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WEST EUROPE REPORT

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DE RUITER, VAN DEN BROEK DISPUTE NUCLEAR ROLES

Delay of Defense Paper

Rotterdam NRC HANDELSBLAD in Dutch 18 May 83 p 1

[Report by Editor J.M.Bik: "Defense Note Won't Appear on Time; Curtailing of Nuclear Roles Divides Cabinet."]

[Text] The Hague, 18 May--The Lubbers Cabinet is so strongly divided on the nuclear arms policy to be pursued that the 1983 Defense Note cannot appear on time--that is, in September. Minister De Ruiter (CDA[Christian Democratic Appeal], defense) wants to reduce, unilaterally if need be, the six existing nuclear arms tasks in NATO to no more than two, namely that of the Lance artillery and the F-16 of the airforce. Minister Van den Broek (CDA, foreign affairs) is squarely opposed to that for the sake of the credibility of Dutch membership in NATO.

De Ruiter knows he is supported in his view by the left wing of the CDA parliamentary group in the Second Chamber (and shortly by the leftist opposition); Van den Broek gets support from all VVD [Peoples Party for Freedom and Democracy] ministers, the liberal Second Chamber group, a few CDA ministers and part of the CDA group.

In VVD circles there is much irritation with De Ruiter and there is even talk about his possible replacement. Prime Minister Lubbers, who is taking a middle of the road position, has been closely involved in the discussion during the past weeks with the first VVD minister in the cabinet--Vice Prime Minister Van Aardenne (economic affairs).

The cabinet had wanted to make a decision the day after tomorrow on the main lines of the new Defense Note as it should be submitted for consultation to NATO in Brussels. The scope and seriousness of the difference of opinion between the two closely involved CDA ministers made Prime Minister Lubbers abandon an (earlier agreed upon) attempt to develop compromise formulas.

It was decided yesterday to deliberate further on the definitive consultation list in June when Lubbers and Van den Broek will be back from their 12-day trip to Central and South America which starts at the end of this week.

Since a minimum of two months are needed for important NATO consultations such as this one and the work in Brussels practically comes to a standstill in August, it is almost certain that the new Defense Note cannot be published in September.

The complexity of the NATO consultations and the fear of loss of credibility within the alliance is increased through unavoidable, budget-related, hefty curtailments in the conventional Dutch defense contribution. Partly as a result of consecutive cuts in the multi-year estimate of Defense (about 1.5 billion) and the so-called "RSV [unknown] problems" (1.3 billion, 500 million of which was charged to defense in the 1983 Spring Note, and 800 million in orders in the defense budget must be "brought forward"), one cannot escape partially structural adjustments in the Dutch conventional contribution. Examples: The Eindhoven airbase will be closed down as an operational base (a squadron of 18 NF-5 machines will then be transferred to the Gilze-Rijen base), financial commitments for the purchase of the Patriot anti-aircraft system (costing 800 million to 1 billion) must be made at least 1 year later, the Breguet-Atlantic airplane of the navy will be "phased out" as of 1 January 1984 and will not be replaced. The modernization of the navy fleet is curtailed and delayed. Ultimately a quarter of the number of helicopters will disappear.

Page 3: Minister planning to eliminate a number of nuclear NATO tasks.

Views of De Ruiter

Rotterdam NRC HANDELSBLAD in Dutch 18 May 83 p 3

[Report by editor J.M. Bik: "De Ruiter Plans to Reject a Number of Nuclear Tasks."]

[Text] The Hague, 18 May--Minister De Ruiter (Defense) is of the opinion that in the next cabinet period the Netherlands must, if possible with, but if need be without approval of the NATO partners, eliminate the following nuclear tasks: the NIKE anti-aircraft artillery (the "thinning out" of which has already been started in anticipation of the purchase of the Patriot system), the nuclear mines, the 203 mm (eight-inch) artillery of the army corps and the depth charges of the Orion navy patrol airplanes.

The nuclear tasks of the Lance artillery and of two squadrons of F-16 airplanes would remain. De Ruiter would like to attach the condition to this F-16 task that it would go if cruise missiles were to be placed in the Netherlands, of which the minister of defense indeed is not a supporter.

VVD [Peoples Party for Freedom and Democracy] politicians see such a nuclear arms policy as something like "the execution of the PvdA [Labor Party] election platform by a CDA [Christian Democratic Appeal]/VVD coalition." Vice Prime Minister Van Aardenne reacted strongly against such plans in the cabinet.

The VVD and the christian democratic camp, Minister Van den Broek amongst others, in any event want to retain the nuclear capacity of the army corps and the navy for the time being. The hard core of the difference of opinion with De Ruiter concerns precisely these two nuclear arms tasks.

De Ruiter's opponents in the cabinet and in the government coalition reproach him that the execution of his nuclear arms plans, added to a further delay of the decision on placing cruise missiles and the rather drastic conventional defense curtailments, would seriously harm the Dutch position in NATO--and also the international position of our country more generally.

Further objections are:

--if it is unilaterally decided to terminate the nuclear task of the eight-inch artillery, the Dutch army corps will be the only one in the North German lowland whose vulnerability would increase; with the delay in ordering the conventional Patriot anti-aircraft artillery, that would not please the German government at all; since 1979 precisely the Netherlands has been pressing for a NATO study with respect to (lower) numbers of tactical nuclear warheads in Western Europe (shift study, now called comprehensive study), so now it can hardly run ahead unilaterally of the results of this study, which will possibly be ready next fall. The results of this study, it is expected, will probably contain a proposal for curtailing the 6000 nuclear warheads existing in Europe at present, but not a decrease in the number of firing systems suitable for nuclear use. The desire of CDA, PvdA and D'66 [Democrats'66], for example, to strip short range arms such as the eight-inch artillery of the army corps artillery of their nuclear capacity has little chance of fulfillment in this study.

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CSO: 3614/108

ARMENIAN NARCOTICS GANG SEEN BEHIND SECRET ARMY, TERROR

Stockholm DAGENS NYHETER 14 May 83 p 5

[Article by Rolf Stengard: "Shoemaker Gang's Top Men in the Same Room; Strictest Security After Threat of Attempt to Free Them"]

[Text] One of the largest security efforts of all time surrounds the trial, which opens on Monday in the Stockholm district court, of the international leader of the shoemaker gang, George Makhlouf.

The risk is judged to be high that there may be an attempt to free the top men of the narcotics gang when they meet in the courtroom.

The trial will take place in the special security room of Stockholm City Hall. Judge Lars-Olov Hillerudh of Sollentuna has himself rejected his own courtrooms and asked for the case to be heard in Stockholm's security room.

George Makhlouf, 28, is suspected of being the actual leader of the shoemaker gang, which was broken up in Stockholm in 1981. He will now be held responsible for extensive sale of hard drugs in Sweden.

According to the police investigation, led by narcotics prosecutor Jerry Martinger, Makhlouf has sold more than 7 kilograms of hard drugs in Sweden.

He himself denies all the accusations, however.

Severe Punishment

He was extradited in December last year to Sweden from the United States, where he had been caught for narcotics crimes. But Makhlouf has operated in Sweden for several years, according to the prosecutor. He moved to the United States in 1980.

At that time the drug trade here was managed by Kework Vartanian, among others, who last year was sentenced to 10 years imprisonment for aggravated drug crimes. During the period 1974 to 1981 he sold 14 kilograms of drugs in the country--of which 6 kilos were heroin.

Another approximately 30 persons in the circle around the so-called shoemaker gang have received heavy sentences for narcotics crimes.

Top Men Meet

On Monday the two top men of the gang will meet in the courtroom. Vartanian is the prosecutor's chief witness against Makhlouf. During police interrogation he talked in detail about the drug deals with Makhlouf, information which he has later denied.

On Monday police apprehended three men suspected of trying to free Vartanian, among others, from an ambulance transport from Hall Prison to the hospital in Sodertalje.

When they were caught they had large-caliber weapons in their cars. The incident has resulted in rigorous security at the trial on Monday.

How many policemen will participate in guarding City Hall on Scheele Street in Stockholm is a secret.

Financier

"But it is obviously clear that it is one of the biggest security arrangements ever for a trial," says Sven Persson, acting superintendent of the Stockholm executive police department. This international drug gang is also suspected of financing the Armenian terrorist group Asala, which carried out the assault on Ankara airport in August last year when nine persons were killed.

Asala has threatened to strike Sweden since the members of the shoemaker gang received their harsh sentences.

This is also why the security police are so interested in guarding the trial.

Security Police Were There

One does not want to confirm this officially, however. It is clear that during the trial of Vartanian last year security police were present in order to look for Asala people.

The whereabouts of the two principal persons is also secret. Both Vartanian and Makhlouf will be brought to the Stockholm district court under heavy police escort.

They will be brought into the courtroom without having any contact with the audience. All persons in the audience will also be searched before being allowed into the room. A metal detector will keep all potential weapons out.

The police are perfecting their security plans this weekend. The trial is expected to last at least 2 days.

Secret Army Threatens to Spring Into Action

The secret army of the Armenians, Asala, is fighting for the hope of some day being able to establish an independent Armenia.

Armenia is a mountainous country in the Middle East, divided between the Soviet Union, Turkey and Iran.

A long time ago there were several independent states here, but during the 16th century nearly the whole country came to be ruled by the Turks.

During the last century Muslim Turks began a cruel persecution of Christian Armenians. In 1915 the Turks murdered upward of 2 million Armenians. Asala has resumed the fight against Turkey through terrorist actions. During the 1970's the organizations struck several times, primarily against Turkish embassies and institutions around the world. Most recently it was the attack on Ankara airport last summer.

The threat against Sweden after the sentences against the so-called shoemaker gang has cause increased security at various Swedish representations abroad. The consulate-general in Istanbul, for example, is guarded 24 hours a day by the Turkish military.

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CSO: 3650/187

SHELL'S VAN WACHEM ON OIL PRICE, SUPPLY, EXPLORATION

Duesseldorf WIRTSCHAFTSWOCHE in German 22 Apr 83 p 76-79

/Interview with Lo C. van Wachem, president of Royal Dutch, by WIRTSCHAFTSWOCHE editor Katharina Otzen: "Oil Price Plunge Could Cause Chaos"; date and place of interview not specified

/Text For 1 year Lo C. van Wachem, president of Royal Dutch, has been steering the destiny of the Dutch multinational company. In a WIRTSCHAFTSWOCHE interview he describes the strategy of the Shell concern.

/Question Mijnheer van Wachem, 10 years ago the so-called multinational companies still controlled approximately 80 percent of the international oil trade. Does state trade predominate today?

Van Wachem: No, I have to differ with that opinion. Ten years ago approximately 80 percent of the OPEC oil production was still in the hands of private companies; today it is 20 percent. If we disregard the Eastern bloc, 90 percent of the oil production in 1971 was in the hands of private companies; today it is still 40 percent. But it applies only to oil production. When it comes to oil trade, the private share should still be more than 80 percent--at least with respect to the trade in oil products.

/Question What about the crude oil trade?

Van Wachem: Ownership of crude oil on one hand and the control over trade in this category on the other hand not necessarily mean that the trade actually represents state trade.

/Question Did state influence make the oil supply more secure in some way?

Van Wachem: I do not believe that the world oil supply will ever be absolutely secure. We should not forget, however, that the world needs OPEC oil. In the future we will again have to depend on it to a greater degree. In the future more and more OPEC oil will come from the Middle East--for the simple reason that more than half of the known world oil reserves are located in that area. Furthermore, I suspect that a lion's share of the oil that can still be found today will also be discovered in the Middle East.

Question But what about OPEC production?

Van Wachen: The degree to which oil production in the Middle East is depleting the reserves is much lower than it is elsewhere. Consequently, in time the world will have to satisfy its oil needs more and more in these countries--in a region which at least today is politically quite insecure.

Question Does this dependency mean that the power of OPEC will grow again?

Van Wachen: I cannot see that far into the future. Nevertheless, Middle East oil will become one of the most important future lifelines for Western oil supplies, although it will not be the only one.

Question But it could bring a return to drastic price increases, particularly if the price of oil continues to decline.

Van Wachen: It is very difficult for me to support the thesis that a drastic drop in the price of crude oil is benefiting the Western world. My idea of a meaningful market development looks different, because a certain level of oil prices is needed to be able to continue the search for new oil and alternative energy sources. Furthermore, a drastic drop in prices leads to enormous tensions in a number of oil-producing countries--just think of Mexico or Nigeria--which in itself could already produce a new crisis. A plunge in the price of crude oil and the resulting chaos on oil markets could be the beginning of a new crisis and the subsequent result might be explosive development.

