fears that Commerce is attempting to operate its own foreign service. On the other hand, Commerce desires greater control over promotion and utilization of state employees engaged in commercial work."

This problem is endemic in all bureaucracies. The deeper concern is that, as these departments do battle, neither of the two is working toward the primary objective of furthering U.S. economic interests overseas.

Dangerous tendency

In this atmosphere, another dangerous tendency is present. Often, one U.S. government entity, in taking a policy position, falls back to a perception or myth concerning the attitude of another. More than once, private sector Americans in Asia have heard Department of commerce representatives privately agree that U.S. investment overseas was desirable, but that it would be a mistake for the department to take a strong position on the issue because of Congress. According to them, Congress reflects the attitudes of labor, and will listen to measures which support exports but attack any provision which seems to encourage overseas investment. Even if this were true, the Commerce and other departments in the government have the responsibility to educate Congress that U.S. overseas investments do indeed generate U.S. exports.

There is an immediate need for a strong, high-level entity in government to which the President and Congress can turn for a balanced perspective on how various trade, investment, or tax measures will affect the U.S. economic presence overseas. As a minimum, this perspective should be applied to identify the effects of the increasing number of laws and regulations proposed for often completely different purposes, but which seriously hamper America's ability to compete abroad in export markets.

President Carter has an opportunity to move in this area. He should grasp the proposed Roth-Ribicoff Bill now lying in senate committee and, with it, create a cabinet-level department of international trade and industry. Such a creation holds promise in bringing a much needed coordination, and the hope of a consistent policy to U.S. international economic effort. With it, we may avoid some of today's chaos in the future.

What is finally needed for Americans abroad to compete in the world economy is government support. As a start, the administration and Congress must temper the flow of counter productive tax, trade and investment policies which will harm our efforts. This is the very least the informed public should demand and the President should ensure.

TEXT OF COMMUNIQUE ISSUED BY THE ASIA-PACIFIC COUNCIL OF AMERICAN
CHAMBERS OF COMMERCE

Singapore, February 27.—United States business leaders meeting in Singapore today called for American economic mobilization to meet the economic challenges of the time.

More than 150 American businessmen from all over the Asia-Pacific displayed a unique and energetic determination to overcome barriers to U.S. trade and investment in the region.

At the same time, the record number of delegates from the Asia-Pacific Council of American Chambers of Commerce (APCAC) underlined their concern at the legislative obstacles inhibiting their efforts to achieve these goals.

They called on the United States legislative and executive branches to recognize the hobbling effects of the extra-territorial reach of U.S. laws and taxes.

The Council, which met for the first time in Singapore, struck out at protectionism and supported the free marketing of technology.

APCAC urged the United States Government to recognize ASEAN as an important emerging economic force. It called on the U.S. to adopt a taller profile in its relations with the five-nation regional grouping and supported the creation of an ASEAN-U.S. Business Council.

APCAC adopted the following major resolutions and agreed to fashion them into action programs:

Section 911

APCAC urges Congress to immediately enact a further deferral for 1977 and 1978 to the changes to Section 911 contained in the Tax Reform Act of 1976. A two-year deferral will give Congress adequate time to properly consider this matter and to remove the existing uncertainties and hardships caused by the Tax Reform Act of 1976.

APCAC further strongly recommends that new legislation be passed by Congress allowing overseas American taxpayers an indexed-for-inflation flat exclusion of at least US \$25,000, which provides the necessary incentives and places them on a more comparable footing with competing third country nationals, and specific deductions for actual costs incurred that do not provide any economic benefit to overseas Americans. Such legislation will provide the necessary protection for the jobs of overseas American small businessmen as well as the jobs of overseas American employees of larger corporations.

Protectionism

1. The relative absence of protectionism over the last two decades has resulted in the unprecedented growth experienced by most of the economies of the free world.

2. APCAC deplores protectionism in any form wherever it may exist or arise. Restrictions on free trade by one country not only directly reduce income and employment in that country and its trading partners, but indirectly reduce income and employment throughout the world trading system.

3. APCAC should work closely with the U.S. Government in identifying specific barriers to free trade in goods or services and investment in Japan and other Asian countries and in putting sustained pressure on the governments to remove those barriers.

4. APCAC should make a concerted effort to persuade U.S. legislators and labor leaders that protectionist measures are not in the long term interests of the U.S. at home or abroad.

5. APCAC should intensify its efforts to increase U.S. sales to Asian markets and to make U.S. companies appreciate the importance of increased investment in those markets to achieve this objective. The U.S. Government has a vital role to play in this process.

ASEAN

APCAC recognizes the continuing progress by ASEAN and reaffirms its encouragement for ASEAN's goals and objectives.

APCAC continues to strongly recommend that the U.S. Government recognize ASEAN as an important emerging economic force in Asia and the need for the U.S. Government to more visibly express its support and encouragement for the further development of ASEAN at the highest possible level.

APCAC requests that the U.S. Government establish a more structured approach in considering the views of American business in its future deliberations

with ASEAN, such as encouraging and assisting the ASEAN nations to adopt policies which will stimulate investment and trade in goods and services.

APCAC and its member AmChams are ready to begin working with the appropriate ASEAN organizations to assist ASEAN nations in achieving their economic goals and objectives. As part of this program, APCAC supports the future development of an ASEAN-U.S. Business Council.

Tax deferral

Historically in the United States, as in virtually all other countries, income earned by U.S. foreign affiliates has been taxed only when remitted home in the form of dividends.

APCAC strongly supports the continuation of this current practice for the following reasons:

Many less developed countries apply lower income tax rates than the U.S. as a matter of national policy to encourage foreign investment and the continued re-investment of earnings from these investments. Current U.S. taxation of earnings in such countries may eliminate the incentive for U.S. companies to invest in such countries especially in high-risk situations. In such cases, elimination of tax deferral could frustrate the national goals of less developed countries and adversely affect our relationship with them.

In many developed countries, special tax incentives are offered in the form of rapid depreciation or investment allowances to encourage investment in various industrial areas. Unless the elimination of tax deferral was structured so as not to eliminate the benefits of such incentives, U.S. companies could not remain competitive with those other countries, including the host countries, and would eventually have to withdraw from many key markets abroad, with a consequent adverse effect on the U.S. balance of payments and jobs for U.S. citizens.

Extraterritoriality

APCAC believes that it is appropriate that the U.S. establish for itself standards of morality and business discipline. To impose upon other countries, directly or indirectly, through the extra-territorial application of U.S. legislation, standards of conduct not acceptable to them or their citizens could rightfully be considered by them to be political or economic imperialism. The sovereignty of other countries, large or small, must be respected, and care must be taken not to interfere with or seem to interfere with, their economic and political rights and prerogatives.

APCAC notes with concern a creeping trend towards excessive extra-territorial application of U.S. laws and regulations in the following areas: anti-trust; anti-boycott; taxation of income; human rights; environmental standards; labor policy standards; information disclosure policies, and restrictions on the transfer of technology.

APCAC urges the U.S. Congress and Executive Branch to exercise greater sensitivity to the needs and desires of other nations which have established standards for themselves which are different from our own.

DISC

The Administration's suggested phase-out of the Domestic International Sales Corporation (DISC) directly conflicts with the critical need to mobilize American economic strength in the international market place. The proposed change would weaken and discourage existing and contemplated export programs of U.S. companies at the very time when such programs are vitally important and should be vastly strengthened and expanded.

In view of the positive effect of the DISC provisions of the Internal Revenue Code in encouraging U.S. exports, and with a view toward increasing DISC's contributions to the national interest, APCAC hereby resolves:

1. That APCAC shall support retention of the DISC provisions of the Internal Revenue Code.
2. That APCAC shall further support strengthening of DISCs through:
 - (a) Liberalization of existing rules on utilization of DISC funds and marginal costing;
 - (b) Removal of 1976 Tax Reform limitations on deferral of DISC income; and
 - (c) Simplification of complex existing regulations which deter small and medium-size companies from utilizing DISC's.

