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RUYS ON ACCOMPLISHMENTS, FUTURE OF FLEMISH MOVEMENT

Brussels DE STANDAARD special edition in Dutch 19 Nov 86 pp 7-8

[Article by Manu Ruys: "On the Way to a Federal Monarchy."]

[Text] The movement is not weakening and it is not reversible.

Since the creation of Belgium, a Flemish people on the move have been living in that state. Originally, that movement was of a primary, nearly visceral nature. The people refused to go under in the structure of a bourgeois society which, with its Frenchification policy seeping through everywhere, was aiming at the destruction of the language and the ancient culture of the Southern Netherlands.

Later -- when hard won language laws had averted the worst danger -- the movement was aimed at establishing their own political structures. The people began to understand that, in its growth toward a nation, it needed institutions it could control. Out of the language law question grew the demand for self-government. First, they thought about autonomy at the cultural level. But the matter did not end there. During the seventies, the emphases of the emancipation policy were shifted. Today, the Flemish people are moving toward social and economic decision making power. In fact: toward political autonomy.

A few milestones have already been achieved on that road, such as the constitutional revisions of 1970 and 1980. But a great distance remains to be covered. Some obsolete structures are impeding the evolution; some innovations which have already been implemented are showing disturbing defects and gaps. The nineties will witness new far-reaching developments. The movement is not getting weaker. It is irreversible.

The realization is growing among the people that, in addition to Belgian citizenship, there is a Flemish nationality. Onto that realization of a cultural nature is grafted the understanding that in Belgium, socially and industrially, Flanders exhibits its own face, has its own weave, and that a Flemish approach to the economic problems of the citizens can be justifiable.

There is no indication at all that this leads to the general conclusion that an independent Flemish state should be established. Only a small minority of nationalists think that way, although a growing number of citizens feel that a sovereign Flanders could possibly be viable, as viable as Switzerland, Sweden, Norway and other prosperous states with a comparable number of people.

Nevertheless, the majority of the Flemish still accept the Belgian state, in which they make up more than 60 percent of the population and in which they provide the largest economic contribution. The problem for the coming years is not so much that of a possible splitting of the country. The question is much more: how can an expansion of the autonomy of Flanders and Wallonia fit within the framework of a better regulated Belgian space? That will be the theme of the historic negotiations which will soon provide our society with its political forms for the next century.

Confrontation

The talks could take on the form of a confrontation. The Walloon Region has had a privileged status and treatment. Recent years have demonstrated that it receives more than its rightful share in the distribution of the country's income. Flemish opinion is sensitive to that aspect of Belgian unitarism, to the transfers to Wallonia of money which belongs to the Flemish, to the serious injury done to Flanders. During the negotiations, the Flemish side will not stick to the Thatcher principle of "le juste retour" -- because in our country, as elsewhere in the European Community, solidarity among the regions must be taken into account -- but they will demand that the negotiations deal with figures and that aid to the Walloon region be settled with complete clarity.

It is virtually unavoidable that the Walloons will be difficult during the discussions. They are the spoiled, sick little brother. They are the weaker partner -- because of their economic difficulties and their low level of political-cultural homogeneity -- and thus, like every weakened negotiator, they will react stubbornly and conservatively, even though their desire for an autonomy which would protect them from Flemish preponderance is no less strong than the Flemish striving for self-government.

Perhaps, as has often happened in the past, the Walloon side will use the tactics of blackmail. They will use the threat of a cabinet crisis or even a government crisis, the threat of a Belgian divorce. It seems very unlikely that the Flemish will give in to it. The willingness to use Flemish political power in vital areas has become clearly noticeable recently. It could lead to conflict situations. But it does not need to come to that.

A task, as delicate as it is important, has been set aside for the head of the government in the discreet search for an agreement, which should run consecutively with the official talks. Belgium can survive only if it is transformed into a federal union between Flanders and Wallonia, with the capital Brussels governed jointly -- and in it a European district -- and under a single Crown. There is no other acceptable binding sign to be found than the Monarchy. It

be the task of the king and of the politically minded politicians to establish the framework of the federal monarchy, in which developments can find their place and their solutions in a timely manner.

Regional Awakening

The evolution in Belgium cannot be seen separately from what is happening elsewhere in Europe. The awakening of large, historical regions which for centuries lay smothered under state centralization is a phenomenon which will color the political scenery of our continent during the next century. Within the European Community the nation states will not disappear soon, certainly not within the foreseeable future. But the regions will be increasingly recognized as such and be given a say, because they have their own specific economic problems and cultural sensitivities.

The South of France is discovering an Occitan identity, which for seven centuries had been suppressed and ignored. The Catalonians are working on their autonomy within the Spanish state. Bavaria, Brittany, the Basque country, Corsica, Sicily and other regions want their profile and their demands to be recognized within the nation state and within the European Community. And how will Eastern Europe evolve, with the Hungarian minority in Romania, with Kosovo, with the Croatians and the Slovaks? Not to mention the Ukrainians.