Question Will the OPEC countries continue to export crude oil, or will they change over to the export of products?

Van Wachen: The fact that the construction of processing capacities in the OPEC countries will increase their trade in oil products does not mean by a long shot that crude oil trade will decline. After all, the domestic demand will also rise, although perhaps not as fast as production. Some of the refinery and chemical products will be looking for world markets.

Question What is Shell doing to retain its position on the world market?

Van Wachen: The concern is already participating in large refinery projects in Saudi Arabia--in conjunction with the domestic, state-owned oil company. The American Shell is involved in a Saudi Arabian petrochemical project. There are also joint projects in other OPEC countries of the Middle East.

Question By doing that, aren't you adding to overcapacity in Western Europe?

Van Wachen: That is correct--up to a certain point anyway. It means that Western European refineries will have to make extraordinary efforts to achieve greater efficiency. It could lead to the idea that our Middle East activities are of little help to Europe. But they are unavoidable because they cannot be stopped. Consequently, it is better to learn fast to live with the new development than to do nothing and complain about it.

Question How long will the reducing diet continue? What about additional cutbacks in Shell's activities?

Van Wachem: When I look at our investments for the last few years and the plans for 1983, I cannot recognize any signs that Shell is getting leaner or getting cold feet as far as commitments are concerned. On the contrary, during the last 10 years we increased our investments steadily, in part we even used cash flow for our investments. We were and are quite aggressive and demanding. Of course, I cannot guarantee that it will remain so--but so far we have no intention at all of changing our course.

Question What are the crucial areas?

Van Wachem: We invested enormous sums in the exploration of oil and natural gas production, transportation and trade, and we are continuing to increase our investments. We also put a lot of money into coal and metals. Even in Western Europe our total activities for the last 10 years prove that we did not cut back but expanded vigorously.

Question Is there a discrepancy between the long-range strategy and short-term decisions?

Van Wachem: In my opinion it is important that the operational decisions, which are the short-term decisions, are completely in the hands of the subsidiaries. Our local companies are independent and responsible to themselves. Of course, as shareowners we exercise a certain control over the results--but when it comes to daily operations, they are totally independent.

Question Exxon, your competitor, terminated its involvement in oil shale exploration after a short period of time, and the same thing happened with the uranium exploration in Australia. Are similar things happening in the Shell concern?

Van Wachem: We are more inclined to stick to our commitments.

Question How do you develop your strategies?

Van Wachem: Of course, there is central planning but we always consider the ideas of local companies. They are used to develop long-term scenarios, which we try to optimize again and again. The reason is, on one hand, to keep the spectrum as wide as possible and, on the other hand, to guarantee as much flexibility as possible.

Question Why is Shell in better shape than other multinationals?

Van Wachem: Our subsidiaries are more independent than those of our competitors, and we started earlier than they did. Furthermore, geographically we are widely represented, perhaps somewhat more than most of them. Also, it seems to me that we started earlier than the others did to convert our refineries and change over to a wider variety of products.

Question Will Shell stay with its present areas of oil, petrochemicals, coal and metal, or will the diversification continue?

Van Wachem: All petroleum concerns that try to diversify had to discover how difficult it is. It also applies to us.

Question Will Shell become one of the biggest future hard-coal producers and coal traders in the world?

Van Wachem: It is not necessarily my goal. The thing that is important to us is an integrated and consequently a significant involvement in coal. In the process we are doubtless concentrating on the international trade with coal. It does not mean, however, that we do not already own coal deposits, may acquire additional reserves in the future or get involved in the exploration or the development of regional coal markets. International trade with an integrated concept, however, will remain the focus. In other words, we take part in the whole process, from hard-coal mining and transportation to the local market to supplying the customer.

Question Shell is continuing its involvement in coal gasification. Why did you choose the United States for your commercial gas-coal project?

Van Wachem: We examined the procedure during a long developmental stage, finally we also conducted tests at the pilot facility in Hamburg-Harburg and subsequently we wanted to find out how we can use it in a large commercial facility. There is no large facility in the FRG which could even be considered a semi-commercial project. The reason is obvious: German coal is too expensive, and it costs too much money to transport imported coal to Europe for gasification.

Question What about natural gas? Shell's sales to West Europe declined by 20 percent. Are the Germans the major offenders? After all, we bought considerable quantities of natural gas from the USSR. Do you think that this development is right?

Van Wachem: I am not really convinced that the natural-gas agreements with the USSR are necessarily a political threat to West Europe, a security risk. These arguments were raised in diplomatic circles. On the other hand, I believe that it would be good for Europe to develop a common energy policy.

Question Is that not utopia?

Van Wachem: Today it does not look as if there is going to be a common energy policy; still, efforts should continue in that direction. To give you an example: If Europe does nothing about the possibility that short-term Soviet natural gas exports may disrupt the natural gas market and lead to price fluctuations, which will hinder exploration in the West or at least have a negative effect on the use and development of our own natural gas sources in West Europe, it would in my opinion be a very unhealthy development, much more dangerous than the quantity of natural gas purchased on a long-term basis. Consequently, it is necessary to coordinate West European interests.

Question The Shell concern and Esso have combined their efforts in the FRG as well as in the Netherlands for the production of natural gas. Did you

sustain serious losses when German Ruhrgas purchased Russian and Norwegian natural gas because it had take-or-pay agreements and subsequently cut amounts from other sources.

Van Wachem: Ruhrgas has the same kind of agreements with us, although they are somewhat different. They provide more latitude and greater flexibility. But in my opinion it is a very dangerous situation, because a decrease in purchases, caused by a short-term rise in the import of natural gas from the USSR, can unexpectedly lead to a decline in the utilization of our own Western sources and disturb the market considerably.

Question Let us look at metals, one of Shell's diversification programs. At present we are experiencing sharp increases in electricity prices in the FRG and they are getting too high to process primary aluminum right here. Will Shell have to pull out of West European production, at least in the nonferrous metals industry?

Van Wachem: Right. Now I do not have to explain any longer why we and Billiton have an interest in aluminum smelteries in Brazil, for instance, where the raw material bauxite is available and more reasonable electricity from hydroelectric power plants. The same goes for Australia. Nevertheless, it applies mainly to primary aluminum and it does not mean a general retreat by the Billiton group from the Western European nonferrous metals production.

Question What is your opinion of the chances for the nonferrous metals trade in general?

Van Wachem: In spite of the current desolate market situation, we believe that the medium-range outlook points upward.

Question There are already predictions that a drastic recovery in metal prices will take place this year--to you believe in a boom?

Van Wachem: No, because a genuine recovery in metal prices requires a vigorous upturn in the economy. I was amazed when I realized the extent to which the nonferrous metal prices depend on the economy.

Question In 1982 there was an attempt at organizing a tin cartel patterned after OPEC. Do you think that there is still a danger that a cartel may be formed and that the same could happen to other metals?

Van Wachem: Organizations like OPEC cannot be established or maintained for any nonferrous metal.

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CSO: 3620/328

GREEKS SEEN WORST OBSTACLE TO SOCIALIST DEVELOPMENT POLICY

Paris LE MONDE in French 19 May 83 pp 1, 4

[Article by Bernard Brigouleix: "Greek Socialism Faces Economic Realities"]

[Excerpts] In Greece like everywhere else, under the reign of socialism or the regime of the right, Sundays are sacred. Even more so, of course, when it is Easter Sunday, as was the case on 8 May according to the Orthodox calendar. Naturally, a good Sunday is inconceivable without a Saturday which is also a holiday, usefully preceded by a Friday where work is performed lackadaisically in half-closed offices, without excessive zeal: a week-end is too important an undertaking to be started without careful preparation. Especially on Easter week-end: of course, no one would dream of working on Monday. Tuesday, 10 May replaces the skipped holiday for May Day, which had the poor taste to fall on a Sunday. As for Wednesday--ah! Wednesday... After all, the day preceding May Day is also a holiday, more or less, and it was a Saturday. So why not take an extra day of vacation, to make up for the preceding week-end which had been so disappointing?

Thursday morning Athens slips out of its torpor. Streets fill up with people again. Even more so than offices, bank windows or public administration offices where customers and administered acutely feel how disruptive they are and how careful they must be to hide their impatience if they do not wish to be rebuffed by employees who think it was very inconvenient to be brought back for two lousy days of work. And this is how the Easter holiday can be transformed into an unproductive quasi-week.

"This is mainly the result of socialist demagoguery and the effect of almighty trade unions," the opposition states accusingly. "Indeed, it is the opposite," a PASOK official protests. "Do you actually believe that in the midst of a fullfledged effort at recovery and of the myriad difficulties we are facing, this kind of behavior pleases the government and its majority? But this situation is characteristic of the obstacles we are constantly facing. It is very difficult to mobilize public opinion--including our own electorate--about the ambitious goals we have set for ourselves when productivity is so low and the run for holidays and material advantages of all kinds remains a national sport. We did not create this state of mind, but we are unable to modify it, and the improvement in the standard of living makes this phenomenon broader still."

In fact, it is difficult, watching present-day Greece go on living, not to find some similarities--with due respect to purchasing power and the degree of development--with Great Britain at the end of the labor era.

Greek society and its economy are suffering from structural pains, not to say congenital diseases. Very rarely in the Western world to which Greece reputedly belongs and to which it contributed so much, has the art of "faking" been pushed so far. And this situation did not begin with the change of government, not even with the return to democracy in 1974, even if freedom makes the rigging easier. "The socialists wanted to end all that, moralize and rationalize the economy," a foreign observer explains. "Of course, it only took a few months, and the system regained the advantage, digested the reformist velleities of the more courageous, bribed the others and thus unwillingly offered excellent excuses to those in whose opinion reform takes a back seat to revolution and the clean sweep to dynamiting."

In general, public enterprises are faced with a deficit which goes from troublesome to considerable. Since private investments have lagged, except for real estate speculation, public capital must be found, both to finance this deficit and, despite everything, to invest. Fortunately, even if the borrowing capability of Greece is beginning to erode on foreign marketplaces, its foreign debt is still within acceptable limits, about 6.5 billion dollars. However, the gold and foreign exchange reserves of the Bank of Greece could only cover about 2 or 3 weeks of imports.

The country is therefore faced with an increasingly serious problem of foreign exchange. "Invisible" income has always more or less compensated for the deficit in the balance of trade, thanks to funds from tourism and remittances from Greeks abroad. However, the later are increasingly reluctant to send money home after the left came to power, while at the same time the restrictions on French tourists--who have traditionally been legion here in the summer--are very much feared by the government in Athens.

As for the operation-seduction attempted in the direction of eventual foreign investments, it apparently has not hitherto borne fruits. The great hopes of yesterday for Arab funds--especially from Saudi Arabia--have not really materialized, in spite of the Papandreou proclivity for a Greek diplomacy which had always favored Islamic countries.

As for foreign banks, they are more prone to reducing their activities than developing them. Established rather recently and tied to the take-off of the merchant marine as well as to Greek membership in the Common Market, they generally encounter two problems: the lack of drachmas and repeated strikes: there have already been 52 work days lost only this year....

In the struggle against infaltion, the government of the left has obtained more encouraging results. However, they remain rather modest: from 25 percent in 1981, inflation went down to 21 percent in 1982 and the government claims it will go below 20 percent this year. But skepticism prevails. The significant devaluation of the drachma at the end of 1982 did improve exports, but taking into account the magnitude of purchases of products abroad, it also had a nefarious effect on the cost of living.

This situation prompted Mr Papandreu to correct his initial salaries policy and to modify the system of the mobile scale, but this sudden brake imposed on the increase of salaries is causing numerous strikes. It is said in his entourage that the prime minister permanently keeps in his office mobilization orders for certain public services in which work stoppages could constitute a hard blow to Greek economy and everyday life.

After one-and-a-half years of socialist power, it is easy to get the impression that the government has not real economic policy, even if it has brought about significant social reforms. Two ministers of finance have already been used up, at no great advantage to the country, and the 5-year-plan for 1983-1987 is still unpublished, in spite of the fact it had been promised for November 1982. It is rumored that it could appear at the end of the month. Will it allow a clearer vision of the situation and will it finally define the industrial strategy of the left? But by appearing to "program" deliberately a decrease in purchasing power, will not this strategy risk a confrontation with the trade unions and with a Communist Party which is visibly and increasingly embarrassed by a certain formal solidarity with a government in which it does not participate?

It would be all the more difficult to avoid such a confrontation if unemployment kept increasing. In principle, it is about 8 percent of the potentially active population, but closer to 10 percent in reality.