DITI

Having just experienced the largest balance of payments deficit in the history of our country (some 30 billion dollars), and faced with further deficits of similar proportions, it becomes evident that the establishment of a single centralized department for international economic policy can no longer be deferred.

APCAC applauds the sponsorship by Senators Roth and Ribicoff of Senate Bill 1990 which is designed to create a new Department of International Trade and Investment. This new Cabinet level Department would centralize and reduce the presently widely dispersed and uncoordinated policies and activities dealing with international trade and investment. The present scattering of these policies and activities over an excessive number of agencies and departments greatly inhibits the capacity of the United States to respond with speed and flexibility to the ever changing economic pressures of the present day world and thereby severely handicaps our capability to compete with other developed countries which already have effective centralization.

APCAC again calls upon the legislative and executive branches of our government to recognize that to be fully competitive it is necessary for American private enterprise and government to work together in concert and harmony. A Department of International Trade and Investment can bring efficiency and cohesion in attaining this goal.

Expanding U.S. exports

Faced with a deteriorating balance of trade, the United States finds itself today seriously challenged to maintain the momentum of economic growth and reducing unemployment. In order to accomplish this, America must export more goods and services.

President Carter has instructed all U.S. overseas embassies that "assistance to American business engaged in legitimate trade and investment activities is a vital element of our foreign economic policy."

APCAC wholeheartedly supports the President. A strong export expansion program is needed.

Support must be given to encourage U.S. companies to become export oriented. Expanded Trade Centers and International Marketing Centers in the Asia Pacific are needed. Improved dissemination of information to U.S. firms regarding export opportunities are required.

Institutions such as the Exim Bank should receive Congressional support and should adopt streamlined procedures and pragmatic policies.

Personal tax provisions must encourage Americans to continue in overseas locations, where they sell and create demand for U.S. goods and services.

Corporate tax laws should encourage overseas U.S. business to remain aboard, so that they will expand their investment and trade activities outside America.

APCAC urges the President and Congress to halt the proliferation of negative tax, trade and investment laws and regulations already damaging U.S. exports. We support a strong effort by the President to create a positive American attitude toward expanding exports.

Overseas voting rights

Overseas American citizens were denied their voting rights in the 1976 Federal Election because of deficiencies in the original Overseas Citizens Voting Rights Act of 1975. The Senate has already passed rectifying amendments in 1977. The House of Representatives has still taken no action. On behalf of the 750,000 overseas Americans, APCAC urges the House to act immediately to give the constitutional right to vote to overseas Americans, who today are subject to taxation without representation.

Observing guidelines for multinational corporations

APCAC, accepting the observance and need for promulgation of the OECD Investment Package, recommends that host Amhams encourage their host governments to familiarize themselves with the principles contained therein, and urges U.S. businessmen in the region to observe the Guidelines for Multi-national Enterprises.

APCAC believes that further guidelines such as those proposed by the United Nations could cause confusion and urges contact with local chapters of the International Chamber of Commerce in the host countries to convey this view to the United Nations Center for Transnational Corporations.

APCAC feels that the proliferation of numerous codes of ethics dilutes efforts in seeking universal acceptability of the OECD Guidelines.

Security in the Asia Pacific Area

APCAC believes that a strong continuing U.S. commitment in the Asia Pacific area is vital to the maintenance of stability on the Korean Peninsula, the security of Taiwan and Japan and integral to the economic interests of the U.S.

Technology Transfer

APCAC supports the position that no restrictions be imposed upon free marketing of technology except for those regulations currently in force to protect national security. At the same time, efforts to remove current protection of industrial property rights such as knowhow, patents, copyrights, etc. are to be resisted.

APCAC's appreciation to Republic of Singapore

This conference was the first held in the Republic of Singapore. Delegates from all of Asia were uniformly impressed by the great economic and social progress made by this country and its success in overcoming significant economic and physical handicaps. Today Singapore has the second highest per capita income in Asia after Japan.

Building on its favourable location in South East Asia, Singapore has gone beyond its traditional entrepot trade and aggressively developed manufacturing and distribution investments which have brought jobs, trade and industry. The people are well housed, employed, and more and more they are sharing in the fruits of economic development. Singapore has achieved a leading role in ASEAN and set an example for the world.

APCAC wishes Singapore well in its endeavours and expresses appreciation for the participation of Prime Minister Lee Kuan Yew and for the hospitality so graciously offered during this conference.

APPENDIX 9

A LETTER FROM HON. CHARLES B. RANGEL TO THE PRESIDENT

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 21, 1978.

HON. JIMMY CARTER,
The White House,
Washington, D.C. 20500

DEAR MR. PRESIDENT: I have recently returned from a Congressional delegation trip covering ten countries in twenty-two days. I am certain that your Staff Assistant, James Free, who accompanied us in the trip, has informed you of the tremendous success we had, not only in impressing heads of state and foreign ministers of the United States' deep concern for peace and stability in the Pacific area, but, equally important, by our concern for cooperation to stop the flow of narcotic drugs in our international society. Deputy Assistant Secretary of State Adolph Dubs, who also was on this trip, is in a better position to give a more detailed report on our accomplishments.

My main purpose in writing you is to express my concern over the fact that during my entire trip we encountered no minority Foreign Service personnel in our American embassies in the countries we visited, the sole exception being the newly appointed Director of the United States Information Service in the Philippines, Dr. Hoarace Dawson. As a Black American and member of Congress this failure to see minorities represented in our Foreign Service disturbed and ultimately embarrassed me for I recognize that our failure to provide minority input into the development of our foreign policy in an area of the world whose people are colored, is ultimately an inhibition to the development of effective foreign policy.

The Congressional Black Caucus, along with leaders of national black associations has had many discussions with former Secretary of State Henry Kissinger about the need to bring in qualified people to alleviate the glaring absence of minorities in policy-making positions within the State Department.

Your administration is to be applauded for the strong actions you have taken to correct this gross injustice that has been with us over the years. Nevertheless, every member of our delegation felt some sense of uneasiness, as we discussed the sensitive issues involving development in Third World nations with Asians and Indians and other people of color, yet not one Black, Hispanic or American of color was ever included in the presentation made to our delegation.

I did not publicly raise this question at each Mission because I really hoped that our next stop would prove my assumption to be without substance. But, Mr. President, after Tokyo, Japan; Port Moresby, New Guinea; Canberra, Australia; Singapore; Kuala Lumpur, Malaysia; Bangkok, Thailand; New Delhi, India; Tehran, Iran; and London England, I was forced to recognize that despite the years of effort to include a significant number of minorities in our Foreign Service we have made little or no progress. This is a matter I bring to your attention because I know you are concerned with our developing a more effective foreign policy towards the countries of Africa, the Caribbean and Latin American as well as Asia and you will appreciate my fear that this effort may be inhibited by the failure to exhibit the multi-racial nature of our friends in our Foreign Service. I know that Secretary Vance is making a great effort to implement an effective affirmative action program in the Department of State but wanted to impress upon you the need for urgency to correct this glaring racial imbalance.

Even though this is only one aspect of this very worthwhile trip, I just cannot believe that those briefings and presentations you would be receiving in connection with our Congressional investigation would be complete without my bringing this sad fact to your attention.

I will look forward to receiving your reaction to my concerns and a description of what is being done to increase the number of Blacks, Hispanics and other minorities in our Foreign Service.

Very truly yours,

CHARLES B. RANGEL,
Member of Congress.

APPENDIX 10

ADDITIONAL VIEWS SUBMITTED BY HON. JOHN W. JENRETTE, JR.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 25, 1978.

The Honorable Lester Wolff:

The CODEL with its dual mission found itself moving from a dual mission to one of multiple missions. In my opinion this did not in any way weaken the purpose of the CODEL but rather gave room for a greater degree of meaningful discussion between the members, staff, the United States officials, and foreign government officials, we met on the trip.