The difference between Flanders and those other national communities is that the Flemish in Belgium are not a minority but a majority. But basically, the striving for recognition of one's own people within the nation state has the same roots everywhere. It will only strengthen the Flemish in their movement toward autonomy. And prompt them to behave as a community which, in tomorrow's federal monarchy, will be and remain itself.

8463

CSO: 3614/23

LIST OF FOREIGN DELEGATIONS TO AKEL CONGRESS

Nicosia KHARAVGI in Greek 26 Nov 86 pp 1, 6

/Text/ The AKEL Central Committee's press office has issued the following statement:

Representatives of brotherly parties, democratic organizations and liberation movements have been invited to attend the work of the 16th AKEL Congress that convenes tomorrow (today), 26 November. Specifically, the following are attending the congress:

- A delegation of the CPSU headed by I.S. Boltirev, member of the central committee and first secretary of Tolyatti.
- A delegation of the KKE headed by Kharilaos Florakis, party secretary general.
- A delegation of the Czech Communist Party headed by Josef Havlin, central committee secretary general.
- A delegation of the Bulgarian Communist Party headed by Stoyan Michailov, central committee secretary.
- A delegation of the United Socialist Party of Germany headed by Margarit Miller, alternate member of the political bureau and member of the state council of the GDR.
- A delegation of the Hungarian Labor Party headed by Laszlo Korom, central committee member.
- A delegation of the Polish United Labor Party headed by Zbigniew Michalek, alternate member of the political bureau and central committee member.
- A delegation of the Romanian Communist Party headed by Mihai Gere, alternate member of the Political Executive Committee.
- A delegation of the Union of Yugoslav Communists headed by Dusitski Danilovic, central committee member.
- A delegation of the Cuban Communist Party headed by Gladys Robinson, central committee member.

- A delegation of People's Democratic Party of Afghanistan headed by Dr Mehrabudin Paktiawal, ambassador to the Bulgarian People's Republic.
- A delegation of the Revolutionary People's Party of Mongolia headed by Comrade Myegkombo, central committee member.
- A delegation of the Ethiopian Labor Party headed by Samuel Teferra, ambassador to Greece.
- A delegation of the Turkish Communist Party headed by Haydar Kutlu, party secretary general.
- A delegation of the British Communist Party headed by David Green, member of the executive committee and secretary of the London area committee.
- A delegation of the German Communist Party (FRG) headed by Comrade Marianne Kontze, member of the central committee's secretariat.
- A delegation of the Israeli Communist Party headed by George Tumbi, central committee secretary.
- A delegation of the Lebanese Communist Party headed by Josef Buakl, member of the political bureau.
- A delegation of the Syrian Communist Party headed by Comrade Daniel Nami, member of the political bureau.
- A delegation of the Syrian Ba'ath party headed by Dr Tannus Wahib, member of the Syrian Ba'ath leadership.
- A delegation of the Palestinian Communist Party headed by Sulayman al-Nazab, member of the political bureau.
- A delegation of Socialist Party of Yemen headed by Abd al-Galil Badr, central committee secretary.
- A delegation of Labor Party of Korea headed by Comrade Kim Yok Choe, central committee member and minister of communications.
- A delegation of the Portuguese Communist Party headed by Manuel Soveral, central committee member.
- A delegation of the PLO headed by Comrade Zacharias abd al-Rahim, head of the PLO political unit.
- A delegation of the South African ANC headed by Francis Meli, member of the national executive committee.
- A delegation of the French Communist Party headed by Jacques Deny, central committee member.

- A delegation of the Italian Communist Party headed by Comrade Remo Salati, of the international unit.

- Comrade George Kviatovski, member of the German Communist Party Central Committee, represented the periodical INTERNATIONAL POLITICAL REVIEW.

Besides the above-mentioned delegations many other brotherly parties, democratic organizations and national liberation movements expressed their warmest best wishes for a successful congress through messages and letters.

The participation of so many foreign delegations is an expression of the importance that the party of Cypriot workers, the AKEL, has in the minds of the international communist and revolutionary movement.

5671

CSO: 3521/42

CHRISTIAN PEOPLE'S PARTY DISAGREES OVER ENVIRONMENTAL POLICY

Copenhagen AKTUELT in Danish 5 Nov 86 p 3

[Article by Jens J. Krogh]

[Text] Copenhagen: The government's new environmental policy program has now caused a serious crisis within the Christian People's Party.

Carsten Larsen, party secretary of the Christian People's Party, yesterday resigned from his job in protest against the party's Folketing group, which, according to Carsten Larsen, spends its time on "quarelling" rather than on external activities which may benefit the party.