Heavily affected by decades of bad habits, by the mistrust of investors toward the "socialist experiment" and by the first results of a policy which proclaimed the superiority of social affairs over economic ones, the industrial and commercial Greek machine does not, however, only number handicaps. This country possesses--as compensation for its faults--an astonishing facility for adaptation. Its poor industrial equipment paradoxically protected it against certain effects of the recession, while the government worked hard to modernize agriculture (which is indeed affected by unfavorable geo-climatic conditions). It does possess energy sources and even produces 1 million tons of oil per year. The situation of its merchant marine could markedly improve if world economic exchanges enter a new stage of development.

However, a huge civic effort must precede this recovery, a rallying that inspires more than it decrees, without falling into an authoritarian system which Papandreu, as far as one can see, rejects. Is the Greek left still able to awaken such a popular adherence to an economic, social and political project? And will it know how to redefine this project on the basis of the teachings of its 20 months in power?

Those "disappointed with socialism," who are numerous in big cities such as Athens, Salonica, Patra or Larissa are still rare in rural Greece, where people are not forgetting that the hopes awakened by the "change" of October 1981 have begun to be realized in favor of those most deprived. However, the same phenomenon which triumphantly carried the PASOK of Mr Papandreu to power and which was, first of all, the modernization, the urbanization and the industrialization of the country--no matter how timid the third--could today turn against him. And no one can predict who would profit from this boomerang.

CSO: 3519/518

DUISENBERG ON MONETARY POLICY, ECONOMIC RECOVERY

Amsterdam ELSEVIERS MAGAZINE in Dutch 30 Apr 83 pp 146-148

[Report on interview with Dutch Bank President Dr W.F. Duisenberg by Drs W.A. Verwoerd: "Short Cut Out of the Valley Doesn't Exist"; date and place not given]

[Text] Will the Netherlands benefit by an international revival? 1983 and the following years look decisive for the road the Dutch economy is going to take. There is a chance to use the opportunities we have provided for ourselves now that international recovery appears to be close at hand. Providing we make the right choices, says Dr W.F. Duisenberg.

Faithful to tradition, the annual report of the Dutch Bank will come out during the last week of April. The content is very worthwhile for all those interested in monetary developments. For 14 consecutive years Dr J. Zijlstra committed his sharp vision and thorough analyses to the Bank's paper. In 1982 Dr W.F. Duisenberg took over his task and for the first time "the president's report" came from his hand. In it he proved himself to be a worthy successor of Zijlstra. His just published "second" report can only strengthen that opinion. In concise language, a number of matters are discussed which are of great significance for the national and international economy.

Besides going into subjects such as inflation, interest, black money, balance of payments, employment opportunity and the turbulence within the national banking system, he also discusses the evolution of oil prices. Ten years ago the world was first alarmed by an explosion of the crude oil price and almost 5 years later an even stronger explosion, if that be possible, followed. But in 1982, under the influence of the international recession, the road back was started. The level of the oil price came under pressure and the oil-producing countries, united in the OPEC cartel, meanwhile decreased their official price from 34 dollars to less than 30 dollars per barrel. According to Duisenberg it is not yet clear, however, at what level a new balance will be found, but a decrease of the oil price of about 20 percent seems likely. But even then the oil price will still be over 10 times as high as before the first explosion. And that implies a rather painful adjustment process for countries which have insufficiently regulated their economy, in particular the non-oil-producing developing countries.

The need for that becomes more pressing now that interest- and amortization obligations have strongly increased. The total balance of payments of the developing countries which are not part of OPEC shows a deficit of about 600 billion dollars over the past 10 years and at the end of this year that group will have built up a debt of about 650 billion dollars, half of which is owed to the private banking sector and thus is financed by monetary means. Just in 1983 alone the countries in this category need another 200 billion dollars to finance their balance of payments deficits and to amortize debts payable. (At the other extreme, there are the oil-exporting countries which in the same period of 10 years booked a surplus of over 400 billion dollars.)

After this numerical listing, Duisenberg diagnoses that neither the size of the deficits nor their financing would ultimately be tenable. Payment arrears originated, and outstanding debts had to be renegotiated with increasing frequency and amortization obligations spread out over a longer period. When a number of countries threatened to halt their payments, however, problems of liquidation arose which directly endangered the complicated structure of the international financial system. The president poses the question of whether we can prevent a development which, just as in 1982, ends in an acute threat to that international financial system and, with it, to the world economy.

He also wonders what the attitude of private bankers should be and what role the central banks should play. And how can we expand and strengthen cooperation bonds such as the International Monetary Fund (IMF), the Bank for International Payments, the World Bank and its institutions? Answers are urgently needed. "Internationally the discussion is starting to develop, but it should be pointed out that putting out fires has occupied the minds so much that rebuilding and prevention are only now getting the attention they deserve."

According to Duisenberg some lessons can certainly be learned from the experiences of the past years. The dangers of unlimited growth of international credit granting have become clear and it appears to be logical that the monetary authorities in the industrialized countries now accept responsibility for better control of the granting of credit in the future. It should also be pointed out that no one's interest is served when countries take on debts they cannot carry. Therefore means have to be sought to urge these debtor countries to approach the IMF before circumstances no longer leave them any choice.

Possibly it is desirable in this context to let the IMF issue a public warning in the case of an excessive degree of dependence on external financing. And "on their part the monetary authorities in the industrialized countries could approach the banking sector in a coordinated manner in order to urge it to grant new credit only if the country involved has reached an agreement with the IMF on a policy aimed at recovering a balance."

Duisenberg does not hide the fact that international banking is in a difficult situation. Many banks are running great risks in certain countries and would like nothing better than to reduce those risks. But that is not possible for the banking sector as a whole since the imbalances which have developed are so great that the lowering of deficits is a process of many years. For the time being deficits will stay, and they have to be financed, so a continued granting of credit cannot be avoided.

Limiting himself to banking in our own country, Duisenberg says that in 1982 heavy attacks were made once again on the endurance of the banks: "The blows which the joint banks have had to take in the form of providing for debtors' losses in the past years have exceeded the support granted by the government in various ways to individual companies within the necessitous industrial sector."

The banks are the center of interest not only because of their results, but also with respect to discussions about black money. The president leaves no doubt that in his opinion conscious cooperation by banks with respect to black money is unacceptable. He says that, moreover, an efficient and tough tackling of the continually increasing social disease of black money must be applauded and it must be tackled both at its sources and at its consequences. But the banks must not take the lead in this, according to Duisenberg. "The crime of tax- and premium evasion must be fought by legal and fiscal authorities. In the search for an evader of tax- and premium laws, the banks can also be asked for cooperation, which they should give. One of the basic functions of a bank, however, is to keep and manage the monies /entrusted/ to it by its customers. If the customers lose faith in a bank, however, the bank ceases to exist."

"The Dutch Bank is charged with exercising industrial-economic supervision of banks. If in doing so it runs into actions which seem improper, it takes steps to end those actions, but the central bank cannot take an active role in the combating of black money. The Dutch Bank cannot, nor can it be expected to, take tasks upon itself for which the law (justly) has not given it the authority."

In the president's report considerable attention is moreover devoted to two extremely important phenomena, namely inflation and interest rates. In our country the rate of inflation is already below 4 percent (and continues to decrease), and parallel to inflation, interest has also been decreasing, a decrease which cannot be emphasized enough for the industrial sector. In particular in the money market where a 1 percent interest decrease means a net lightening of the burden of about 200 million guilders, the decrease has been rather spectacular. On the capital market the trend was much less pronounced and the difference between the rate of interest and rate of inflation, the true interest, still is at an unhealthy high level. At a current nominal capital market interest rate of 8 percent, this true interest amounts to about 5 percent in our country.

The true interest has remained stuck at a high level in many other countries also. The sizeable and continuing budget deficits therefore can be justified to a high degree. Duisenberg determines with satisfaction that in 1982 the Dutch Government amply carried out its intention to limit the size of monetary financing. It was this healthy financing of the unhealthy big budget deficit which made an important contribution to retaining faith in the guilder in comparison with other currencies, through which the interest decrease became possible. Foreign interest in the Dutch public debt can be kept alive with that.

In the subscriptions for 1981- and 1982 state loans, a third of the total subscribed amount often came from abroad. Former bank president Zijlstra already pointed out once that we must be sure that faith in the guilder remains high, so that the foreign offer of provisions continues to flow in the future also. If for whatever reason foreign investors are no longer interested in loans of guilders, higher interest rates and increasing inflation will be the result.

In spite of a lower inflation and of lower interest rates, the world is still plunged in a deep economic recession. The obstinate international stagnation and widely increasing unemployment make many call for a coordinated policy of stimulation. The answer of governments and international institutions such as the IMF is one of rejection, however. The reason for this is that inflation has by no means been conquered. An unrestricted international stimulation of trade is not timely, according to Duisenberg, since either the balance of payments, or the unchecked state of government finances, or the still very high inflation -- or else a combination of these phenomena--deny governments and central banks the required room to maneuver. It is different with an unrestricted policy if the conditions for it do indeed exist.

In the United States a recovery of industrial activity is expected this year. That recovery will be coupled to a worsening of the current account of the balance of payments. It is now of great importance how countries such as Japan, the FRG and the United Kingdom will react if such a development should put pressure on the rate of exchange for the dollar. "Utilization of the room created under those circumstances for a further interest decrease would not only contribute to a recovery of investments, it would also curb excessive movements in the rate of exchange and therefore contribute toward international stability. The condition for the latter is that the countries with balance of payments deficits should not be in the lead."

But the president does not leave any misunderstanding about the fact that a revival can take place only slowly. For he writes: "The road which brought the world economy into the valley where it is now was one of many years of expansion and inflation. A short cut out of that valley does not exist nor is it formed by a coordinated international policy, especially to the extent it looks more like the policy which led to the valley."

The question is whether the Netherlands would benefit by an international revival. According to Duisenberg one great concern here is that in our country attention appears to focus, for the time being, on sharing the poverty rather than on acquiring riches. But there are undoubtedly possibilities and opportunities. Many conditions necessary to get a renewed process of growth started seem to have been met. For example, inflation in our country is the lowest in Europe. Also, the interest which is charged to industry is among the lowest in Europe; the degree of utilization in our industry is [only] just over 10 percent below normal and the government appears to be convinced of the necessity to reform its own house and to become better attuned to the capacity of our economy. But growth also requires investments, and in their turn these require healthy financial relations in industry and, besides sales, sufficient perspective for profit. With respect to the government's finances, Duisenberg's mood is pessimistic. The sad conclusion must be drawn that the financial problems have increased so much that a cabinet is no longer capable of reducing the deficit during the maximum term it has been allotted to the level acceptable on the longer term of about 4 percent of the national income. Despite the severe cut-back measures already agreed upon, that deficit continues to increase, and for 1983 a financing deficit has to be taken into account for the total government which exceeds 12 percent of the national income or 40 billion guilders.

Thus, with the current income, the difference with the deficit for future settlement already amounts to over 25 billion guilders and will increase even more. In a recovery of the state of trade, part of that will disappear by itself. The president

estimates that to be a few percent of the national income. But by no means does that solve the problem. Duisenberg "For the remainder there is really no other way out than to cut back. The road to be negotiated still appears to be several cabinets long."

8700

CSO: 3614/106

TURKISH CLAIMS ON ARMENIAN TERRORISTS' PRESENCE

Claims Seen Hysterical

Nicosia KHARAVGI in Greek 2 Apr 83 p 3

[Text] Turkish propaganda has raised to hysterical levels the artificial fuss about ostensible Cypriot assistance to Armenian "terrorists." Despite the repeated protests of the Cypriot government and the UN denials the junta controlled Turkish press marshalls new inventions and creates the most fantastic absurdities to defame internationally and to implicate Cyprus in a nonexistent issue. For the first time, moreover, names of Cypriot officials are mentioned and every effort is made to connect them with specific actions by Armenians against Turkey. The threats against our country, covert or raw and blatant, continue undiminished.

This campaign of lies evidently aims at misleading the international public opinion and at undermining our appeal to the UN General Assembly. But at the same time it is a means of a dangerous rekindling of the tension and of increasing the threat against the security of Cyprus. Correctly the Cypriot government has moved toward the UN and other international directions renouncing the deceitful Turkish objective. And correctly it has suggested the undertaking of an independent investigation in order to prove beyond any doubt the unfounded Turkish claims. We expect that the UN Peace Keeping Force in Cyprus [UNFICYP] will undertake the investigation the soonest possible and will make known to the world the results in order for the truth to shine and in order to avoid further worsening of the already strained situation.