Chairman Wolff never allowed the delegation to begin discussions with the heads of state without his clear expression of: why we were there, the interest of the United States in the country being visited, and offering assistance and cooperation if possible. After these points were made clear, we were able to break down into small groups to discuss matters of mutual concern between our countries.

Since we were meeting with the leader of the country we visited, there were always cabinet and sub-cabinet members with the President or Prime Minister. The small group approach allowed us to have discussions with these leaders in subjects of their expertise which we shared. My point, a CODEL such as CODEL Wolff needs members who have interests in a number of subjects. Asian-American relations and drug trafficking are very important and require great cooperation, however, the fact that we could discuss agriculture, housing, military procurement, nuclear power for energy, and a number of other topics made the CODEL one of great interest, and possibly it may have given a greater degree of interest and flexibility than had the CODEL been made up of only members from one committee. This may not have been the case, however, if we had not met with the heads of state and their top advisors, but rather the experts in the particular field we were studying.

Let me now address a matter that gives me great concern—United States Ambassadors. I was extremely disappointed in a majority of the ambassadors we met. I felt a strong sense, especially in the career officers, of self-preservation and less-than-enthusiastic support for the Carter Administration and the policies of this administration. Many seemed to be totally out of touch with what was happening in the Congress and the White House. The political appointees were different. They appeared to be totally responsive and in tune with American policy. This gives me reason to support a policy of Ambassadors being appointed by the President from areas other than career diplomats. FSO can be paid well and given good positions, but the "Top man" in my opinion should be loyal and responsible to our "Top man", the President.

The mission gave me a great insight into a part of the world that I had little knowledge but I was required to vote on matters concerning their interest.

The formation, as suggested by Chairman Wolff of Asian-American Inter-parliamentary Union would further help me and other members in our decision-making process.

JOHN W. JENRETTE, JR.,
Member of Congress.

APPENDIX 11

SPEECH OF DEPUTY SECRETARY OF STATE WARREN CHRISTOPHER BEFORE THE AMERICAN BAR ASSOCIATION (ABA), NEW ORLEANS, FEBRUARY 13, 1978

THE DIPLOMACY OF HUMAN RIGHTS: THE FIRST YEAR

I am delighted to be here today among so many old friends. Last August, I had the good fortune of addressing the Gavel Awards luncheon at the ABA Convention. On that occasion I discussed the principles that guide one of the most important foreign policy initiatives of the Carter Administration—the human rights policy.

Today, after one year's experience with that policy, I would like to talk about how those principles have been put into practice, to talk about the diplomacy of human rights.

Before doing so, let me remind you that our policy concerns three categories of rights: the right to be free from governmental violations of the integrity of the person; the right to fulfill one's vital needs such as food, shelter, health care, and education; and civil and political rights.

In his inaugural address, President Carter set the tone for a foreign policy based firmly on our values as a Nation. "Because we are free," he said, "we can never be indifferent to the fate of freedom elsewhere." In this single sentence, from which so much has flowed, the President was expressing an old and sometimes ignored truth with new vigor.

Our strength as a Nation and our magnetism to the world at large are predicated on our commitment to human rights. It is only proper that the human rights considerations so important to our national life be reflected in our international life as well. This means they must be fully integrated into our diplomacy.

The pursuit of this cause is not an ideological luxury cruise with no practical port of call. Our idealism and our self-interest coincide. Widening the circle of countries which share our human rights values is at the very core of our security interests. Such nations make strong allies. Their commitment to human rights gives them an inner strength and stability which causes them to stand steadfastly with us on the most difficult issues of our time.

In this first year, I have been impressed by what a subtle, creative, and flexible process diplomacy can be in advancing the cause of human rights. Diplomacy is not just words, though words can be highly effective. It is also an impressive variety of intangible symbols and gestures, as well as tangible measures.

Diplomacy can be a rich mix, indeed. In the case of our human rights objectives, we have evolved a mix that is proving effective.

The primary ingredient of human rights diplomacy has a seeming simplicity: We frankly discuss human rights in our consultations with foreign diplomats and leaders. An obvious technique, yes. Just words, yes. But I must tell you that many of us have been amazed at its effectiveness.

A career Foreign Service officer told me recently that until last January it would have been unusual for our Ambassador to raise with the leader of another country, in face-to-face conversation, the fate of political prisoners. Our diplomats tended to shy away from direct high-level dialogue on such sensitive human rights issues.

That has changed. Time after time in the past year we have had such conversations. And very often these very frank discussions have led to beneficial results. Sovereign governments have reexamined conditions in their capitals and provinces, and releases of prisoners and other positive actions have followed.

When we raise human rights with another government, we take an affirmative stance. We explain that our people, our Congress, and our government are deeply troubled by the human rights abuses we believe to be occurring. And we ask for the other government's assessment of the situation and the prospects for improvement.

Sometimes, it is true, the response is truculent and defensive. Sometimes, we are charged with "intervening" in the internal affairs of another sovereign state.

But much more often, the response is a real effort to join issue on the merits. Frequently, there is candid acknowledgement of the validity of our interest—an interest rooted in solemn international agreements that make the way a government treats its own citizens as a matter of legitimate international concern.

Just as frequently there is disagreement over the degree and the causes of the problem. It is often asserted, for example, that terrorism justifies repression. But usually these differences in perspective are overtaken by a consideration of possible improvements. By consideration, for example, of:

Whether those held without trial, often incommunicado and for lengthy periods, can soon be released or at least charged and tried; or

Whether the return to civilian rule can proceed on schedule; or

Whether those responsible for mistreating prisoners will be prosecuted.

Sometimes we achieve explicit understandings on such issues. More commonly there is an implicit recognition of the need for improvement and for further consultations as the situation evolves. Either way, the raising of the issue has profound significance. Rather than being conveniently ignored, human rights abuses are brought to the center of the diplomatic interchange. There, they must be addressed.

I believe the almost geometric increase in world awareness of human rights issues is perhaps the major accomplishment of our human rights diplomacy. This new consciousness not only helps curb existing human rights abuses; it also acts as a deterrent to new violations.

The words of human rights diplomacy can effectively be joined with symbolic acts. For example, trips to other countries by our senior officials, and official invitations to the leaders of other nations to visit the United States, can be used to advance our human rights objectives. Such visits can mark our recognition that a country has an outstanding human rights record, or provide the opportunity to discuss human rights problems with the leader of a country where improvements are urgently needed.

There are a host of other measures that can be used symbolically to send the desired signal, such as: cultural and educational exchanges; selection of the site of international conferences; the level of our representation at diplomatic events; port visits by our fleet. Carefully used, such symbols and gestures can help advance the cause of human rights.

There is also significance in our willingness to meet, on appropriate occasions, with opposition leaders from countries with serious human rights problems. My colleagues and I have met with a number of such leaders in Washington, including some who are living in exile from their homeland. And abroad, our ambassadors regularly meet with opposition leaders.

These meetings enable us to hear both sides of the story, to learn how a human rights problem is seen by those directly affected, and to demonstrate that we are concerned about all the people of the country involved, not just those in power.

Beyond private diplomatic discourse and important symbolic steps, the diplomacy of human rights must sometimes include criticism of regimes implicated in serious human rights violations.

Public comment by our government is an official act that directs the attention of the entire world to the objectionable practices of another government. We believe that such criticism can have some inhibiting effect on such governments. We do not generally prefer this approach, but neither will we shrink from it.

Needless to say, public comment has been our first line of approach with respect to countries like Cambodia and Uganda, where we have little or no diplomatic contact, but yet where unspeakable violations of human rights are occurring as a matter of deliberate state policy. We deplore these policies. We hope other governments which have the contact that we lack can make known the extent of international concern and bring about improvements.