At the same time, the chairman of the party's Folketing group, Jens Steffensen, has threatened his Folketing colleague Arne Bjerregaard with expulsion from the party on account of Bjerregaard's statements on the environmental policy program. Arne Bjerregaard tells AKTUELT that Steffensen will not be able to do that at all, and he, therefore, takes that threat calmly.

Quarrelling

"This has now happened several times within our Folketing group. They spend their time quarrelling, and that paralyses our organization. For several days, I have been contemplating my position and I have reached the conclusion that it will not be worth my while continuing," says Carsten Larsen.

Carsten Larsen says that there are also political disagreements between the organization of the Christian People's Party and the party's Folketing group.

He points out that the fact that the Folketing group repeatedly is being ignored by the government is very hard on the party.

Frustrations

"In the first place, we have not been paying sufficient attention to the social aspects. That has given rise to many frustrations. We experienced renewed internatl disagreements in connection with the potato diet and the interest tax. The whole thing now reaches its peak in connection with the environmental policy program. I notice the frustration each day.

We spend all our energy internally instead of being a party that is on the offensive," says Carsten Larsen.

Influential Post

It is an extremely influential post which Carsten Larsen will now be leaving.

Even if the Christian People's Party has only five seats in the Folketing, Carsten Larsen has been heading a strong party organization with as many as 11,000 members, its own press, publishing the magazine IDE POLITIK, and a well-functioning party office on Skindergade in Copenhagen. Most political parties have envied the Christian People's Party for its organizational apparatus.

Gone too Far

Carsten Larsen will be leaving his post as party secretary by the end of the month. His resignation coincides with a heated discussion within the Folketing group of the party on the party's position on the environmental policy program for which Chr. Christensen is responsible but which has been reduced beforehand by the government.

It is the party's group chairman, Jens Steffensen, who in JYLLANDS POSTEN establishes that Arne Bjerregaard has transgressed the bounds of responsibility with his statements on the policy program.

This is Entirely Irresponsible

"This is entirely irresponsible," says Jens Steffensen in referring to Arne Bjerregaard's statements to AKTUELT, among other papers, where Bjerregaard has supported the opposition's marine environment policy proposal. Jens Steffensen adds that it is a condition for Bjerregaard's participation in the Folketing group that he acts responsibly.

Political Debate

Arne Bjerregaard confirms to AKTUELT that he has stated that he will regard it with equanimity if the Christian People's Party will now have to leave the government coalition as a result of the new environmental policy program.

"The environmental policy debate is no longer factual. It has become political, and that is why it will have to be viewed politically. That is why I shall have to take a political position."

"I hardly know what the group chairman intends, but I suppose I shall find out," says Bjerregaard on Jens Steffensen's threats. However, late yesterday, Jens Steffensen issued a press report, stressing that it will now be up to Arne Bjerregaard himself to "take the consequences."

Chairman Declines to Comment

Pastor Flemming Kofod-Svendsen, national chairman of the Christian People's Party, still declines to comment on the heated disputes within the party. Kofod-Svendsen refers to his calendar, which is filled with meetings, as a result of which he is unable to comment on everything.

7262

CSO: 3613/27

COMMENTATOR SUGGESTS DATE FOR FORTHCOMING ELECTION

Copenhagen BERLINGSKE TIDENDE in Danish 18 Nov 86 p 10

[Commentary by John Wagner: "Schluter Should Consider 'a Converted Hartling'"]

[Text] It would be like Prime Minister Poul Schluter to issue writs for an election to the Folketing to be held on Sunday, 10 January 1988--I repeat 1988.

Then it would be exactly 4 years since the last election. The Four-Leaf-Clover government will be the first government since the Social Democratic, Radical Liberal coalition in 1960-64 to have been in power for an entire election period--a definite sign of a certain amount of stability in an otherwise unsettled period.

And what may be the most decisive thing, Finance Minister Palle Simonsen may beforehand enter into a new budget policy agreement with the Radical Liberal Party--this time concerning the budget for 1988.

A new budget agreement will strengthen the economic policy cooperation between the government and the Radical Liberal Party, whereupon (as in December 1983) the chairman of the Folketing group of the Radical Liberal Party, Niels Helveg Petersen, as a matter of course, will be able to recommend that the present government continue to rule the country.

It is not only top politicians of the Radical Liberal Party who hope for such a course of events. There are also many within the government parties who will want to wait till the end.

Because it has got an inherent value: signs of stability.

Because it is necessary to avoid offending the Radical Liberals, not least Niels Helveg Petersen, who never wanted an election.

Because the entire economic policy strategy of the government has been arranged in such a way that the so-called recovery will optimally culminate at the end of 1987.