UNFICYP Investigation

Nicosia G AGON in Greek 3 Apr 83 p 1

[Text] United Nations Peace Keeping Force in Cyprus representative Whitehouse said that UNFICYP is watching "certain areas in the free zone," as he said, in order to establish whether there are Armenians there.

In a statement to a Cypriot-Turkish newspaper, Whitehouse said that the watch started last October and has been intensified the last few days. "We have made several searches but we are not in a position to reveal the way we work because we will impede the efficiency of the search," he said.

7520
CSO: 3521/267

REPERCUSSIONS, COMMENTS ON RALLIS' BOOK

Above Parties President

Nicosia I SIMERINI in Greek 3 Apr 83 p 3

[Text] "I'll think about it and I'll give you my answer in a short while," said President Kyprianou to former Greek Premier Rallis when the latter asked him to resign from the Democratic Party [DIKO] chairmanship. Specifically, in his book "Hours of Responsibility" Rallis writes that he recommended to Kyprianou to resign from DIKO's chairmanship since his dual identity-- president of the republic and chairman of DIKO--impedes the handling of both the national question [Cyprus] and the Greek government. The Rallis position is correct. It is the same one Democratic Rally [DISY] Chairman Glavkos Kliridis took before the election when he said that if he were elected he would give up his party's chairmanip in order to better serve the interests of Cyprus as above parties president. But Kyprianou has not appreciated, until now at least, this position and wants his portrait on both sides of the coin. His position serves only his own and his party's interests. Not those of Cyprus. It seems that Kyprianou does not value the country's interests to the extent he should--interests which will be served to the greatest possible degree when Cyprus has an above parties president.

Greek 'Passivity' Regretted

Nicosia I SIMERINI in Greek 4 Apr 83 p 3

[Article by Pavlos Angelidis: "After the Gravest Mistake"]

[Text] In his book "Hours of Responsibility" published this week, George Rallis, former foreign affairs minister and premier of Greece, characterizes the rejection of the American plan [for Cyprus] as the "gravest of mistakes." The book is not yet in circulation in Cyprus and I have not read it. But I have learned, as did many Cypriots, certain views of the author from the press.

Much as I do not want to be biased about my assessments of Greek politicians, I cannot say that Rallis' views have not surprised me at all. The fact that Rallis comes--5 years after that important development when the American plan was submitted--to disagree with the clumsy way it was rejected, confirms

nothing but the irresponsibility and the responsibility-phobia which almost incessantly and steadily characterized the Greek leaderships in their handling of the Cyprus question.

For Kyprianou's mistake to be very grave, it means that the consequences of the rejection of the plan must be damaging to Cyprus. Yet Rallis chose to let these damaging consequences darken the Cypriot horizon in a choking and irreparable way only to appear 5 years later to tell us that Kyprianou has made a mistake. If we do agree that Kyprianou did indeed commit a "very grave mistake" then how did Rallis try to prevent him from doing so? Is his conscience clear because he "privately," as he says, suggested to Kyprianou to study the plan carefully and not reject it?--when he did not have the courage to point out strongly and clearly to the Cypriot delegation and to his own collaborators the dangers and disadvantages inherent in the thoughtless rejection of the plan and is now seeking a historical vindication?

The fact is tragically sad that Rallis is doing nothing but substantially pointing out more and more vividly the deadlock the Cypriot problem has reached and that the Greek Cypriot community faces the problem of extinction mainly because of the responsibility-phobia of the leadership in Greece. In no way can we rid ourselves of our own responsibility for our sorry state of affairs. An issue which it is agreed is the touchstone of the Greek-Turkish relations, being handled to irresponsibly should strongly concern both the Greek Cypriot voters and those on the Greek mainland.

From what I know, there was ill feeling in the New Democracy Party because voters of the "traditional right" in Cyprus shifted to the Papandreou position as concerns the Cyprus question. But putting aside Papandreou's internal policy about which the Cypriots have nothing to say, this turn is inexplicable. On paper at least he has placed the Cyprus problem on a priority level and has shown us that he had the courage to at least state his views on the problem even if they were wrong. On the other hand, the ND governments which in reality opposed the views of the Cypriot leadership let the historians report their real policy.

Of course history is tightly related to politics, the only important difference being that the historian writes history as he sees it while the politician contributes to a large extent to its development.

I am not at all reluctant to say that in the history of Cyprus the leaderships of the Greek mainland and among them unquestionably that of Rallis played only the role of the passive narrator of the events they lived.

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CSO: 3521/267

KOIVISTO'S FIRING OF KARJALAINEN ADVANCES 'THIRD REPUBLIC'

Helsinki HUFVUDSTADSBLADET in Swedish 18 May 83 p 2

[Editorial by Jan-Magnus Jansson]

[Text] The sudden appearance of a new generation and a rapid change in the real power of the leading parties typify the beginning of the so-called third republic, according to Jan-Magnus Jansson.

First let us say that 6 months ago it still could be maintained that the transition from the second to the third republic--to use the catchwords which, nevertheless, are convenient terms--had brought about no great changes. Of course, there was something substantially new in the fact that Mauno Koivisto interpreted the president's position and authority in a different manner than his predecessor. The manner in which the press expressed itself and the mass media's role in society also had changed--a process that already had begun during Kekkonen's last term as president.

Today, several months after the parliamentary election, it is impossible to draw this same conclusion. Changes that are extensive, deep, and impossible to reverse have occurred or are on the way. This also is clear on the day-to-day political level, apart from the major shifts in the social and economic conditions that generally result in more long-range political changes.

As a result of the first years of the Koivisto era, the shift in generations that first became clear in the seventies now is moving toward completion. The generation of leaders that interacted with Kekkonen for decades, either as his colleagues or his opponents, is being eliminated once and for all from active politics. Some already have died, retired voluntarily, or been discarded, but some of the most prominent leaders of the second republic were eliminated only recently.

It began with the elimination of Olavi J. Mattila, the most conspicuous representative of Finland's political-industrial complex during Kekkonen's time. Johannes Virolainen who, on the personal level, should have been given every possibility to play some role or another after Kekkonen disappeared from the scene, was abandoned by the voters and, so far, has not returned to active

politics. Perhaps Ahti Karjalainen's dismissal has only limited political significance, but more than any other event during the Koivisto era it has come to symbolize the end of an epoch. Veikko Vennamo contributed to a convincing victory for his party, but had to remain in the shadows and relinquish his place in the sun to a younger generation.

In many other parties the appearance of a new generation has occurred more inconspicuously. The fact that almost 40 percent of parliament is comprised of new members is a clear indication of this. It is difficult to find a common denominator behind the elimination of the politicians of the older generation. In any case, the net result is that the leaders who have personal experience with our society before the war, during the war, and with the major reorientation afterward, and who became convinced of the need for a new foreign policy have, for the most part, disappeared. The new leaders take the present foreign policy for granted, but they lack experience in the process that produced it.

Of course, since the late sixties there has been a strong influx of young politicians who helped us avoid and all too violent confrontation between the generations. For example, Paasio's short-lived minority government--the "youth gang" of 1972--included many young Social Democratic politicians as ministers. According to statistics published by Suomen Kuvalehti, the present government includes only one minister over 60 years of age and three others who are over 50. On the other hand, there are seven ministers between 30 and 40 years old. The average age in the government is 44.

Thus, it may be said that the power now is held by a generation that received its schooling during the youth revolts and the strong political involvement of the late sixties, but had its actual political baptism of fire during the final days of the Kekkonen period, when consensus politics reigned, for better or for worse. This generation, however, is followed almost by a vacuum: the youngest political generation has found the road blocked by 30 and 40 year olds and has been unable to make itself heard in the same manner.

As previously pointed out, the change also has affected relations between parties. The political hegemony of the Social Democrats is a fact. It has to do not only with the size of the party, but also with its personnel resources and its strong position in the labor movement and among white-collar workers (although its strength within the labor unions eventually could be threatened by the rapidly advancing organizations of the middle class).

Kalevi Sorsa has appeared as the leading--and one of the oldest--representatives of the generation that took power during the final days of Kekkonen and now, under a less dominant president, he is able to realize his intentions more fully. This past year after Sorsa, halfway compelled to do so, took over the post of prime minister, he has increased his prestige considerably. The self-confident and sovereign manner in which he created the most recent government contributed to this result. In a speech at a seminar in Paris last winter that attracted much attention, Sorsa stressed that the prime minister held a

position of power and responsibility, even in our political system. It is this role model that he now is attempting to implement.

It was generally predicted that the other major governmental party, the Center Party, would see its position of power eroded if the position of president went to a representative of another party. This process now is occurring before our very eyes. One point in favor of the much-criticized Vayrynen is that he has come to realize that the party must survive as a medium-sized party with no special position of power, as pointed out long ago by the party's previous chairman V. J. Sukselainen. Under his leadership the party has accepted, among other things, a reduction in its number of ministers to reflect the party's actual strength. It remains true, however, that no majority government can be formed without the support of the Center Party.

Recently the party was shaken from top to bottom by the circumstances under which Ahti Karjalainen exited from public life. Still, the crisis within the party is more moral than political. In a manner that certainly hastened his demise, Karjalainen announced that he was leaving the party. Now he hardly has the incentive or the possibility of inciting a revolt among rank-and-file party members. Johannes Virolainen, who previously has demonstrated his power over the political spectrum, also has no cause for political activity in the present situation. Instead, the party now will attempt to close its ranks.

In the meantime, Vayrynen has time to restore his authority and continue the process of adapting the Center Party to the new reality. The party's strong organization and unchanged voter support indicate that it will withstand the jolt.

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CSO: 3650/195

RURAL PARTY'S ACCEPTANCE INTO CENTER OF SPECTRUM DESCRIBED

Helsinki HUFVUDSTADSBLADET in Swedish 23 Apr 83 p 2

[Editorial by Jan-Magnus Jansson: "Rural Party and the Political Center"]

[Text] Seldom has a complete turnaround happened as quickly as it did on Wednesday, when the Center Party changed its attitude toward the Rural Party [SMP], writes Jan-Magnus Jansson. The background to the story and the Rural Party's claim to status as part of the center of the political spectrum are discussed in this editorial.

It seldom happens in politics that one sees a complete turnaround as quick as that which occurred in the space of a few hours last Wednesday, when the Center Party reversed its attitude toward the Rural Party. After thinking the matter over, the Center Party, which had earlier represented the view that the Rural Party should be unanimously barred from the proposed government, not only gave the go-ahead for the SMP to enter the government but also opened its arms to its old political rival and adversary. The Rural Party was incorporated into the middle bloc straightaway, and promises of undoubted joint action were exchanged.

The other established middle party--the Swedish People's Party--later fell into line with great hesitation and several reservations, but clearly enough that it could be said to have accepted in general the same premises as the Center Party.

Provided that the entire process of forming a government does not collapse because of portfolio and personnel issues--and despite everything, it is not likely to do so--one of the biggest changes in our domestic politics in the past 17 years will have been pushed through in record time. In any case, the absolute immovability and immobilism in our parliamentary politics have been broken, and the very style of forming a government has been freshened up. This would remain true even if something arose to block the plans that now exist.

The most interesting thing about this complete turnaround concerning the SMP is not, however, the Center Party's new attitude in itself. Instead, it is the fact that it was the Social Democrats who forced the issue. The core of the matter is that the Center Party yielded to the determination shown by the Social Democrats on the issue of the balance of forces in the government. Sorsa was

consistent as far as the SMP's cooperation in the government was concerned. Immediately after the election, he let it be known in a interview with ILTA-SANOMAT that he could well imagine cooperating in the government with a Rural Party headed by Pekka Vennamo. That idea was later repeated in an editorial in SUOMEN SOSIALIDEMOKRAATTI that was obviously dictated from headquarters. It was not surprising, therefore, when the Social Democrats brought the matter up during negotiations concerning the government, although there was uncertainty at first as to how much of the whole thing was tactical and how much was serious.

The result is that the Social Democrats have again demonstrated their strong position in the current situation. It is obviously also being hoped that after the Rural Party obtains a key position in the government, it will show its independence by sometimes siding with the Left. The SMP is clearly more radical on social issues than the other nonsocialist parties earmarked for the new government, although it is closer to the Right on some questions of general policy. Red and white "radishes" have long been the solution to the balance of forces in our coalition governments, and the SMP is surely just as suitable as some of the civil servants who have sometimes been pressed into service to maintain that balance.

The Center Party therefore accepted the Rural Party primarily in order to have a nonsocialist majority in the government. This does not mean that from a somewhat longer perspective, the Center Party does not have its own motives for the change in its policy. And the change would scarcely have come about so quickly if there had not been some earlier reflection behind it.