We have also, of course, spoken openly and forthrightly at the Belgrade meeting that has been reviewing implementation of the Helsinki Final Act. That document contemplates a full and frank review of whether the signatories have lived up to their human rights commitments. It is clear that the Soviet Union and the East European countries, in varying degrees, have not done so. We have not hesitated to say so publicly, to request an explanation, and to seek compliance.

Our comments and those of West European governments have helped sustain the Helsinki accord as a living force in the cause of human rights, an engine

for keeping constant pressure on governments to respect the rights of their people. Our silence would have effectively permitted that force to fade away.

In speaking of our public efforts, I should note that we are actively using our public diplomacy tools such as USIA (United States Information Agency) to convey our human rights concerns to various nongovernmental audiences abroad. The Voice of America has increased its attention to these issues. Our embassies and offices abroad have organized seminars in which thoughtful Americans can directly express their human rights concerns to people from similar walks of life in foreign countries.

Our human rights initiative has given recognition and a new stimulus to the longstanding efforts of private nongovernment organizations in this field. We applaud these endeavors and recognize that over time they may well outdistance any government effort.

When our relationship with another government includes economic and military assistance, we are prepared to take tangible steps to recognize good human rights performance or to manifest our concern over human rights violations. When appropriate or necessary, in other words, we will support our words with actions. In taking such steps, we are guided and strengthened by important legislative provisions enacted by a Congress overwhelmingly committed to the cause of human rights.

Taking due account of the needs of the poorest, we have made a fundamental decision gradually to channel a growing share of our economic assistance to countries that respect the human rights of their people.

On the other hand, when countries we assist consistently curtail human rights, and where our preferred diplomatic efforts have been unavailing, we must consider restrictions on the flow of our aid, both overall levels and individual loans or grants. Thus, over the course of the past year we have, for example:

Deferred bilateral economic assistance to certain countries;

Opposed loans by the World Bank and the other international financial institutions to countries that engage in flagrant violations of human rights; and

Taken steps to insure that food aid provided to countries with serious human rights problems will reach the needy.

We have also advised other departments of the government on human rights conditions abroad that may affect their activities. For example, a recently enacted statute calls for the Export-Import Bank to take human rights considerations into account, and the bank regularly seeks advice on this issue.

Human rights performance is also an important factor in our decision on military assistance and commercial arms sales subject to government licensing. We have reduced or declined to increase our military aid to a number of countries and refused to issue licenses in a variety of instances.

The diversity of cultures and the different stages of economic and political maturity tend to produce agonizing, almost incredibly complex, choices in granting or withholding aid. Moreover, human rights, while a fundamental factor in our foreign policy, cannot always be the decisive factor. But the difficulty of the decisions will not deter us from supporting our words with action.

It is important to note that we are not alone in pursuing the diplomacy of human rights. Increasingly, other governments are standing with us. In the United Nations, in the Organization of American States, and in other contexts, we have strong partners in the cause of human rights. Recently, we initiated consultations with our West European allies and others on how to promote broader international cooperation in support of human rights. In general, we are finding strong support for giving human rights a higher priority in international relations.

As I reflect on the first year of human rights diplomacy, there is one area in which I would like to ask for the creative thinking and counsel of this great association. I refer to the need I perceive for an objective, authenticated data base on human rights conditions in all countries.

Let me put the problem in perspective. With the aid of our embassies around the world, we are constantly trying to gather reliable and extensive human rights data. Nevertheless, the validity of our information on human rights conditions in other countries is frequently challenged. Probably it is inevitable that the data collected by any one country would be suspect. Coverage is bound to be limited, and there may be the suspicion that the collecting country has an axe to grind.

What is needed is an objective, widely respected clearinghouse for human rights information on all countries of the world. This would be an important resource for us and others interested in taking human rights conditions in other countries into account in policymaking. It would thus both inform our decisions and authenticate the existence and severity of human rights problems.

Perhaps you will be able to suggest how such a clearinghouse might be created. It is clear that it must be international in scope. What is not so clear is whether it should be sponsored by a private organization or by a group of countries or an international organization. Once created, I could visualize that such an entity might also play an important educational role in improving human rights conditions around the world. We stand ready to help in creating such an organization.

This, then, is a capsule view of the diplomacy of human rights. It is a diplomacy that refuses to "be indifferent to the fate of freedom elsewhere." It is a diplomacy that has permitted the United States to seize the initiative for human progress once again. Surveys conducted abroad have shown time and time again that the renewed interest in human values expressed by the President and implemented by our diplomatic efforts has had an enormously positive impact on the view people in foreign countries hold of America and our role in the world.

We are daily concerned with our government's response to human rights conditions in other countries. But our credibility—and indeed the inner health of our society—depends upon facing up to our problems here at home and seeking to improve our own human rights situation.

Much of President Carter's domestic program is directed toward the enhancement of the human rights of Americans. Proposals for welfare reform, efforts to cut the cost of health care, and the commitment to full employment are obvious examples. We should also note that within the past year travel restrictions for American citizens abroad have been eliminated and visa requirements for foreigners coming to this country have been significantly eased.

It is well to remember that we are far from perfect. Our ample due process with all its guarantees does not afford perfect justice. But whatever our shortcomings, they are faced frankly and openly. The three constitutional branches of government have the responsibility to do so. And the "fourth branch" is there to insure that that responsibility is met.

In making human rights a fundamental tenet of our foreign policy and greatly increasing sensitivity to human rights concerns, we have helped to create an atmosphere in which human rights progress is much more likely to occur. We do not take credit for particular improvements, but we note the tangible evidence from every continent that the condition of large numbers of people—of individual, identifiable human beings—is less oppressive now than it seemed one year ago.

In Africa, there have been releases of substantial numbers of political detainees; for example, in Sudan. Nigeria, Upper Volta, Mali, and Ghana are moving toward reestablishment of civilian governments. Most African leaders have intensified their efforts to promote agricultural development. Nigeria and other African nations are supporting creation of an African Human Rights Commission under U.N. auspices.

In the Near East, Morocco moved toward political liberalization after nearly a decade of rule by decree. Restrictions on freedom of the press were lifted, and significant numbers of political prisoners were released. Tunisia authorized establishment of the Tunisian League for the Rights of Man, which has been permitted to investigate allegations of human rights violations. Iran released a substantial number of political prisoners and agreed to a visit by the International Committee of the Red Cross (ICRC).

In South Asia, there was in India a magnificent resurrection of democracy. Nepal released political prisoners and lifted newspaper curbs. Sri Lanka changed its government for the sixth time since independence through the free choice of its people. Pakistan released over 11,000 political prisoners.

In East Asia, the Indonesian Government released 10,000 political detainees, confirmed its intent to release 20,000 more in accordance with its previously announced release schedule, and agreed to resumption of ICRC visits. South Korea released all but one of the Myong Dong prisoners—opposition political and religious leaders who had opposed the government. The Philippine Government eased some of its martial law restrictions and released some detainees. The new Government of Thailand has eased press restrictions, improved trial procedures, and stated its intent to seek general actions early next year.

In Latin America, political prisoners were released in Haiti, the Dominican Republic, Paraguay, Argentina, and Peru. The military Governments of Peru, Ecuador, and Bolivia announced that elections will be held in 1978. States of siege were lifted in El Salvador and Nicaragua. Most Latin American governments have allocated increased resources to improving the living standards and productivity of their poor farmers. Some restrictive laws have been repealed in Panama. And El Salvador, Haiti, and Paraguay agreed to visits by the Inter-American Human Rights Commission.

In Western Europe, for the first time in NATO's history, every member of the alliance is a democracy. New churches have been constructed in Poland. Certain countries of Eastern Europe have eased their restrictions on emigration and family reunification. Some human rights activists in Poland and Romania have been released from prison. And live television programs in Hungary have allowed prominent Westerners to voice their views on political issues.