And because the so-called alternative, consisting of a weak Social Democratic Party and a strong Socialist People's Party will be worn out due to mutual distrust.

That is why it is not only conceivable but also desirable for the many rumors of recent weeks that an election will take place in the spring to contradict themselves.

Behind the election rumors are, first and foremost, the daily B.T., which has been assured by former Minister of Fisheries Henning Grove as well as former Minister of Agriculture Bjorn Westh that an election in the spring will be likely if a peaceful renewal of the collective agreements will take place.

Then we only need for the third Folketing politician from the village Skals north of Viborg, Anders Fogh Rasmussen of the Liberal Party, to believe in a premature election as well. Fogh Rasmussen's profiling of his party--at the right moment and sometimes also at the wrong moment--might suggest it.

However, the most decisive thing remains what Niels Helveg Petersen thinks.

In answer to a question whether an election will take place in the spring, B.T. last Friday quoted the chairman of the Folketing group of the Radical Liberal Party, Niels Helveg Petersen--one of Poul Schluter's closest advisers--as saying that "it sounds very likely."

That cannot be true. I refuse to believe that Niels Helveg Petersen regards an election in the spring as likely. He is bound to have said that "it sounds very likely" for Henning Grove and Bjorn Westh to believe in an election in the spring. And that, of course, is an entirely different matter. Perhaps wishful thinking. At any rate, on the part of Bjorn Westh.

Ever since 10 January 1984, it has been the position of the Radical Liberal Party that Prime Minister Poul Schluter must not "take advantage of" a current situation to score gains in an election.

Of course, Niels Helveg Petersen is not a person who will overdo his influence. But why would he issue signals to the effect that also the Radical Liberals believe in an election in the spring if they do not want it?

Prime Minister Poul Schluter must in the back of his mind--in addition to Helveg Petersen's previous warnings--also have the same experiences as his predecessors as nonsocialist prime ministers gained from issuing writs for an election at the wrong moment.

When, in the fall of 1971, Hilmar Baunsgaard of the Radical Liberal Party became nervous and issued writs for an election, 4 months before it was necessary, the Liberal, Conservative, Radical Liberal coalition was unseated.

When, in December of 1974, Poul Hartling of the Liberal Party believed that he would be able to strengthen his parliamentary basis by quickly issuing writs for a premature election, the Liberal Party scored gains but lost its government power.

In order to maintain his cooperation with the Radical Liberals and avoid being suspected of intending to score quick gains among the electorate at the cost of the other coalition parties, Poul Schluter should thus count on "a converted Hartling."

Those advocating an election in the spring claim, among other things, that it will be inconvenient for the election to take place later on because Denmark will have the chairmanship of the EEC in the fall of 1987.

The change of government in the fall of 1982, when Denmark had its last chairmanship, showed that this is of extremely little importance. And, at the time, we even had a caretaker government for a certain period of time.

Nobody probably expects the government to become unseated when issuing writs for an election. Of course, it will not. It will continue steadily, pending the judgment of the voters--and perhaps even longer, in that it may elect to await a vote of censure, if any, in the Folketing.

That is why an election on 10 January 1988--or on Thursday, 7 January if Prime Minister Poul Schluter should choose not to follow the Norwegian or Swedish example of holding the election on a Sunday--will not reduce Denmark's possibilities of benefitting by its chairmanship.

N.B. Circulating rumors of a devaluation is a bad habit. The same thing holds true of premature talk of premature elections. That is why Niels Helveg Petersen should clarify the position of the Radical Liberal Party on an election in the spring with a view to the political and not least the economic development in the coming weeks.

7262

CSO: 3613/27

BRIEFS

KIVISTO SKDL'S UNOFFICIAL CHOICE--SKDL [Finnish People's Democratic League] solved the problem of Kalevi Kivisto's presidential candidacy following the model that SDP [Finnish Social Democratic Party] applied for Mauno Koivisto. SKDL's choice is known without Kivisto yet being an official candidate. In this way, SKDL wants to assure Kivisto of the opportunity to serve as governor to all societal strata until the beginning of the electoral campaign, i.e. September next year. At first glance, SKDL's caution in the issue sounds untactful--as if there were no difference between the nature of the official positions of a president and a governor. It is worth noting, however, that in the background, there are also other reasons: above all the fear that a strong new campaign would be launched against Kivisto with the pretense of his presidential candidacy. It is unfortunate if SKDL, while considering Kivisto's candidacy, has had to consider such factors. In a democracy, anyone should be able to run without his life becoming unnecessarily difficult because of that. Last time Kivisto ran a stylish campaign. His entry as one of the major candidates can hardly damage the electoral campaign this time either. Kivisto's task as a presidential candidate is not easy. In the name of originality, he will have to try to obtain a reasonable election result for SKDL. Nevertheless, the leadership of SKDL is already prepared to discuss whether Kivisto's electoral college will give their votes to Koivisto in case he himself does not have a chance to be elected. For Kivisto, the danger now lies in the fact that too many of SKDL's young voters will give their votes directly to Koivisto. And if the alternative of direct popular vote exists as a result of the new method of electing a president, it will only increase this danger for Kivisto. [Editorial] [Helsinki HELSINGIN SANOMAT in Finnish 2 Dec 86 p 2] 12956