We must go back all the way to 1970, which is when the Rural Party made its first sensational breakthrough in a parliamentary election. During the negotiations for forming Karjalainen's majority government, the Center Party laid down the condition that the Rural Party also be linked to the government. First it was the definite no from the People's Democratic League that brought that plan to nothing. Attempts were also made at the party level to bring the Rural Party into middle-party cooperation. Those attempts also failed very quickly.

Some of the factors that kept the SMP out in 1970 and gradually reduced it to an isolated and yapping opposition group no longer exist. The People's Democratic League is in no position today to prevent the party from entering the government. The personal animosity between Urho Kekkonen and Veikko Vennamo has no counterpart in today's situation. Pekka Vennamo has made clear his intention to let the party play a normal parliamentary role. Lastly, the undertones of opposition to Finnish foreign policy that played a big role in 1970 seem to have gradually died away.

Where the SMP should be placed in the ideological spectrum is not altogether clear. As is known, the party sees itself as being somewhere in the space between the middle parties and the Left, and it has succeeded in getting seat assignments in the assembly hall that reflect that view of itself. As is recognized, the party has also ridden high on the wave of new morality, and that is a feature that generally characterizes parties on the outer fringes of the Right. On the whole, however, it can be said that considering its clientele

among the voters and some of its political programs, the Rural Party does not necessarily fall outside the framework of a center-left government. The Rural Party differs from the established middle parties--the Center Party and the Swedish People's Party--chiefly through its inflated demagoguery. The older parties are distinguished by the caution that comes from a long period in power.

It was noted in the negotiations between the Center Party and the Rural Party that the latter "counts itself as belonging to the political center." It is a big step from that to participation in the regular and organized cooperation among middle parties that the Center Party, the Swedish People's Party, and the Liberal People's Party--now eliminated from the parliamentary map--have built up. The extent to which the SMP will become attached more permanently to middle-party cooperation will probably depend on many circumstances, and chiefly the direction taken by cooperation among the three nonsocialist groups in a new coalition government.

In stating its position on cooperation with the Rural Party, the Center Party was obviously guided by the thought that cooperation in the government might be useful under all circumstances. If the SMP's commitment to the government results in its being worn down by the harsh realities, the Center Party is one of those that may inherit some of its voters. If, on the other hand, the Rural Party sticks to its position, the result will be a reinforcement of the total strength of the middle parties over against the Social Democrats, something that has always kept the Center Party's strategists busy.

For its part, the Swedish People's Party is obviously somewhat embarrassed by the contemplated cooperation with a party that has been regarded for so long as not objective and unreliable. The Swedish People's Party has no reason to fraternize too much with the SMP, but neither is there any reason to adopt a negative attitude in advance. The frictional area between the Swedish People's Party and the SMP is very small.

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CSO: 3650/178

POPULAR OPPOSITION TO BASES STRESSED

Athens TO ETHNOS in Greek 29 Apr 83 p 6

/Text/ The anti-American demonstration at Syntagma Square organized by the General Confederation of Greek Labor /GSEE/ was dominated by the slogans "Out With the Bases of Death," "Stop the Talks on the Bases," and "National Sovereignty and Independence Are Not Negotiable."

(The demonstration was anti-American not in the sense that the Greek people or the Greek government have something against the friendly American people but in the sense that the Greek people refuse to play host on their soil to the American tools of catastrophe and death--especially when their existence becomes a temptation for the salesmen of imperialism to intervene in our political developments).

We are not going to quarrel over estimates--whether the gathering was small or large, whether it was marked by self-constraint, fanaticism or passion--and we are not going to give any figures--leaving this thankless task to the pedantics or the professional doubters. We will limit ourselves to something very simple:

In spite of the fact that yesterday, Thursday, was a working day, and in spite of the fact that yesterday afternoon the stores were open, in spite of the transportation chaos which reigns these days in Athens and in spite of the increasing pollution which makes movement in the center of Athens problematic--the people showed up and took their place in the ranks. Exactly as it was asked of them by the government--without petty partisan calculations and without ulterior motives.

Of course we do not know how the government is going to utilize diplomatically or in the negotiations of last night's demonstration, nor whether it can indeed utilize it at all. And we do not know if this demonstration by the Athenian people on the American bases will be the last.

We know, however, that the citizens who flooded the center of Athens last night--demonstrating against the American bases--were not pawns or instruments of trade syndicates, organizations, parties or camps. They were Greek patriots who demanded that Greece must belong to the Greeks; they were friends of peace who demanded that the country should be relieved of the

"Bases of War."

Of course every initiative now belongs to the Greek government, to stop the protracted talks, to send a message to the American side that it must remove its bases by such and such a date and to appoint technical experts to deal with the technical questions that may emerge with regard to their removal. But it will not be necessary to remind the American side of a few simple--and therefore easy to forget--truths:

That whatever course the question of the bases may eventually take, the Greek people will never accept the idea of having on their soil the aggressive stations of imperialism;

That whatever the outcome, the Americans must know that in Greece their bases will be considered enemy bridgeheads and treated as enemy installations until their removal;

That the Greek people, no matter how many agreements (implied or written) will be forged on their backs will never accept and will never give the right to anyone to shrink their sovereignty and independence; and

That the Greek people, no matter what happens, will fight without compromise for the dismantling of the American bases--both the covert and the overt, the old and the new.

Precisely these simple truths gave the national and political meaning to last night's demonstration on the bases.

7520

CSO: 3521/301

KARAMANLIS-PAPANDREOU TALKS IN GOOD CLIMATE

Athens ETHNOS in Greek 29 Apr 83 p 2

Article by G. Leonardos

Excerpt Yesterday's meeting between President of the Republic K. Karamanlis and Premier A. Papandreou took place in a good climate. The government spokesman, replying to a question, said that the "good climate does not depend on a similarity of views but on the atmosphere that prevailed during the talks."

He added that during the meeting which took place at the request of the premier, and which lasted approximately 1 hour and 15 minutes, the two officials discussed domestic and foreign issues, and covered the negotiations over the American bases, the strikes, and the president's trip to Bulgaria.

"We have had many developments since the last meeting of the president with the premier," said the spokesman. According to reliable reports the discussion centered on the developments of the last few days on the issue of the bases. It was natural for the president of the republic to seek information especially because these developments took place during his absence on a friendly visit to Bulgaria.

The Message

The president was informed about the premier's special message to the people Monday night and especially on the two points which he emphasized particularly, namely, that a potential agreement on the bases will include a timetable for the removal of the bases and the balance in the Aegean must be preserved.

7520

CSO: 3521/301

LEFT URGED TO BE READY IN LIGHT OF PASOK ACTIVITIES

Athens ANDI in Greek 29 Apr 83 pp 14-15

Excerpts There is something strange and unique in the case of PASOK, namely, the disorganization it causes by its tactics and its profile, to political forces to its left or to its right. By eliminating the Right's "exclusive nationalism" and by adopting the social platform of the traditional Left, PASOK succeeded in keeping in permanent confusion both the Right and the Left.

Probably for this reason it is even more difficult to identify the character of the present government, the nature of its political power and to exercise control and a critique, and to make predictions on the government's course.

Generally, however, the Left tends to place PASOK among the bourgeois "reformist" forces. Since PASOK's policy is certainly neither revolutionary nor resembles the classical textbook on socialist change, a "reassurance" is encouraged that we are facing a leftist management of the bourgeois crisis.

The Right, however, which proves to be more practical and intelligent than the old-fashioned analysis of the Left, sees in PASOK not only a different management but a different power structure which is being consolidated steadily both institutionally and legally, especially in the state.

Thus, while the Left struggles for the rights of the soldiers and imagines that nothing has changed, the Right knows very well that many things are changing and to an unbelievable extent. They know that the Army gradually ceases to be "theirs" and that if nothing else, it has been politically neutralized.

The same is happening in the Security Corps. While the leftists see that the same situation continues and shows as proof the persecution of the "anarchists", the rightists know very well that the Security Corps is changing rapidly and escapes steadily from the control of the "centers" which they believed no government could touch.

The same happens throughout the state machinery which if it is not being "democratized" is certainly being "PASOK-ized" daily. In other words, the

state, the classic support of the Right is now for the first time under different control which is beyond control. In short, while on the surface everything seems to continue as before, in reality they all are changing in directions, the Left does not understand while the Right cannot identify convincingly.

PASOK is in a sense the self-powered government of non-Right forces which controls the state and its power ramparts, is not controlled by foreign forces; and which possesses the social dynamism which allows a breakaway from what we usually call "the regime of submission and dependency."

We see this now in the talks on the bases, in which PASOK did not seek their ouster from the beginning but specific terms for their stay; terms which the American side had not accepted in a more moderate version during the negotiations with the ND, and which it was much more difficult to accept in the negotiations with the "strange" PASOK. The difference with PASOK lies in two "new" elements: PASOK has the ability to "break up" with the Americans if it is pressed, and such a break up will bring PASOK more benefits than losses.

It may be that the Left should be prepared for the consequences of the actions and words of PASOK, in the event, as seems likely, the Americans, for a number of reasons, opt for a clash with PASOK and refuse to sign an agreement.

Unprepared for a break up with the Americans are certain leftists who either because of being accustomed to defeat and bipolar division or because of wisdom did not want "at this moment" or they did not imagine the possibility for an independent course by the government.

There are many of those who accused Papandreou in the morning of being "too conciliatory" but in the evening considered this conciliatory attitude a good reason for going to bed reassured. Another faction equally unprepared for clashes with an uncertain outcome will have at least the consolation that out of this confusion we may come closer to the forces of good; those who expect us to do in 1983 what their tanks should have done in 1944, according to Mikis Theodorakis.

We have reached the break up on the bases because for the past 18 months the Americans have had the chilling feeling that a communist government has come to power in Greece. It is the first time that the American imperium does not see ministers licking the boots of their ambassador and they learn from agents about government views. It is the first time the Americans do not participate "behind the scenes" in the defense planning. It is the first time the secret services are not "coordinated." It is the first time when the "natives" ask for money or facilities which nobody knows will be used "properly". It is the first time that a NATO government says and does things which are outside of even the broadest interpretive handling within the Western Bloc.

Finally, it is a government which has no "good references" from anyone. The French socialists inform their American associates that they do not have much in common with the "Third World-oriented" PASOK; the Europeans have the unpleasant sensation of a foreign body in the well-behaved club, while even inside Greece there is confusion and anxiety about the friendly powers.

The American imperium therefore is carefully considering whether by signing under conditions an agreement on the bases plays its own game or the game of Papandreou, which it cannot gauge. Even if an agreement is signed with mutual concessions, it will be only to gain time by both sides.

Let us state our assessment clearly: Whether we have an agreement or not in the next few months we are already on a collision course with the Americans. This means that all scenaria are open: from using Turkey as a scarecrow or as an instrument, to the planned destabilization, the economic strangulation and the resort to known or new methods for controlling developments.

The Right seems to have grasped the meaning of the times and is preparing to play its traditional role: "General, here is your army!" But the Left, beyond the repetition of the anti-imperialist slogans, what strategy of intervention in the event has it prepared?

Because the main problem with PASOK is the way it wages its struggles with imperialism: With good intentions, a "tough" attitude in the clash, but without deep supports in social forces properly sensitized and activated.

In the case of the bases: To win the battle of the removal of the bases but to lose the war of real national independence.

The Left must be able to contribute more than slogans and something more essential than course guidelines.

7520

CS0: 3521/301

'NEW GENERATION' IN PASOK SEEN MOBILIZING FOR OPPOSITION

Athens AKROPOLIS in Greek 30 Apr 83 pp 1, 9

Text A new faction is emerging within PASOK--besides the familiar ones--aiming at charting the party's course in the direction of its own options and with the acceptance of even going into a clash with the present party and government establishment. This tendency is expressed by the "new generation" of PASOK followers, that is those who were politicized after the fall of the dictatorship, and who have been given governmental responsibilities. The objectives of this new faction are:

- a. The return of PASOK to the "correct way" charted by its founding declaration of 3 September 1974, because according to those who express the youth tendency, there have been many deviations from the correct way charted then.
- b. The restructuring of the leadership to enable the representatives of the new tendency to occupy more decisive posts for overseeing the correct implementation of the party policies and for identifying those responsible for deviations and errors which are charged to PASOK, change its image, and cause popular disappointment.
- c. The artful downgrading of Papandreou in the first phase so that he will stop being the sovereign and only one who decides what is right for the party and for the government.