Despite these many improvements and others like them, the fact remains that the distance covered is dwarfed by the distance that remains to be traveled. I could recount in detail the retrograde human rights developments of the past year, as well as the horrendous human rights violations that persist across the globe—in many of the countries I have just mentioned, as well as elsewhere.

Suffice it to say that in all quarters of the world, too many people are still subject to torture and are suffering in squalid prisons, uncharged and untried. Too many people are hungry, have inadequate shelter, and lack medical care and educational opportunity. Too many people are living under martial law or are otherwise barred from political participation. Too many are denied the right to emigrate or even to travel freely within their own country.

These problems are the challenges of the future. They will not be solved easily. But our experience with one year of human rights diplomacy convinces us that while the journey is long, it is not impossible.

Of course none of us can know for sure where the progress of human rights may lead. But every so often during the past year, as I have struggled to understand the deep meaning of human rights, I have felt a fleeting intimation of what untold spiritual and material riches may lie ahead—perhaps centuries ahead—in a world of true, universal human freedom. Justice Holmes perhaps had a similar feeling and certainly expressed it much better than I ever could when he said:

"I think it not improbable that man, like the grub that prepares a chamber for the winged thing it never has seen but is to be—that man may have cosmic destinies that he does not understand. And so beyond the vision of battling races and an impoverished earth I catch a dreaming glimpse of peace."

I think that in the last analysis the cause of human rights has power and will succeed because, no matter what the obstacle, it tenaciously allows the world's people to "catch a dreaming glimpse of peace."

APPENDIX 12

PRESS COVERAGE

[From the Straits Times, Singapore, Dec. 30, 1977]

BIG U.S. TEAM COMING FOR TALKS

(By Milton Chase)

Fourteen senior members of influential congress committees, representing both political parties, will arrive in Singapore on Jan. 12 for discussions with the Prime Minister, Mr. Lee Kuan Yew, and other top government officials.

Asian security, the freedom of the seas trade and economics. US investments and narcotics control will be among the major topics that will be pursued by the US congressmen, led by Congressman Lester Wolff, in conferences with Singapore officials during their three-day stay.

Mr. Wolff, chairman of the House Subcommittee on Asian and Pacific Affairs, and his colleagues will seek to reassure Mr. Lee that it is the US intent to "remain in the Pacific and that our objectives are to discuss with Mr. Lee the ways and means by which we can best implement this position."

CONCERNED

The congressional delegation is made up of members of important House committees which deal with foreign policy, trade and economy, defence, armed services, agriculture and narcotics control.

The congressmen, now on vacation in their home districts, will fly to Washington after the New Year and will depart on Monday for Tokyo. They also will visit the Philippines, New Guinea, Australia, Malaysia, and India.

The main purpose of the congressional visit is to look into the changes that have occurred in South-east Asia following the end of the Vietnam war, and the changing patterns of security in the area.

CONGRESS NOT IN FAVOR OF TRADE CURBS

Deliberations also will be held on the question of the Indian Ocean and its requirements.

In discussing the congressional delegation's Singapore visit, Mr. Wolff, who is vacationing at his home district of Great Neck, New York, told me by telephone that he was well aware of Mr. Lee's concern over the security of Singapore, maintenance of free passage and the freedom of the seas, as a result of their discussions last October during the Singapore Prime Minister's Washington visit.

"Prime Minister Lee is concerned, and I understand his concern," Mr. Wolff told me, "over the possibility that in any change in US policy the US no longer would have a strong presence in Asia and the Pacific."

"But since we consider ourselves a Pacific nation as well as an Atlantic power, we will give Mr. Lee reassurances that we will continue to remain a Pacific nation. We have no intention of pulling out from the Pacific."

Mr. Wolff took issue with some Asian interpretations that the proposal for a phased withdrawal of US troops from South Korea and the proposed reduction of US bases in the Philippines imply that the US is turning away from Asia and the Pacific.

He made clear that this was fallacious reasoning. The gradual withdrawal of US troops stems from the US conviction that South Korea can handle its own defence and does not mean the US is turning its back on Korean needs.

"I am," he said, "supporting the administration's plan to withdraw US troops over a period of years, but this does not mean there will be any lessening of our support for our position there."

ANXIOUS

"The fact is that the South Koreans don't need a strong US military force any longer.

"By the same token, we are re-negotiating our bases agreement with the Philippines and will be reducing their sizes because there no longer is any necessity for maintaining those bases at their former strength.

"It just is not realistic to keep large military forces in an area where they no longer are needed."

Pointing out that the complexion of needs in South-east Asia is changing, Mr. Wolff said the U.S. is moving realistically to meet these changes.

"I believe," he said, "that it was Dale Carnegie who said: 'Tradition is the enemy of progress.' We had certain base positions in the past, but that does not mean that we must maintain exactly the same postures for time immemorial.

"We will make changes and moves to make progress in the areas where we think progress can be made.

"The very heavy commitment that we had made as a result of the Vietnam war is no longer necessary. But this does not mean that we, in any manner, shape or form, will be pulling out the whole Pacific area.

"Where a need is indicated for U.S. support and presence, we will fulfill that requirement."

Turning to the question of trade, Mr. Wolff believed the members of both parties representing a variety of committees who will be with him in Singapore "can give Mr. Lee a general feeling that Congress is not protectionist.

"We, of course, are anxious to see to it that we survive economically and that we maintain our fiscal integrity as a nation."

Mr. Wolff held out brighter economic prospects for Singapore because of the growing importance of Asia as a major U.S. trading partner. He pointed out that "the more economic and trading emphasis that we place on the area, the greater the benefits for Singapore because it is the entrepot for the region."

[From the Pacific Stars and Stripes, Monday, Jan. 9, 1978]

WOLFF: ALLIES MUST SHARE BASES COST

MANILA (AP)—The leader of a congressional delegation said Saturday that Washington's friends who benefit from American military strength must help finance U.S. commitments abroad.

Rep. Lester L. Wolff, D-N.Y., chairman of the House Subcommittee on Asia and the Pacific, said that includes the Philippines, currently renegotiating agreements under which U.S. bases are maintained here.

President Ferdinand E. Marcos' government rejected in 1976 an offer of \$1 billion by former President Gerald R. Ford's administration for five more years' occupancy of the bases.

"If there is a mutual need, then there has to be a mutual payment of the cost for these bases," Wolff told reporters as the delegation ended a three-day fact-finding mission in the Philippines.

Wolff said maintaining security in the Pacific region "is a joint responsibility, and a joint burden should be shared.

"The old cliché . . . of trying to be the policeman or the banker for the world no longer obtains for the United States. If there are matters of joint defense, then there should be a joint burden sharing."

State Department sources and Marcos himself have indicated that negotiators were very close to an agreement on keeping the bases here, and the president told the Wolff group the bases "contribute to equilibrium of forces" in Asia. It was the first time since he ordered a study last January of the bases' usefulness to this country that he had said the Philippines benefits from the bases' presence.

Marcos' regime said no to the Ford administration offer 13 months ago because then-Secretary of State Henry A. Kissinger characterized the \$1 billion as half military and half economic aid.

Foreign Secretary Carlos P. Romulo later said he told Kissinger the billion-dollar figure was acceptable in principle but that it had to be as base rental, with economic aid to be discussed separately.

Wolff said Saturday there is much ground left to cover and that the Congress is not telling U.S. negotiators, who are under the executive branch, that rental cannot be paid for the bases. He said:

"I don't know of any demands that have been made by the Philippines as yet for payment . . . (and) we put no preconditions on the negotiations . . . We are not trying to be oppressive in our attempting to be realistic."

Wolff and other members of his 11-congressman delegation also were asked about the status of human rights in the Philippines, which both the Congress and the State Department have criticized.

The chairman said Congress should not intrude in "an internal affair of this country" but skirted a question about whether the State Department should.

"We have full confidence in our ambassador and the staff he has here," Wolff said. "I am sure that if there are situations whereby our government can take a role in helping to further the cause of human rights . . . they will continue to pursue this."