CSO: 3617/34

RELATIONS WITH ISRAEL SEEN IMPROVING

Athens I KATHIMERINI in Greek 29 Nov 86 p 1

[Text] The government has expressed its clear intention to upgrade its relations with Israel, which is the first stage prior to a de jure recognition of this state. These assessments emerge from the trip Deputy Minister of National Economy Roumeliotis made to Israel and the talks he had there. Roumeliotis related again to Israeli officials Foreign Minister K. Papoulias' and Minister of Culture Merkouri's intention to visit Israel, which he reported in a press conference on 27 November.

According to the assessments of diplomatic observers, this overture of the government towards Israel has weighty significance as an indication of a certain turn, given the close relations with the Arab countries which the government has in the past turned into an essential part of its foreign policy. According to the same estimations, the strengthening of relations with Israel should be put in the framework of a realistic confronting by the government of the situation in the Middle East, but also of one other parameter--the Israeli influence on the United States, which extends from the banking system to the political establishment.

At any rate, the government spokesman, when asked if an official recognition of the state of Israel by our country is imminent, stated that on this issue "there is a clear position of the Greek Government" (which consists of establishment of a Palestinian state, withdrawal of Israeli troops from the occupied territories, but also recognition of Israel's right to survive within secure borders).

Despite this government answer, it is not politically insignificant that during the talks Roumeliotis had the two sides censured the terrorist acts which are hurting tourism, while they approved of increasing security measures to protect tourists.

It is pointed out, moreover, that the two countries decided to go ahead with a joint program to promote tourism to Greece and Israel in the United States, while they signed a memorandum for a further promotion of tourist cooperation at a regional level, including, eventually, a related conference with Mediterranean countries participating.

CDA'S DE VRIES ON BROKX, BRAKS CONTROVERSIES

Rotterdam NRC HANDELSBLAD in Dutch 21 Nov 86 p 3

[Interview of CDA Party-Group Leader, Bert de Vries by editors Kees van der Malen and Hubert Smeets; date and place not specified]

[Text] In '82 he came out of the blue to head the CDA party-group. New and unknown. After the wily Aantjes and the resourceful Lubbers, the CDA has acquired a leader who appeared to be particularly consistent and conservative. He seldom behaved charismatically, but neither was he domineering. He soon came to be called Lubbers' "houseboy," but in that master-servant relationship a change begins to manifest itself right away. Bert de Vries himself sees no difference between this and his first period as party-group chairman. Of course, he has more experience and a larger party group behind him, but that does not mean that he puts on any self-aggrandizing airs in his talks with the cabinet and the coalition partner. "No, it doesn't work that way. You always need 76 members of the House. Whether 54 or 45 CDA people raise their hands, a few VVD hands must be raised, too. I don't like to slam my fist on the table, either. This kind of cooperation does not work that way in the cabinet. You must see whether you can go through life with one another. And the coalition partner is part of that life, too." Four years ago De Vries was the unexpected rookie among the party-group leaders. After the fall of Nijpels and the departure of Den Uyl, he was the most experienced candidate. How does he assess newcomers Kok and Voorhoeve?

"About Wim Kok, one may observe that he is a man from a different generation than Den Uyl. You can converse with him more easily. You can do business with him publicly and matter-of-factly. I have the feeling that in political terms he began with good intentions to allow as much space as possible for dialog, but after a hundred days, he is already obviously experiencing difficulty persevering in his good intentions. He now strongly backs the opposition at times, without giving just due to the essential goals of this cabinet. From that point of view, he is beginning to look more and more like Den Uyl."

About Voorhoeve, De Vries is very pleased. No, he did not have to become accustomed to this successor of Nijpels. "Like me, Voorhoeve is inclined to stick to his opinions. That has the advantage of letting each man know what to expect from the other. Although Voorhoeve perhaps takes a more modest position than his madcap predecessor, De Vries definitely does not underestimate

him. "I do not wish to awaken the impression that the VVD under Voorhoeve is a doll that you can toss about as you please. That goes a bit far for me, too."

The Hague, 21 November: The first hundred days of the second Lubbers cabinet can hardly be termed an unqualified success. A series of incidents and dealings overshadowed the inauguration of the cabinet. Primarily responsible for this false start were certain ministers from the CDA camp. After the brilliant election victory, the prestige of the CDA received a mighty blow.