Expediency

Those in the youth tendency who express such thoughts recognize Papandreou's dynamic presence in the "Movement" and the almost decisive influence he has exercised both internally within the party and externally, appealing to the masses. The views of this faction toward Papandreou are in a way a continuation and an extension of the views expressed by militant PASOK youth prior to the election when there were objections to the correct line charted by Papandreou, with the familiar disagreements. These disagreements came to light in spite of all efforts to keep them secret as soon as charges for decisive tendencies came to the fore within the party from a group of cadres including some members of parliament.

In the in-party confrontation prior to the election the spokesmen of the "new generation" expressed the thesis: Without Andreas we cannot have PASOK, but without us you cannot have PASOK or Papandreou.

The campaign expediencies and the need for PASOK to wage the electoral battle without decisive tendencies or disagreements pushed aside every other objective.

Now with the government's failures and the deviation of the government's policies from the PASOK program on crucial issues the objective to put the party on the course the new generation faction considers sound is being revised.

Cult of Personality and Limitations

The theoreticians of this tendency reviewing the Papandreou problem propose:

To raise Papandreou to the pedestal of the patriarch of the "Movement", accorded every dignity, with his contribution to the victory of "Change" being praised at every opportunity, and with his picture everywhere as a sign of honor and recognition.

In other words, to deify Papandreou like Marx, Lenin, Stalin and Mao tse-tung, but no more, since with the change in the leadership pecking order, his decisive role will be limited and his mission will be limited to advice, like that of a wise party teacher drawing on his experiences. The rest will be essentially in the hands of the "new blood" in an effort to prove that PASOK remains unshakeable in its objectives and that it has the fighting ability to accomplish them.

The Message

The intensification of the activities of this faction of the new generation coincides chronologically with the results of the student elections which lit a red light of danger in the opinion of the youth faction in spite of a PASOK effort to ignore their significance. Those who express the views of this faction argue that the decline of the Movement's appeal among the young will benefit the communist left and the liberal right and results from the policies of the government. To prevent a worsening of the situation, they add, it is necessary to take decisive steps which include a stronger presence of this faction within the party.

It is not clear to what extent Deputy Minister of the New Generation Laliotis will play in this faction. Many in this group see him as the most genuine representative of the Movement's ideological profile.

This element may indicate the goal of the PASOK youth who speak openly against NATO, the bases, EEC and in addition they would like to see a more rapid pace for the socialist transformation.

This tendency has branches and connections in the provinces but it is too early to say to what extent it will achieve its goals, or whether in the end it will accept some form of historic compromises with the current leadership of the governing party. This compromise could come about if representatives of the youth faction are called to assume governmental duties with appointments to various agencies in the context of the new cabinet reshuffling.

7520

CSO: 3521/301

TWO-PARTY SYSTEM EYED IN CONTEXT OF ELECTION LAW

Madrid ABC in Spanish 10 May 83 p 15

[Editorial: "The Two-Party System and the Election Law"]

[Text] We insist upon the need for a dispassionate analysis of events occurring in the political, economic and social sectors of life. And it seems necessary to us to continue the analysis we started yesterday.

The accelerated evolution of Spanish politics toward a two-party system is not a dialectical hypothesis but rather of analyzing a fact of reality. A two-party system does not rule out the existence or the relative influence of other parties: British democracy has influential regional parties in Scotland and Wales and accommodates a liberal party with a great tradition, side by side with a Social Democratic experiment. A two-party system does not mean a cartel or dual monopoly but rather a situation dominated by two large political parties, both of which in their own domains lend stability and flexibility to the system. A two-party system is characterized first and foremost--we have just seen this in Spain--by the possibility that a single party can have a parliamentary majority; the second characteristic is rigorous voting discipline (this tells us that the UCD [Democratic Center Union] will not be in favor of the two-party system); and the third dominant characteristic is the homogeneity of governments, which is the major proof that at this time the PSOE [Spanish Socialist Workers Party] will be uppermost.

Of course, the two-party system is a model that is full of defects. However, it is the model which has given the Anglo-Saxon world enviable stability. In countries with the two-party system, there is no room for a press which, as in some Spanish cases, carries adulation of the government to the subliminal language level: thus the victorious party does not win but rather rolls over or smashes, on a case basis, as we read yesterday. And so on until that charming or full-page cliché is attained: "PSOE Takes It All." There is no understanding of the fact that this avalanche of absolutism engenders in the collective mind a defensive feeling which leads to support for the other major party. But, unfortunately, these things are irrational and prepolitical motivations which do not usually occur in developed democracies. Today the two-party system, which is more or less imperfect, prevents parliamentary surprises in the Western nations: a government such as that of Great Britain or West Germany operates in the legislative chambers with a safe margin, the first example, the confidence of the legislative chamber is certain, except in the event of a split in the majority party.

The advantages of that system result in the strengthening of the government vis-a-vis the legislative branch: but that is what makes the system of two major parties progress in the democratic world, while the multiparty system retrogresses. The experience of the last third of the century demonstrates that otherwise the new industrial democracy would become ungovernable. These theoretical realities have a practical application to presentday Spain. The government party may have made a mistake by attempting--with an abuse of the government's own machinery--to destroy the possibility of the two-party system, to assure some advantage for itself (of alarming memory, for sure) and has begun to call itself the "hegemonic party." Today we cannot ignore the seminal tendency toward the one-party system prevalent in one sector of the PSOE. The attacks by the government party against the opposition which at times are carried out surreptitiously with the resources and influence of that selfsame government, conceal a method of corrupting democracy at odds with the practices of the West. Let this be quite clear.

After the slight advance of the Popular Coalition and the retrogression of the PSOE, to deny today the two-party evolution of our system would not make sense. On this decisive point it will be necessary to hold a truly national debate, which will be useful in the explanation of things rather than in their distortion.

The two-party phenomenon which emerged with unaccustomed force on 28 October, shattering a multiparty scenario, has not been carried away by the winds of autumn. This is all the more true if we keep in mind all the obstacles setup to prevent things from happening that way, opening the door to a so-called third force. The failure of that operation is one of the key factors in what happened Sunday. But to measure it in all its intensity we must take a look at the number one obstacle: a proportional election law which favors the multiparty system. Unlike the two-round election system which makes the formation of two large blocs possible, the Spanish system leans in the direction of a spectrum of political forces by bringing about a dispersion of votes instead of their concentration. And precisely one of the exceptions that political science experts are beginning to study is the exception to be found in Spain, yesterday in the legislative elections and today in the municipal elections, where the proliferation of options is all the more viable because of the local character of municipal elections.

In spite of all the subjective obstacles mentioned above and the objective obstacles relating to the election law, the two-party system is a fact. Social reality combined with the economic situation is so potent that it ends up shattering administrative constraints and personal or party maneuvers. An election system as sensible as that of France would bring about the total fruition of this state of mind which is gaining ground in the major social sectors. Except for small organizations, such as the peripheral nationalisms and the testimonialism of the communist Left which do have structure, in Spain there appear to be only two major parties capable of governing in these years of democratic consolidation.

There is no point in bumping our heads against the wall of reality. Once these two-party facts have been confirmed, action will have to be taken to draw the proper conclusions. Therefore, the fundamental question posed today is reform of the election law. The French example in 2 decades has demonstrated its stabilization capability vis-a-vis the Italian model. And these two cases are perhaps the ones to be considered first.

The exception of the election law merely proves the obstinacy of events.

8143

CSO: 3548/406

BARLAS ON EVREN'S OPENING POLITICAL DIALOG

Istanbul MILLIYET in Turkish 9 May 83 p 1

[Commentary by Mehmet Barlas in the column "Today": "Evren is Right"]

[Text] We agreed wholeheartedly with a part of President Evren's Cankiri speech.

In that part Evren draws attention to all sorts of speculation about his meetings with certain people and he says, "I do not need the opinions of others regarding with whom I should meet. I know who I will speak with."

We had planned to comment on this subject even before Mr. Evren's Cankiri speech.

Because, the President's beginning to talk with various people who are ready to play a role in politics was, in our view, one of the new important phases of preparing for democracy.

The political and policy dialog was halted for a time after 12 September 1980 in Turkey. Perhaps because of the conditions, perhaps because of the nature of a military administration, all dialog was suspended.

Our esteemed readers will recall. In this column we repeatedly touched on the importance of this matter, on the problems with a lack of dialog. We wrote, "There can be no democracy without dialog. The administration should begin a dialog with the political cadre of people who will be tomorrow's representatives, ministers and perhaps even prime minister."

The talks that President Evren began last week were the beginning of this anticipated framework for dialog.

How proud we were that Turkey had been able to move so peacefully toward a democratic environment once again. Evren who had taken power as the leader of a military regime had so masterfully taken on the civilian duties of a president elected in a referendum.

Evren's Cankaya meetings made us optimistic. It is to say now that between the president and the politicians, civil and direction-setting dialogs have begun. Since this environment was created even before the parties were organized, after they are established there will be multi-sided dialogs and understandings among them.

The absence of dialog which brought Turkey to 12 September has thus been addressed.

Mr. Evren in the Cankiri speech rightly directed his ire at the speculative commentary which criticized these meetings. Those who complain about the lack of dialog have no right to criticize the dialogs when they begin.

But we know that this sort of criticism will never cause Mr. Evren and the government to deviate from the primary goal, democracy. Towards this end, the work to establish the parties and the Cankaya dialogs will continue, should continue, without interruption. Turkey will never return to 12 Spetember. But the necessary care should be shown to conform with the rules and directives.

12280

CŞO 3554/288

EREL ON TURGUT SUNALP'S POLITICAL TACK

Istanbul MILLIYET in Turkish 9 May 83 p 6

[Commentary by Teoman Erel in the column "Telex": "Sunalp's Strategy"]

[Text] The first announcement of Turgut Sunalp probably has been misinterpreted.

Sunalp, who began his contacts after Prime Minister Uluşu abandoned attempts to establish a party, said the following in his first speech which was published in our newspaper:

"Mr. Uluşu had begun an attempt to organize a party. During this initiative he made some contacts. Should I definitely decide to form a party, it will not be a continuation of the effort Mr. Uluşu had begun."

As you know, Mr. Uluşu, who had earlier studied the feasibility of a center party project and announced that this was not possible, favored a grouping and power base which has been called "liberal" or "center-right." But in the testing of the waters that he made, instead of meeting with those who had influence in the old grouping, he contacted people who had quarrelled with them and who had been banished to the fringes of politics.

Thus, in Sunalp's first speech, the announcement that he would not continue the initiative begun by Uluşu created hope in the center-right.

"He will not make blunders in the meetings," it was said, "he will meet with those who are influential at the grass-roots level."

But things did not turn out that way.

A recent statement by Turgut Sunalp shows why things did not turn out as expected. General Sunalp, for the first time, gave a serious and important signal about his election strategy and he said the following:

"With the ratification of the Constitution, it was clear that now, in this era, there are no differences at the foundation level. The separations are in the superstructure. When national feelings are united, the superstructure is united as well."

These statements show that Turgut Sunalp wanted to repeat, in a similar way, the large majority that reached 91.3 percent in the constitutional referendum.

So it has turned out that the difference in Sunalp's strategy from that which Ulusu pursued was evident more in the nature of the party's base than in "the meetings with people."

Sunalp cannot agree with Ulusu's evaluation that "There is no center party. There are two trains of political thought in Turkey. There is the etatist approach and there is the liberal coalition."

General Turgut Sunalp identifies with the belief that the traditional division in the electoral base can be changed and can be unified in the center. If national interests are promoted, the moderate right, the moderate left and the centerist voters will unite as they did in the constitutional referendum and this will be translated into a successful election outcome that will allow them to come to power by themselves.

For all appearances, this is the strategy.

He wants another attempt at a project that was called at one time the "state party" and then "center party".

Consequently, General Sunalp comes out emphatically against the traditional political labels such as "right" and "left".

General Sunalp's approach is contrary to the "national match -- league game" characterization.

When, in the beginning, Ulusu was testing the waters for his center party project, it was being said in political circles:

"Do not draw up electoral strategy by looking at the constitutional referendum. The constitutional referendum was a national match. The entire nation coming together gave it a 91.3 percent approval vote. But the elections are like league matches. The citizen will pick his team and the voters will be divided in accordance with the strength of each party."

This approach was being reinforced by the thesis that every party and every politician will support 12 September and the Turkish military and that there will be no need to establish a 12 September party.

The nature of Turgut Sunalp's attack is different however. What is being considered is the very close identification with 12 September by a specific party and its defense from harm by the other parties. Campaign propaganda will stress that the theme of the party will be "a single political organization that will prevent a return to the conditions of 11 September 1980."