He added:

"We as members of Congress look forward to the establishment of a new congress here in the Philippines. We certainly would find that very advantageous to be able to talk to our counterparts."

Marcos disbanded the Philippine congress when he declared martial law and began ruling by decree in September 1972. He has promised, however, to sponsor elections for an interim parliament this year, although he will retain many of his autocratic powers under constitutional amendments passed in 1976.

One delegation member, Rep. Charles B. Rangel, D-N.Y., said he's not certain what the election will mean. He said he came away confused from meetings with oppositionists in Manila.

"It was clear that they opposed the leadership of President Marcos," Rangel said. "It was clear that they had serious reservations about the amendments to the constitution."

"It is clear that they are uninformed as to the ground rules of the elections . . . and it is clear (that) it is uncertain as to whether they are going to participate."

"We as a delegation would make it clear to the people of the United States that we are confused as to what the oncoming elections really mean."

CONGRESSMEN CALL FOR ASIAN-PACIFIC ASSEMBLY TO STUDY PROBLEMS

[From the Sunday Times, Singapore, Jan. 15, 1978]

The U.S. Congressional delegation now in Singapore has proposed that an Asian and Pacific Parliamentary Assembly be set up with the object of studying problems peculiar to the Asian-Pacific region, the delegation leader, Mr. Lester Wolff, disclosed at a press conference in the Mandarin Hotel yesterday.

The proposal had been made to the various nations during the delegation's tour and will be presented to Congress on its return to the US so that an organization could be set up for the nations to meet regularly and discuss problems of mutual concern, he said.

Mr. Wolff said that some concern had been expressed by some people that the US was withdrawing from Asia.

"Our mission here should certainly put that question to bed very easily since we are here to restate that the United States is a Pacific nation and intends to remain a Pacific nation, and participate—but not interfere—in the affairs of Asia and the South Pacific," he added.

Referring to the delegation's three-day visit here, Mr. Wolff said that he was very impressed with the progress made.

IMPRESSED

"I was tremendously impressed with the fact that here we have a situation whereby there has been a bringing together of all the ethnic groups that comprise this area. This probably could be taken as a model for other areas of the world to show how people can best get on with each other," he said.

Mr. Wolff said that the two meetings he had with Mr. Lee Kuan Yew proved "quite fruitful," adding: "We were engaged in frank and illuminating discussions of our mutual aims and aspirations."

He said the talks indicated progress in the relations between Singapore and the US.

In a statement, Mr. Wolff said that the delegation's primary mission was to seek Asian views on regional stability and the future role of the US in Asia.

"We feel that Congress and the American people need to have a clear picture of what our Asian friends, allies and trading partners expect from us in the coming years, particularly in political, economic and security areas."

Asked what his view was of the security position in the region, he said that Cambodia and Vietnam aside, there was greater stability today than there had been for some time although there were problems that could foreseeably exist in the future.

The fact that the US was re-assigning its burdens and re-deploying its forces did not indicate a lessening of interest on its part.

WITHDRAWAL

Of the feeling in some circles that the security of the area would be minimized by the withdrawal of American forces from South Korea, he said that the South Koreans, with logistic assistance from the US, would be able to maintain their position against attack from the North.

But much would depend on whether the attack was assisted by the Soviet Union or the People's Republic of China.

He said that President Carter's policy was to relieve tensions in the area and his objective was to maintain stability. US moves for the reduction of forces should not be misinterpreted as a reduction of US interest in maintaining the stability in the area.

On the question that Singapore was losing its status as a developing country because its per capita income had passed the US\$2,500 (S\$5,850) mark, Mr. Donald J. Mitchell, a member of the delegation, said that the delegation would inform US officials on their return that this figure did not necessarily equate with the per capita income of nations with agricultural resources, of which Singapore had none.

[From the New Straits Times, Monday, Jan. 16, 1978]

U.S. TEAM TO STUDY OUR EXPECTATIONS

CONGRESSMEN ALSO TO SEEK VIEWS ON U.S. ROLE IN REGION

(By Sheila Natarajan)

KUALA LUMPUR, Sun.—A 36-member team of United States Congressmen is anxious to find out what Malaysia expects from America, especially in the political, economic and security fields.

The delegation, led by Congressman Lester Wolff, arrived today on a three-day visit. They will meet Datuk Hussein Onn, Cabinet Ministers and senior officials.

Congressman Wolff, who is the chairman of the House Sub-Committee on Asian and Pacific Affairs and the House Select Committee on Narcotics, said the group was also seeking Asian views on regional stability and the future role of the U.S. in Asia.

"We feel the Congress and the American people need to have a clear picture of what our Asian friends, allies and trading partners expect from us in the coming years, particularly in the political, economic and security areas.

"The size of the delegation speaks eloquently of our continued interest in maintaining an active American involvement in Asia at all appropriate levels. This shows we are not only interested in our European counterparts but are also concerned with our Asian allies."

The delegation, including 10 other Congressmen with their wives and staff, are on a 10-nation Asian study mission.

They were met on arrival by the Deputy President of the Dewan Negara, Tan Sri S.O.K. Ubaidulla, the U.S. ambassador Mr. Robert Miller and other officials.

The study mission which left Washington on Jan. 2 for its 20-day swing in Asia, have so far visited Japan, the Philippines, Papua New Guinea, Australia and Singapore.

TASK-FORCES

Included in the delegation are the Special Assistant to President Carter, Mr. James Free and Congressmen from the international relations, armed services, agriculture and narcotics control committees.

While in Malaysia, the delegation will be divided into specific "task-forces" to discuss American-Asian relations, foreign private investment, trade policies, international narcotics control and future American security role in South-East Asia with the heads of the various ministries and departments.

Tomorrow, the delegation will pay a courtesy call on the Prime Minister at Sri Taman and visit the Police Headquarters, Pemadam and the Economic Planning Unit.

The delegation will leave for Bangkok on Tuesday morning for a four-hour meeting with the Thai Premier.

They will then visit India, Iran, and Britain.

[From the Statesman, New Delhi, Jan. 19, 1978]

U.S. CONGRESSMEN MEET DESAI

(By Our Special Representative)

The 11-member delegation of U.S. Congressmen led by Mr. Lester Wolff, Chairman of the House of Representatives Committee on Asian and Pacific Affairs, which arrived here yesterday, met Mr. Desai and the External Affairs Minister, Mr. Atal Bihari Vajpayee today.

The Congressmen had wide-ranging discussions with them. Mr. Desai and Mr. Vajpayee explained to them the salient features of India's domestic and foreign policies. The Congressmen had many questions to ask, mainly of an informative nature, and they found the two leaders very forthcoming.

Mr. Vajpayee had earlier given them a bird's eye view of political and economic developments in the country since the general elections in March last year which brought the Janata Government to power at the Centre.

He also spoke on foreign affairs, particularly the ones that concerned the Congressmen such as the relevance of non-alignment. While the question of India's nuclear programme did not figure in their talks with Mr. Vajpayee, it was mentioned in the discussion they later had with Mr. Desai.

INDIAN OCEAN

Mr. Vajpayee told them that India favoured elimination of foreign military presence in the Indian Ocean region and it was his hope that this would also guide the discussions between the USA and the Soviet Union on the subject.

Mr. Vajpayee told the Congressmen that India welcomed the efforts of groupings like ASEAN which led to mutual cooperation. He expressed India's desire to develop relations with ASEAN as a group and also with individual countries forming it on a bilateral basis.

He denied the suggestion made by a Congressman that the non-aligned had in effect become yet another bloc.

Besides Mr. Wolff, the other members of the delegation are Mr. Tennyson Guyer, Mr. George E. Danielson, Mr. James Robert Mann, Mr. Charles B. Rangel, Mr. Joe Skubitz, Mr. John T. Myers, Mr. Donald J. Mitchell, Mr. John Wilson Jenrette, Mr. Robert Edward Badham, and Mr. Antonio Borja Won Pat, all members of the House.