It began with the minister of domestic affairs, Van Dijk, who cast doubt upon the loyalty of certain officials. The House of Representatives and public opinion, too, voiced their criticism of him. After that came a public confrontation between Minister Ruding of finances and party-group chairman De Vries concerning the question whether or not the reduction of the deficit should have top priority in the cabinet. Minister Brinkman (WVC) had to endure criticism and disapproval when he called for "social zeal," a plea for the "caring society" that is a goal of the CDA. Shortly thereafter Minister Van den Broek came under attack. The House and Prime Minister Lubbers compelled the minister of foreign affairs to retract his interventions on the occasion of the awarding of the Erasmus Prize to Czechoslovakian writer, Vaclav Havel. Last week it was the minister of agriculture and fisheries, Braks, whose name was connected with the "gray circuit" that has already existed for years in the fish market. But above all there was the "Brokx Affair," in which a direct clash between De Vries and Lubbers led to the departure of the national secretary of public housing.

Tomorrow the CDA party council meets in Utrecht, for the first time since the swearing-in of the second Lubbers cabinet in mid-July. One of the speakers at the Industrial Fair Hall is to be Bert de Vries, the party-group chairman who in the past three months suddenly displayed more self-confidence than over the previous four years taken together.

[Question] Who was most hurt by the Brokx affair? Or has everybody won?

[Answer] I could not give any response to that question. Neither am I at all certain that I even find it an interesting question. I still believe that I behaved correctly, although I would rather not have seen the decision precipitated by the leaking of a letter. I realized that Brokx' resignation should turn against me first of all. That I had to accept. It gave a kind of shock effect. Then, too, people tend to identify with whoever is regarded as the victim. Scholten and Dijkman, with whom I also had the privilege to do business in my functions as party-group chairman, departed as great heroes. In the first instance, the sentiment is therefore: Someone is being ushered out under pressure from the party-group chairman. But very shortly afterward, you hear people begin to say: In fact, he was right to usher him out.

[Question] Was this the most difficult decision of your four-year career?

[Answer] Properly speaking, it was not a conscious decision. From the end of August on, I was becoming more and more convinced that, politically speaking, it would be a wretched situation if a government official had to restore order

in his own department and at the same time might be subjected to a parliamentary investigation. I was not happy to note that Brokx and Lubbers had come to different conclusions. Then I decided to apply a little pressure, in the expectation that we could very well solve the problem well before the beginning of the investigation. The affair could not have been handled in any other way. If you put a certain matter on the agenda during four or five successive weeks of confidential talks, after a certain length of time, a goodly number of people are abreast of what is going on. The risk of leaks is rather high, and once the matter is leaked out, you are stuck.

[Question] Does it not make you uneasy that in such a short time the reputations of so many CDA government people have become compromised?

[Answer] You forgot to mention Van Eekelen in your enumeration. Most incidents are ripples that leave behind no lasting traces. None of these matters involve things that make you happy. But neither are they matters that have caused any lasting damage in the mutual relationships among cabinet members or between cabinet and government parties.

It may at a given moment also work toward solidarity, of course. In this sense, that a functioning team of government officials also wants to achieve success during this second period, of course; and if in the beginning, all is not smooth sailing, that may also serve as a kind of warning, such as this one: We can certainly not afford to take it easier than during the first period.

[Question] Are you in fact glad that things are going against you?

[Answer] No, but I prefer that at the beginning of the cabinet term, both cabinet and coalition parties be confronted with the facts, for we cannot afford to rest on our laurels. There are also positive aspects to the fact that matters have once again been made quite clear.

[Question] Does it leave you cold that these are especially government people from the CDA camp?

[Answer] Well, we don't exactly regard it with joy. No one can say that it is conducive to a good beginning and to the prestige of the cabinet. On the other hand, I am still more and more inclined to look at the policy in particular. That I find much more important for the future of the cabinet. And on that score, reasonable progress has been recorded up to the present time.

Fish Fraud

[Question] Can Minister Braks soon expect a letter from you about the fish fraud affair?

[Answer] Thus far, from my reading of the documents, I have come to the conclusion that the minister of agriculture certainly, in the early phase when his ministry became aware of gray circuits and second markets, has taken the proper measures. From time immemorial, rather active attempts have been made in that sector to restore order through the use of all kinds of sanctions and measures, penalties and legal proceedings.

[Question] Are you not afraid that the reputation of the minister of agriculture will be tarnished?

[Answer] No, I do not believe that story hangs together, the one about the minister informing the House incorrectly. For it also seems apparent, from replies to written questions and from the documents, that the minister made no secret of the fact that his ministry was aware of things. Besides, the General Inspection Service was unremittingly active. You could hardly suppose that the Inspection Service checks up on fish sales, arrests directors of fish markets, and at the same time actively cooperates in and approves of keeping a double set of books. That would be acting at cross purposes. So I think that on that score, little or no blame can be cast upon Minister Braks.