In addition to making optimistic or pessimistic election forecasts, we are worried that if General Sunalp follows such a strategy there will be some objectional developments for the country. If this forces a division between

those who support and those who oppose 12 September, then 12 September and the Turkish military could be hurt. If it encourages a division into "nationalists and patriots" against "shortsighted people and traitors" then the seeds will have been sown for a polarization in the country once again.

Yet in our view, one of the main factors that brought about the 11 September 1980 conditions was the inability to prevent polarization.

12280

CSO 3554/288

SWEDISH OFFICER URGES HALT OF PLAN TO SELL FINLAND ROBOT 15

Stockholm DAGENS NYHETER in Swedish 14 May 83 p 9

[Article by Anders Ohman: "'Halt Swedish Missile Export to Finland'"]

[Text] Halt Sweden's sale of missile system 15 to Finland--the sale is naive and risks making the missile system ineffective.

This is what Swedish naval officer Mats Lindemalm, captain of the torpedo boat "Umea," said to DAGENS NYHETER.

His criticism refers to the new Swedish naval missile Robot 15, which by 1985 will have been installed on board 12 ships--at a cost of 650 million Kronor.

The surface-to-surface anti-ship missile is Swedish (Saab-Scania) with a few important components manufactured in the United States and Japan. Before the Swedish system has become operational it has already been sold to Finland and is to be installed on three fast missile boats of the Helsinki class.

Thoughtless

"This is thoughtless. We must differentiate between exporting missile systems and other weapons systems," Mats Lindemalm said.

He stressed that the Swedish fleet has now received an effective surface-to-surface missile system, for which one has worked and waited for 20 years. Robot 15 is wholly in the same class as the systems of the rest of the world, and raises the surface attack capability of the Navy from a 1960's level to a 1980-90's level, as far as striking power is concerned.

"In order to understand my standpoint one must understand that despite all the talk about 'intelligent weapons' and thinking missiles a modern missile is actually a complete idiot. It does what it is told without reflecting. The target-seeker works with a certain form of 'logic,' but the logic is chosen beforehand by the user. The technical construction determines the options of the logic. The opportunities for variation therefore become limited," he said.

"From the so-called hardware (apparatus, resistors, circuit boards) it is possible to get a good picture of the missile's mode of action, although the software (program) is specially designed for export, for example. Whoever has the missile in hand thus also has a good chance learn how to 'cheat' it. An attacking missile can be rendered inoperative by the deployment of various kinds of countermeasures. This is not totally trivial or inexpensive, of course. Special equipment (fictitious target, jamming transmitter, tape jammer) or the design of special tactics are required. But it is still possible. Above all, it is considerably easier if I know how the attacking missile functions than if I have to guess. If I am forced to guess, the countermeasures have to be more numerous, more expensive and the adjustment of tactics more difficult," Mats Lindemalm said.

He further stressed that the missile has a serious weakness. It is expensive and exclusive and is deployed in decisive phases. A countermeasure technique is not revealed until a missile attack does not give results. Either it succeeds--or it misses.

"This has been illustrated in several of the armed conflicts in recent times, primarily in the Middle East. By the right use of measures and countermeasures the Israelis, for example, repeatedly avoided enemy missiles altogether, despite the fact that these were deployed in large numbers. Consequently, the advantage of the missile as a weapon is chiefly that it is very effective when it hits, and that it is difficult to avoid. It is of prime importance to guard the secret of its guidance, trajectory profile, technical target-seeking performance data etc., so that it actually hits when deployed."

"We will otherwise never be able to adapt to enemy countermeasures in wartime. The missile system will be more or less ineffective. If we export the missile, knowledge about the missile system will spread in a very unfortunate manner," says Mats Lindemalm and quotes Havamal: One may know, not two. If three know, then the whole world knows."

The Navy Staff has no comment about the missile sale to Finland other than that the matter has been settled at an early stage. The export version of Robot 15 lacks certain vital, secret components, which Sweden keeps for itself.

Bertil Ekhammar, head of information at the Defense Materiel Agency, points out that Finland also does not yet have an operational missile system.

"The secret Swedish parts will not accompany the missile for export. It will not necessarily mean that it will become easier to develop countermeasures against Robot 15, just because we export it. Missiles are a world commodity in which certain technical components are known," he says to DAGENS NYHETER and emphasizes that the Defense Materiel Agency has carefully penetrated all the details.

11949

CSO: 3650/187

MILITARY REFUSES COMMENT ON STORY THAT TRACES OF SUB FOUND

Stockholm DAGENS NYHETER in Swedish 14 May 83 p 9

[Text] On Friday a morning newspaper published information that the Navy had found traces of submarines outside Sundsvall.

"It is much too early to draw any unequivocal conclusions," was the comment of the Navy Staff.

According to SVENSKA DAGBLADET the Navy has found traces of both a minisub and a larger submarine in the waters outside Sundsvall. The preliminary analysis of the traces, together with the radio and radar reconnaissance that was undertaken, was said also to reveal from what country the submarines originate.

"The Navy does not have this information at all. A comprehensive picture of the submarine chase outside Sundsvall cannot yet be presented," staff editor Wyn Enqvist says to DAGENS NYHETER. The personnel who participated in the chase have not yet submitted their reports, according to Enqvist.

He also points out that potential information about the Sundsvall incident--whether presented as a partial report or as a final document--in all probability will remain secret.

On Friday the Defense Staff did not want to comment on the information about the traces on the sea floor.

"The information will have to be the responsibility of the newspaper. I can only say that analyses are under way, and that bottom studies undertaken in the depth charge area so far have not yielded any results," says Major Bert-Olof Lax, a press officer with the Defense Staff.

The sea floor studies, which have been suspended since Wednesday, will be resumed on Monday. They are expected to continue for at least another few weeks.

The work of the divers is made more difficult by the fact that there is a great deal of current and the water is muddy, with a visibility of only 1 meter.

"All information about how the submarine was able to leave is nothing but speculation so far. We cannot exclude anything--not even that the submarines had technical means for remote detonation of the depth charges," says Major Lax.

In the summer of 1977 the Navy determined that a depth charge had disappeared from one of the mine barriers near Alnon. Whether it was the breaking up of the ice, a log raft, an anchor or a foreign submarine which took the mine with it, has never been clarified.

11949

CSO: 3650/187

DEBATE CONTINUES OVER ARMY'S 'TANK FOR THE NINETIES,' XX20

Materiel Agency Engineer Defends Tank

Stockholm SVENSKA DAGBLADET in Swedish 12 Mar 83 p 3

[Reply by engineer Sven Berge to an article by Erik Liden, with Erik Liden's response]

[Text] Sven Berge is chief engineer at the Combat Vehicle Office of the Defense Materiel Administration

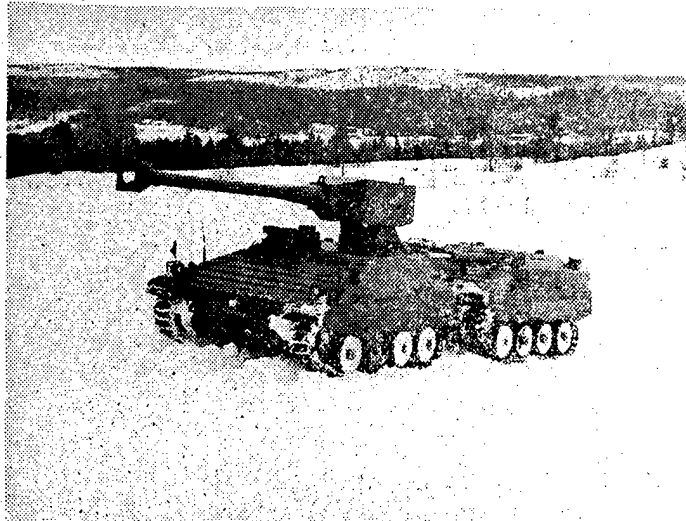
On 1 March, SVENSKA DAGBLADET published an article saying that the tests with a new combat vehicle intended to replace and supplement Sweden's current tanks have so far been a fiasco and that the costs are expected to be as high as those for a conventional foreign tank. The article also says that those in charge of the tests have noted that there have been an unusually large number of "teething problems," that the experimental vehicles must now be completely rebuilt, and that innumerable track and engine breakdowns mean that a foreign tank will be bought in 1987.

Those statements are not correct. They apparently stem from misunderstandings concerning the purpose of the current tests and the results achieved so far. No secret report to the OB [supreme commander of the Armed Forces] of the kind mentioned by the newspaper exists. What may have been meant was an oral briefing on the situation with studies and tests in connection with new light combat vehicles. That presentation was made recently by the Army Staff in the presence of representatives of the Materiel Administration.

Among other things, it was said during that briefing that certain conventional methods that have been used to compare the costs of various alternatives as regards light combat vehicles do not give a true comparison, but that a comprehensive study is underway to improve the data.

No Tank

Tests with the XX20 articulated two-section test rig are part of a broad study of how the army's mechanized combat units can be enlarged, in part by procuring new light combat vehicles in the 1990's for antitank defense and for the armored protection of personnel, but not for a new tank. Tanks are designed for purposes other than those for which these vehicles are intended.



The tests carried out so far on the XX20 articulated rig have been very rewarding and therefore not a fiasco, writes Sven Berge.

The XX20 test rig is being used to investigate some of the characteristics of one of the alternatives for a new combat vehicle that are now under study. Studying an articulated option for armored vehicles is natural, considering our good experience with the unarmored 202 and 206 tracked vehicles. But other options for new light combat vehicles are also being studied.

The tests carried out so far on the XX20 articulated rig have been very rewarding and therefore not a fiasco. Even before the start of those tests, Sweden already occupied a leading position in the field of light articulated tracked vehicles. As a result of the successful test experience with the heavier XX20 vehicle, its lead over the rest of the world has now increased even further.

Not Many Defects

The article says that test firings with a modern 12cm gun gave excellent results. That is true. Moreover, there were few interruptions during those tests. The technical defects that occurred in the chassis are a normal occurrence in this early testing stage. In no way has there been a remarkably great number of defects.

Their level has been entirely normal on the basis of both our own experience and that of others in similar tests. Contrary to what was stated in the article, there were no breakdowns causing damage to the tracks or engine.

Also contrary to what the article says, there is no question of Hagglund's re-building the XX20 test rig. Certain changes will be made over the next few weeks in order to repeat and verify a few interesting points from earlier tests during the final testing period this spring. That is also normal for this type of testing activity.

Big Savings

The test results have gradually been fed into the design studies, which form the basis for being able to make a final decision on development and series production. That cost evaluation cannot yet be made. The plans call for having it ready in about 6 months.

It can already be stated, however, that the tests on the XX20 have demonstrated that it may be possible to simplify and make less expensive the development of propulsion machinery in light combat vehicles for the 1990's. In sight are savings that far exceed the 25 million kronor appropriated for tests on the XX20.

Response by Erik Liden

Sven Berge is project manager for and the originator of the XX20 model. It is therefore understandable that he should believe in his idea. When SVENSKA DAGBLADET learned from a representative of the Defense Materiel Administration's board that the OB personally had been briefed concerning the problems with the XX20, one person we visited was Brig Gen Bjorn Zickerman, inspector of armored troops, who attested to the difficulties and to the alarming cost development.

Those facts led Zickerman to say that the excessive cost of the new light armored vehicle might jeopardize the army's need for an entirely new tank. That structural problem in the Swedish defense forces resulted in a news article in SVENSKA DAGBLADET on 1 March--an article that attracted attention in the rest of the press.

Army Leadership Divided on Merits

Stockholm SVENSKA DAGBLADET in Swedish 18 Mar 83 p 7

[Article by Erik Liden]

[Text] Open conflict has arisen in the army leadership over the new XX20 anti-tank gun. The critics claim that the vehicle is bursting through the army's cost ceiling and making a new tank in the 1990's impossible.

A special systems study group is following the tests on the 25-ton self-propelled antitank gun, which has been christened the XX20 by project manager Sven Berge, chief engineer at the Defense Materiel Administration.

The group's leader is Brig Gen Bjorn Zickerman, inspector of armored troops. In an earlier interview with SVENSKA DAGBLADET, Zickerman criticized the entire project involving new light combat vehicles for the army. The XX20 is an essential part of that project.

Bjorn Zickerman says: "I am sticking to my skepticism concerning the project, and it is primarily the cost aspects that worry me. The army can invest only a few billion kronor in the XX20 and other armored vehicles during the 1980's.