Also accompanying the delegation is Mr. Adolph Dubs, Assistant Secretary of State for Near Eastern and South Asian Affairs, and James Free, a special assistant to President Jimmy Carter.

[From the Times of India, New Delhi, Jan. 20, 1978]

PM HOPES US WILL HONOUR URANIUM CONTRACT

(By Our Special Correspondent)

The Prime Minister, Mr. Morarji Desai, has expressed the hope that the USA would respect its contractual obligations about supplying enriched uranium to the Tarapore atomic power station.

"In the meantime we will wait and hope to convince them (the USA) of the rightness of our stand," he told a group of 11 US Congressmen last evening, when

they called on him. The group is headed by Mr. Lester Wolff, chairman of the House sub-committee on Asian and Pacific Affairs. The group is accompanied by Mr. Adolph Dubs, Assistant Secretary of State for Near Eastern and South Asian Affairs, and Mr. James Free, a special assistant to President Carter.

The US Congressmen did not raise the nuclear issue but the Prime Minister mentioned it. The 45-minute talks related to bilateral relations, India's role in world affairs, regional cooperation, disarmament, non-violence, declining value of the \$ and Mr. Desai's secret of good health.

Mr. Desai said he considered the task of fostering regional cooperation urgent. It was India's duty to remove suspicions from the minds of smaller neighbours. "That is what my government is doing," the Prime Minister said. India had no desire to arrogate itself to playing any particular role except that of helping to remove suspicions and contribute to establishment of peace and stability.

Asked to comment on the declining value of the \$, Mr. Desai said it symptomised the deeper malady of wasteful habits of an affluent society. The answer was to stop waste and use surplus production capacity in the USA for the good of less fortunate parts of the world. Giving such help would be in the best traditions of the USA which was born of satyagraha by pilgrim fathers who were escaping religious persecution, Mr. Desai said.

He said the secret of his good health was absence of worry and any kind of tension.

[From the Statesman, New Delhi, Jan. 20, 1978]

URANIUM FOR TARAPUR

U.S.A. MAY KEEP UP CONTRACT, SAYS DESAI

(By Our Special Representative)

Mr. Desai has expressed the hope that the USA would meet its contractual obligations in respect of the supply of enriched uranium for the Tarapur nuclear plant.

It is his belief that the world at large, and especially the USA would soon realize the "rightness" of India's position on the question of nuclear non-proliferation. India is not opposed to nuclear non-proliferation; on the contrary the country has been in the forefront of moves to eliminate nuclear weaponry, as a whole.

All she has stood for is an end to "unequal and discriminatory character of the NPT" an end to nuclear tests and nuclear stockpiles with a commitment to use nuclear energy only for peaceful purposes.

Mr. Desai, who was talking to the 11-member team of U.S. Congressmen here last night assured them that India has no desire to arrogate to herself any "particular" role vis-a-vis her neighbors. Indeed, she considered it her duty to remove suspicions about this country or its intentions from the minds of her smaller neighbors.

This was precisely what his Government was doing, Mr. Desai said in reply to a question by one of the Congressmen on the role of this country in the region. India wanted peace and stability in the region, he added.

Mr. Desai reviewed with the Congressmen the present state of Indo-U.S. bilateral relations in the context of the just concluded Carter visit. Other issues that figured in his talks included India's role in the world, disarmament, non-violence and the Indian economy.

[From the Economic Times, New Delhi, Jan. 21, 1978]

DESAI OFFERS TO ACT AS "BUFFER" BETWEEN U.S. AND U.S.S.R.

(By Our Special Correspondent)

Prime Minister Morarji Desai has offered to act as a "buffer" between the United States and the Soviet Union on the question of disarmament.

This was indicated at a press conference by Mr. Lester Wolff, leader of an 11-member delegation of U.S. Congressmen on its way back home after a three-day visit to India at the invitation of Speaker K. S. Hegde of the Lok Sabha.

Asked to explain what he meant by "buffer," Mr. Desai said that this would mean that he (Mr. Desai) would be willing to mediate between the two countries—the United States and the Soviet Union to "bring them together."

Mr. Wolff disclosed that the delegation had invited the Indian prime minister to visit U.S. and address the Congress on India's nuclear policy.

Mr. Wolff said India had shown the capacity to stand by its commitments on nuclear safeguards. In any case, Mr. Desai had said that he would rather resign and go than allow the country to explode a nuclear explosion.

They very much appreciated India's efforts to control narcotics and said the steps that have been taken so far gave the delegation an impression that the chances of this item being diverted to illicit market "are very minimum."

Mr. Wolff pointed out that the liquid hashish was so potent that a fountainpen of the stuff was equal to one tonne of marijuana. His country was worried about it. A large haul of liquid hashish was seized and an international gang in the trade nabbed in New Delhi about four months ago. The illicit cargo amounting to 50 kg. was bound for the US markets. "We are grateful to what India has done in this regard," Mr. Wolff said.

Questions relating to the controversial nuclear issue dominated the US delegation's meeting with newsmen.

Asked what would be the status of contractual obligations for the U.S. to supply nuclear fuel to Tarapur after the US Congress has passed a legislation to govern the export of such material, Mr. Wolff began by saying that he did not know what the legislation would be but the US objective was to stop proliferation of nuclear arms and to ensure safeguards in this regard in any agreements.

"We are not concerned about India particularly. We feel that India has demonstrated its ability to protect the (nuclear) information and to live up to its commitments," he said.

Mr. Wolff said it was important for the Indian government to understand that there were some "serious questions within the US Congress" and that these would be raised. What impact these would have on the contracts "We do not know" because "we do not have a crystal ball."

When President Carter was in India, he had indicated that he was concerned with what the Congress would do, Mr. Wolff said.

The delegation, he said, was going back with Mr. Desai's assurance that India would not make nuclear weapons. He would rather resign than make nuclear weapons, Mr. Desai had said.

Mr. Wolff was asked if the United States Congress would allow the contracts with India to continue if this country opened its nuclear facilities to international inspection without signing the nuclear non-proliferation treaty, although she would do so only if the two super powers agreed to a test ban treaty.

Mr. Wolff replied that he could not speak for the entire Congress—he was only one of its 535 members.

But he would answer this question with what Mr. Desai himself had said—that he would prove by his actions that he was right. In other words the onus would be on Mr. Desai and his government to prove. Therefore, Mr. Desai was prepared to come before the US Congress.

"He (Mr. Desai) thought that he could convince us that he was right. However, if we could not be convinced, he would offer to be convinced as well," Mr. Wolff said.

Asked if Mr. Desai had convinced the US delegation about his position on the nuclear issue, Mr. Wolff replied, "He made a very strong case."

He said that the past differences on this issue had almost resulted in bringing the United States to the position of an adversary. But now a "line of communication" had been set up.

His delegation, Mr. Wolff said, was extremely pleased with the course of its visit during which it met Mr. Desai, the external affairs minister, Mr. Vajpayee and other leaders. The delegation had greatly appreciated India's problems and was going back concerned about them.

A suggestion for setting up of an assembly of Asian and Pacific area parliamentarians which would attend to problems peculiar to the area and deal with questions relating to irrigation, food, environment, had been made by the delegation. There had been a favourable response to the suggestion.

Mr. Wolff said the delegation had discussed with Lok Sabha Speaker K. S. Hegde matters of mutual interest between members of the US Congress and Indian Parliament.

Mr. Wolff, who is the chairman of the select committee on narcotic abuse and control, said that his country was concerned about the import of liquid hashish. His government was grateful to the Indian government for its co-operation in checking it at the source itself.

One member of the delegation described the visit as "most meaningful," another said that no matter what the differences in the past, the Indo-US relations would improve and more Americans would come to see the business opportunities here.