Vision

The cabinet has no lack of problems, and many of them stem from a lack of self-identity. Society clamors for a definite program, and in the Senate, the CDA party-group leader, Christiaanse, even asked for a "master plan." What the cabinet is doing is clear, but where it wants to go is less so.

[Question] According to Mr Oostlander, the director of the information office of the CDA, you cannot keep on cutting back without saying what you want to accomplish. The first cabinet was a reconstruction cabinet. The second can no longer allow itself to be one, he says.

[Answer] Brinkman has tried to present a program. That did not strike everyone equally as a good thing. The reason is that every line of argument advanced to support the cut-backs is felt to be suspect. As a party, we in the CDA noticed three to four years ago, with the publication of the report, "From Welfare State to Welfare Society," that this was all too true. That report, too, was scornfully received. Little by little you come up against people in the leftist camp who write stories suspiciously similar to what we were then writing, although it cannot be given the same name. We have to strive for a new conception of what the people and their organizations could do themselves, and what the government had to do. In practice it will be a question of testing things out.

If you then readjust the policy, the underlying vision is characterized as a sophism, in order to justify an asocial retrenchment policy. In that sense one is vulnerable. Therefore it makes sense to make only a modest dissemination, for otherwise you simply get shot at.

It is a somewhat thankless task for Brinkman and for the prime minister. It comes across as hypocritical. It is more easily acceptable from the director of the information office than from the party-group chairman. People also suspect me to be the only one in search of fancy stories with which to decorate a somewhat painful policy.

Ruding

[Question] The minister of finances has been straddling the Atlantic for a long time, with one leg in The Hague and the other in Washington. Is the

party-group chairman still pushing and tugging here and there to bring about a speedy decision?

[Answer] No, at this time all I can do is wait.

[Question] Why do you think that it is taking such a long time?

[Answer] That is unfortunate.

[Question] Does it not also say something about the strength of the Netherlands among international organizations?

[Answer] That strength is not so great, of course. I have never had an exaggerated conception of the clout of the Netherlands. The Netherlands is considered for that kind of function only if it can enlist sufficient support from other countries, that is to say from other European countries.

[Question] Your criticism of Ruding's budget is a bit vague. What is it, exactly, that you reproach him with?

[Answer] The background of that matter was that rather a lot was said in the 1987 budget about the period of time after 1990. If the cabinet finds it necessary to offer perspectives in the budget, and says that after 1990 the collective sector must be further reduced, too, then it may count on a reaction. That type of society--I have called it an American one--is not what I see in our future.

The minister of finance functions, of course, as a guardian of the treasury. But traditionally, the minister also had a certain involvement in the macro-economic effects of government finances, thus in the functioning of the economy in its entirety. That responsibility is presently pushed into the background. I don't believe that this is a good thing. In my economic analysis I also differ from Mr Ruding. In my opinion, Mr Ruding does not sufficiently take into account the effects of government financing on the market potential of industry.

[Question] Do you think that if Mr Ruding stays on, there will be a place for your approach in future years?

[Answer] To the extent that we are more successful in bringing government financing under control and reducing the deficit, we shall see a discussion based on real facts all the sooner. Mr Ruding and I are in agreement that the deficit must be reduced to 5.25 percent during this cabinet term. But if the question comes up after that as to how far we still have to go, then our opinions differ.

[Question] The greater the success, the greater the risk of conflicts.

[Answer] Yes, if there is more to distribute, the assault on the superfluous distributable amounts will, of course, be substantial. And then the one will cry that the surplus must be used to reduce the deficit even more, the other that it must be used to lower taxation; still another will cry that it has to be used to repair the couplings, and the final one that it must be used to do more for the elderly or for education, and I could go on and on. In a certain sense, it is a gratuitous dialog, but indeed one that may cause a fair amount of political tension.

CDA'S DIFFICULTIES IN CONSOLIDATING ELECTORAL SUCCESS

Rotterdam NRC HANDELSBLAD (supplement) in Dutch 29 Nov 86 p 3

[Article by Hubert Smeets: "Aboard the Party Ship; the Atypical Attraction of the CDA"]

[Text] The CDA is once again a party blessed with success. At one time it was quite a different matter. In whirlwind tempo, the party has been able to shed the negative aureole stemming from its inner dissensions and its reputation as a self-appointed moral censor. In 1982 the CDA proclaimed a state of economic emergency. This year it is reaping the rewards of this action. This is primarily due to the prime minister who was presented by the party secretary at the various regularly-held mass meetings throughout the country, and not without reason, in the following terms: "You have all at one time or another sat in an aircraft. The motors begin to purr, the tension in the cabin mounts; and then there is that reassuring announcement from the cockpit: 'This is your captain speaking.'"