"If we are to be able around 1990 to decide on a new tank to succeed the Centurion and the S tank, the billions that a tank project will require must not be nibbled away at over the next few years."

But Sven Berge is very skeptical of the cost analyses being made by the Army Staff.

"My XX20 project will remain within the limits established for light combat vehicles," he says. "It is impossible today to say how many vehicles there will be. I am convinced that their military value will be sufficiently high and that a decision to develop the XX20 and other vehicles will be absolutely necessary sometime in 1984.

"I am also aware of the criticism of my technical solutions, which call for two articulated vehicles instead of the conventional tracked system. I am disappointed in the military testing personnel, who are deliberately slandering the project and obstructing its completion.

"But I am accustomed to working against the wind. It spurs me on. This also happened back when the S tank came into existence 20 or 25 years ago in the midst of sometimes fierce criticism."

S Tank Has High Cost Per Mile

Maintenance experts in the army point out that Berge's favorite product to date--the S tank--has one of the world's highest operating and maintenance costs.

It currently costs 6,082 kronor to drive the S tank a single Swedish mile [6 U.S. miles], compared to 3,400 kronor for the Centurions purchased from Great Britain in 1953. All of the nearly 400 Centurions are still in use today by the Armed Forces. After modernization, they will remain in service far into the next century, when they will have 12cm high-pressure guns that are effective against modern armor. The West German Leopard II, which has been tested by the Swedish military, costs 3,500 kronor per Swedish mile.

The army is budgeting 6,500 kronor per Swedish mile for the S tank during 1983 and 1984. It can also be mentioned that an hour of flying time in the Viggen costs about 9,000 kronor now that fuel prices have dropped.

Berge responds: "I am aware that maintenance costs soar as reliability increases. That must not be the case with the XX20."

Problems May Arise

Armor experts on the Army Staff point out that the tests on the XX20 have so far been concerned with driving and firing with the gun. Items such as loading,

sighting, and observation while in movement have not been tested and may present insoluble problems.

Berge says: "The criticism is exaggerated in this case, too. There are foreign electrical sighting systems ready for use, and loading has been successful in single-section models. But I am willing to move the gun down into the vehicle body to facilitate loading and sighting.

"I also believe that the desire to have ammunition only in the rear vehicle must be abandoned. A primary need must exist in the forward vehicle."

Economic calculations by the Army Staff indicate a unit price of between 12 and 13 million kronor for the XX20. Leopard II's, which the FRG is selling to Holland and others and will sell to Switzerland in a year or so, currently cost 15 million kronor. The Leopard provides superior protection, and its firepower is in precisely the same class as that of the XX20--because they use exactly the same 12cm gun.

Berge says: "I am also strongly critical of those calculations. Cost reserves of 50 percent have been built in for no reason. My calculations indicate that the necessary reserves are already built in, with the result that the price of the entire project is 50 percent lower."

In September, Army Chief of Staff Nils Skold will make a proposal to OB Lennart Ljung concerning the direction to be taken with the army's light combat vehicles. There will be some vehicles with both guns and missiles, but it is still not clear how many billions of kronor will be invested.

Sven Berge says: "We must be allowed to complete the XX20. Infantry protection and firepower are currently being neglected in comparison with the rest of the world.

"That worries me very much as a Swedish citizen and as a supporter of national defense. Young conscripts must be given a reasonable chance to survive on the battlefield."

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CSO: 3650/148

ARMY STAFF STUDYING DIFFERENT CONSCRIPTION-SERVICE LENGTHS

Stockholm SVENSKA DAGBLADET in Swedish 12 Mar 83 p 10

[Article by Erik Liden]

[Text] A pilot study concerning further differentiation in the length of conscript training periods is underway by the Army Staff. Army Headquarters is now awaiting an answer from Minister of Defense Anders Thunborg as to whether the government wants to appoint a parliamentary investigating committee.

Lt Col Evert Dahlen of the Army Staff Information Section says: "Army Chief of Staff Nils Skold has studied the views expressed to the conscripts by the minister of defense concerning the length of training time when the minister spoke to them at the conference of conscripts in Orebro. At the moment, General Skold is not prepared to express his views on lengthening or shortening the training period."

Anders Thunborg had said in Orebro that he was prepared to listen to the conscripts' views on the effectiveness and length of conscription service.

Of the 50,000 conscripts who are called up every year, 31,000 currently undergo 7.5 months of training. Another 10,000 soldiers serve for about 9 months, while 5,000 fatigue-duty conscripts stay for 12 months, and the 4,500 platoon leaders selected as NCO's serve for 15 months--most of them being selected by fiat, although nearly 1,000 are volunteers. Of those 4,500, 700 receive further training every year to be reserve officers.

Nils Skold wants to lengthen training for conscripts in technical positions--for example, those being trained in armored, artillery, and anti-aircraft units.

The training period may be shortened marginally for vehicle drivers, cooks, and maintenance and service personnel. A training period of about 6 months instead of the current 7.5 months has been mentioned.

This would mean that some of the larger infantry regiments might train portions of two conscript contingents per year. A further cutback in peacetime units and schools would then be possible, thus making funds available for the procurement of materiel.

Not Before 1985

The shortening and lengthening of conscript training periods cannot go into effect before 1985.

Hans Lindblad (Liberal Party), who was an expert on the Defense Committee that worked on the 1982 defense decision, says: "It is gratifying that after the negative attitude of many nonsocialist defense ministers toward shortening the training period, Anders Thunberg now wants to listen to the conscripts themselves.

"If it was possible to shorten the training period for infantrymen by 2.5 months in 1972, the other categories, whose training was shortened by only 1 month at that time, should also have had their training period reduced by an additional 50 days.

"There are also women in the service, members of the Home Guard, and civil defense conscripts who are assigned to important positions in the military organization after very brief training."

Hans Lindblad concluded by saying: "So it ought to be possible for young conscripts also to receive quick training for direct placement--for example, in stationary local defense units. I hope that a balanced committee will be appointed as soon as possible so that the military appropriations will be used even more effectively than they are today."

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ANTITANK MISSILES REPORTED OBSOLETE TOO SOON

Stockholm SVENSKA DAGBLADET in Swedish 19 Mar 83 p 6.

[Article by Erik Liden]

[Text] Firing tests by the Swedish Armed Forces show that investing in various antitank missiles may turn into a fiasco costing billions of kronor. The missiles quite simply do not penetrate modern armor.

The experiences during Israel's invasion of Lebanon in 1982 show that the Israeli tanks went through powerful missile fire unscathed. For several years, experts at the Defense Materiel Administration and the Defense Research Institute as well as in the armored troops have been studying so-called active armor, which is placed outside the tank's usual armorplate.

Active armor consists of small charges that are ignited by the missile's beam of energy, which has a shaped-charge effect if it is not diffused. Studies have now shown that the beam of energy is diffused by the explosive force of active armor, with penetration by the missile being greatly reduced as a result.

Swedish Test Firings

Test firings carried out at the testing station in Karlsborg in Vastergotland have now been evaluated in a secret report that is mentioned in the latest issue of the magazine ARMENYTT. According to the magazine, test firings with the TOW missile, which the army is buying from the United States just now, have shown that over 50 percent of the expected penetration power disappears when active armor is installed on tanks.

According to what SVENSKA DAGBLADET has learned, the correct figure is considerably higher than 50 percent. While the TOW penetrates between 80 and 90 centimeters of armor at best, the result when it strikes active armor is only 30 or 40 centimeters, and in many cases, that is not enough to put the tank it hits out of action.

"I warned of those effects 4 or 5 years ago," says chief engineer Sven Berge of the Defense Materiel Administration, who designed the S tank and is responsible for the controversial XX 20 antitank gun.



Israeli tanks in Lebanon were crammed with active armor, which counteracts TOW and other missiles by diffusing the beam of energy. Sweden's defense forces have invested from 500 to 600 million kronor precisely in the acquisition of TOW's. It may turn out to be a mistaken investment.

"Shaped charges, which we use not only in missiles but also in ammunition for recoilless antitank rifles, recoilless antitank grenade launchers, and so on, are easily destroyed today."

New Missile Needed

"The answer is missiles that strike the tank's top from above, since that is where armor protection is weakest. The development by Bofors of the BILL light antitank missile is very important to the army's possibilities for fighting tanks in the future."

Berge does not conceal the fact that the current state of knowledge has very probably reduced interest in the TOW missile that is now being bought at a cost of between 500 and 600 million kronor. Investment by the National Industries Corporation in the close antitank weapon as a replacement for today's antitank grenade launcher is also doubtful. Shaped charges, which were billed in the 1960's as having a bright future, quite simply have their difficulties in the modern fighting environment.

Brig Gen Bjorn Zickerman, inspector of armored troops, says: "I have long maintained that the kinetic energy (the projectile's motive energy after being fired) that is not dissipated by active armor has scarcely been dealt with. Modern dart projectiles--that is, subcaliber ammunition fired by modern high-pressure guns--provide penetration that is fully in the same class as that from a TOW beam that has not been diffused.

"Today's missile priorities must therefore be reconsidered in preparation for the 1990's, and Swedish armored vehicles must be provided with effective protection by means of active armor."

Lt Gen Nils Skold, army chief of staff, has studied the results of the tests and expressed concern over the TOW, but he does not want to say yet whether changes will be made in the army's heavy armament.

Disagreement

As SVENSKA DAGBLADET has reported in several articles, there is currently disagreement at Army Headquarters as to the form that armor protection and anti-tank weapons should take in the future. Experts at the Defense Materiel Administration claim that new and lighter armored vehicles with advanced guns or missiles will be adequate for the fighting environment at the turn of the century.

Armor experts stress the need for a new tank and emphasize that money must be set aside in time for the successor to the S tank. The debate over missiles or nuclear projectiles, which the best antitank weapons did not have until recently, has again arisen within the Army Staff following experiences in Israel and elsewhere.

"Simple and Cheap"

Since 1974, Army Chief of Staff Nils Skold has been an ardent advocate of missiles and "simple and cheap technology," which is how Skold usually defines the army's development.

Now that problems are arising in connection with the XX 20 and other simple combat vehicles and range testing is showing that the TOW and other weapons using shaped charges are inadequate against active armor and so on, it is understandable that concern should be spreading in the army over mistaken investments that will cost billions of kronor.

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BRIEFS

CONSERVATIVE MAJORITY IN CONSCRIPT GROUP--For the first time in the 14-year history of the Conference of Conscripts, the working group that was elected on Friday for next year's conference has a nonsocialist majority. Three Conservatives, three Social Democrats, two members of the Liberal Party, and one Center Party member give the nonsocialists a 6-3 majority. A ratio of 5-4 in favor of the Social Democrats is the closest the nonsocialists have ever come until now. The chairman of the new working group is Lars Tysklind (Social Democrat) of I 1 [Svea Life Guards] in Kungsangen. The other members are Lars Bryntesson (Social Democrat) of Military Command West, Goteborg; Tommy Hindrikes (Social Democrat) of I 22 [Infantry Regiment] in Kiruna; Timo Murberger (Conservative) of the Surface Attack Flotilla in Karlskrona; Ola Lundqvist (Conservative) of P 10 [Sodermanland Infantry Regiment] in Strangnas; Peter Berggren (Conservative) of T 4 [Skane Army Service Regiment] in Hassleholm; Ola Richardsson (Liberal Party) of I 11 [Kronoberg Infantry Regiment] in Vaxjo; Per Joelsson (Liberal Party) of KA 4 [Alvsborg Coast Artillery Regiment] in Goteborg; and Daniel Barr (Center Party) of A 8 [Boden Artillery Regiment] in Boden. The most surprising decision during the conference came when the conscripts, by a vote of 100 to 53, rejected the working group's proposal that conscripts with minor illnesses be allowed to put themselves on the sick list. The majority felt that young conscripts were not mature enough to make such decisions. [By Erik Liden] [Text] [Stockholm SVENSKA DAGBLADET in Swedish 12 Mar 83 p 10] 11798

DEFENSE MINISTER PROPOSES CUTS--Materiel maintenance and supplies of reserve materiel for the Armed Forces will be reorganized and rationalized so that 100 million kronor per year can be saved at the end of the 1980's. This is being proposed by Minister of Defense Anders Thunborg in a bill being submitted to Parliament. The government feels that considerable savings are possible in reserve materiel supplies, and its bill is based on the proposals contained in the 1980 Maintenance Report (U 80). It is being proposed that a single unit be set up under the FMV (Defense Materiel Administration) to procure, store, and distribute reserve materiel for all the military services. [Text] [Stockholm DAGENS NYHETER in Swedish 25 Mar 83 p 6] 11798