Another Congressman said that his country could provide information to the ministry of works and housing in regard to the construction of housing units for low income groups.

The delegation was accompanied by Mr. Adolph Dubs, assistant secretary of state for near eastern and south Asian affairs and Mr. James Free, a special assistant to President Carter.

"We issued an invitation to him (Mr. Desai) to come before the Congress to explain his position (on the nuclear issue). That will help pave the way for better understanding of India's position but I cannot forecast how the Congress would react," Mr. Wolff told a press conference at Delhi airport at the end of the delegation's visit, adds Samachar.

[From the Times of India, New Delhi, Jan. 21, 1978]

MORARJI INVITED TO ADDRESS U.S. CONGRESS

(By Our Special Correspondent)

The group of eleven American congressmen, who concluded their visit to this country today, have invited the Prime Minister, Mr. Morarji Desai, to address the U.S. congress on the nuclear issue during his visit to that country in May this year.

Mr. Lester Wolff, Chairman of the house sub-committee on Asian and Pacific affairs, who led the team said that Mr. Desai was prepared to come before the congress. "We issued an invitation to him to come before the congress to explain his position (on the nuclear issue). That will help pave the way for better understanding of India's position but I cannot forecast how the congress would react," Mr. Wolff told a press conference today at Delhi airport.

"He (Mr. Desai) thought that he could convince us that he was right. However, if we could not be convinced, he would offer to be convinced as well," Mr. Wolff said.

Mr. Wolff, who met Mr. Desai along with his delegation the day before yesterday, quoted the Prime Minister as having offered to act as a "buffer" between the U.S. and the Soviet Union in disarmament, particularly in the nuclear field, in order to bring about a reduction of tensions and ultimate disarmament.

CONTRACTUAL OBLIGATION

Mr. Wolff was asked as to what Mr. Desai meant by offering himself as a "buffer".

"I interpreted that he would offer himself to act as a mediator in order to bring us together. He is sincere in this and this is most important," Mr. Wolff said.

The U.S. Ambassador, Mr. Robert Goheen, and other members of the delegation were present at the Press conference.

Replying to a question about the status of contractual obligations for the U.S. to supply nuclear fuel to Tarapore after the U.S. congress passed legislation regulating such exports, Mr. Wolff said he did not know what the legislation would be. The U.S. objective was to stop proliferation of nuclear arms and to ensure safeguards in this regard.

"We are not concerned about India particularly. We feel that India has demonstrated its ability to protect the (nuclear) information and to live up to its commitments."

There were some serious questions on this issue within the U.S. congress and they would be raised. "What impact these would have on the contracts, we do not know. We do not have a crystal ball," Mr. Wolff said.

Mr. Wolff quoted Mr. Desai as saying that he would resign rather than make nuclear weapons.

A newsman asked whether the U.S. would continue to honour the contract for the supply of nuclear fuel to India if this country allowed international inspection of its nuclear installations without signing the Nuclear Non-Proliferation Treaty, but after the two super powers agreed to a total test ban treaty.

Mr. Wolff replied that he could not speak for the entire congress—he was only one of its 535 members—but would answer the question with what Mr. Desai himself had said. Mr. Desai had said that he would prove by his actions that he was right. In other words, the onus would be on Mr. Desai and his government to prove, Mr. Wolff said.

“He made a very strong case,” Mr. Wolff replied when asked if Mr. Desai had convinced the U.S. delegation about his position on the nuclear issue.

Mr. Wolff said in the past the differences on this issue had almost resulted in bringing the USA to the position of an adversary. But now a “line of communication” had been set up and the delegation was leaving after activating that line of communication.

Mr. Wolff said the delegation was extremely pleased with the outcome of its visit and had greatly appreciated India’s problems.

FAVOURABLE RESPONSE

There had been a favourable response to the delegation’s suggestion for the setting up of an assembly of Asian and Pacific area parliamentarians which would attend to problems peculiar to the area and deal with questions relating to irrigation, food and environment.

His government was grateful to the Indian government for its cooperation in checking at the source the export of liquid hashish to the USA.

One member said no matter what the differences in the past, the Indo-U.S. relations would improve and more Americans would come to see the business opportunities here.

[From the Statesman, New Delhi, Jan. 21, 1978]

DESAI OFFERS TO MEDIATE ON DISARMAMENT

(By Our Special Representative)

Mr. Desai has offered his good offices to help the USA and the Soviet Union arrive at an agreement on disarmament, especially over nuclear arms.

Disclosing this at an airport Press conference here this morning, the 11-member U.S. Congressional delegation said Mr. Desai had told its members that he would act as a “buffer” between the USA and the Soviet Union in their disarmament talks, particularly in the nuclear field.

According to the leader of the delegation, Mr. Lester Wolff, a member of the House of Representatives, Mr. Desai felt that such an effort by him might help bring about a lowering of the level of tension between the two countries as a preliminary to disarmament. Mr. Desai obviously believed this was a long-term objective but saw scope for mediation by him, Mr. Wolff said.

Asked to amplify what he meant by saying that Mr. Desai had offered himself as a “buffer”, the ranking Congressman said the Prime Minister had offered “himself as a mediator” between the two nations to bring them together. “I believe he is very sincere in his efforts although he did not want to claim a place of hegemony,” one of Mr. Wolff’s colleagues added.

The Congressmen spent most of their time answering questions on the nuclear issue. One of them said Mr. Desai had made a strong case in support of the Indian position on the question of safeguards or the NPT. The Congressmen agreed that there was logic in Mr. Desai saying that while the nuclear “haves” had chosen to ignore vertical nuclear proliferation, they argued so passionately against horizontal proliferation.

Mr. Wolff made it clear that it would be wrong to imagine that the USA intended to be discriminatory or sought to put a lid on the development of nuclear technology by others. What the USA wanted was that it should not be open to any small country anywhere to upset the nuclear applecart. It was opposed to the spread of destructive nuclear technology.

The USA wanted certain safeguards put into agreements envisaging supply of nuclear materials to ensure that the world was not held hostage by a single nation which somehow acquired the know-how to explode a nuclear bomb. He was not worried in India's case since the country stood by her commitments but nuclear proliferation did undoubtedly have a disastrous potential.

The Congressmen would not comment on the prospects of continued U.S. supply of nuclear fuel to this country saying they did not have a crystal ball before them to foretell the kind of legislation the U.S. Congress would pass in this regard soon. But they added that Mr. Desai had offered to convince them of the soundness of his case and had also assured that he would rather resign than let the country detonate a nuclear bomb.

Indeed, as Mr. Wolff put it, the Congressmen had agreed to give Mr. Desai an opportunity to address the Congress on his nuclear stand. Mr. Desai, who is visiting the USA in May, had accepted the offer with the understanding that if he failed to convince them about the merit of his stand the Congress would be free to try to convince him.

Mr. Wolff also disclosed widespread approval of the proposal to form an Asian and Pacific Parliamentary Assembly, an institution that would, in their view, go beyond the role played by the Inter-Parliamentary Union. The Assembly he said, should be composed of all nations in the Pacific and Asian region which have Parliaments or representative Assemblies and should address itself to the problems of the area. The nations of the region should, under the aegis of the Assembly, be able to relate individual problems to the collective issues of the region.

NARCOTICS CONTROL

The Congressmen commended very handsomely India's efforts to put an end to the export of narcotics from this country. They were pleased to find, Mr. Wolff said, that India had been able to control the production of narcotics to an extent that made it difficult to divert these to illicit markets. They were particularly worried over the import into the USA of liquid hashish which they said could be concentrated to a point that one could store the equivalent of a tonne of marijuana in the filter of a fountain pen.

The Congressmen were agreed that the visit had been "one of the most productive." Indo-U.S. relations, they said, appeared to be resting on very solid ground now, reinforced by shared values and democratic aspirations. They saw enormous potential for further deepening these ties.