The party itself had just barely begun to grasp the significance of its gain of nine seats at the elections, when the first sheep returned to the Christian Democrat fold: A professor from Leiden telephoned to inquire whether he could do something for the information office of the CDA.

At CDA headquarters on Dr Kuypersstraat in the Hague, this sudden political Christianization of the professor caused a few smiles. For the older guard it was actually more than a quarter-century ago that they had dealt with people expecting to be politicians, who were mainly looking out for their own interests.

In their recollections, Westerterp had been the last man who had turned to the KVP on strictly rational grounds, on the advice of a then politically friendly journalist who saw no future in the PvdA for this "Papist lad." But afterward this kind of thing had simply not happened any more; the party had slowly degenerated in both quantity and quality.

"When I was still vice-chairman of the KVP, no one wanted to belong to it any more. That was in a certain sense a wonderful era. All the opportunists were running away. But it was also the time at the universities when we had almost no one left. Now we are sitting pretty once again. There is an overabun-

dance of good people. A position of great luxury," in the words of Mrs Leytende Wijkerslooth de Weerdesteyn, the senator who never emerges very much into the limelight, but who has a great deal of influence behind the scenes, being one of the drafters of the election campaign program called Uitzicht (Outlook) and a board member of a host of Catholic institutions.

For the first time since the sixties, young people are again voting for the party; for the first time in human memory, the CDA is attracting more unbelievers, at any rate more non-church-going voters, than ever before. A breakthrough, especially in the Randstad [name given to the megalopolis along the west coast of the Netherlands], where the CDA scooped up five of the nine seats it gained. Must this ground gained be held intact? Certainly. The first evaluations are already in; they show a rather practical outcome. Until the year 2000, the party will keep on using the "standard green" in its posters.

In coming elections, spouses and children will again remain at home when the politicians are doing their rounds. The flyers delivered from door to door, on the contrary, will get more attention from the local Christian-Democratic propagandists than in the past, for this medium is ripe for harvesting.

Roots

Thought is also being given to the roots of this success. "The period of pragmatism is over and done with," stated party member Van Gennip, a chief executive at the ministry of foreign affairs and one of the unsuccessful candidates for the chairmanship of the CDA.

According to Van Rompuy, a young kindred spirit of his in Belgium, who is the director of the CVP information office, a real "Kulturkampf" is being waged: "Until quite recently there was only open or thinly-veiled Freudo-Marxism." But now at last the "counteroffensive" has been launched. The electoral successes of the CVP and the CDA, of Martens and Lubbers, are illustrations of this "restoration," this "counter-reformation."

This turnabout has taken place at a whirlwind tempo. For decades the social-democratic ideology was dominant. After the liberation, the confessionals let themselves be pulled into its wake. Mr Oostlander, the director of the CDA information office: "Already before desegregation in the sixties, the confessional parties, as well as the ARP, had been ideologically devoid of meaning. And in Catholic circles, nothing more than lip service was tendered to the social teachings of the Church. Therefore everything collapsed all at once."

Toward the end of the seventies came the reaction: Liberalism was on the rise. The brilliant success of Nijpels' VVD was an illustration of this. And now? Individualization remains unstoppable, but the liberal rendering of this is not entirely acceptable. "The liberals," Oostlander criticizes, "bring up so many unnecessary things that are a matter of course. When I sit by my fireside, with my slippers on and a glass of cognac in my hand, a host of liberal ideas well up within me, too."

Security

Even in the case of successful people from high society, there is a need for safety and security. The success of the no-nonsense approach is already on the decline. The CDA could integrate the two trends within itself. It has enough self-confidence for that, and it has an ideological weapon in hand, moreover. It is the only party that has that, for the PvdA, however willing, is momentarily still at odds with its own past.

And last May the VVD reached the limits of its liberal appeal. The CDA, however, has its "caring society," a concept ridiculed by many, but potentially a vision that will ultimately not fail to affect the PvdA in particular. Although Minister Brinkman comes across in terms of "Father knows best" in his appeals, the architects of the concept do not think along those lines. Central to their vision is the restoration of private social agencies to their rightful and honorable place, whether they are involved with education, health care, social security or environmental protection. At the moment these are under the glorified management of government agencies.

For two decades, nobody said a word about the cornerstones of the antirevolutionary and Roman Catholic line of thinking, but now the time-honored concepts of "sovereignty within one's own circle" and the "principle of subsidiarity" are on the rise again, albeit under camouflage.

Mrs Leyten, one of the Christian Democrats on the two commissions headed by VU Professor Kuiper and Mr Wijffels, the CEO at the Rabo Bank, who three years ago were involved in the birth of the zeal-ideology of the party: "The government cannot, of course, counter the social trend, but in this way we can stop individualization. For individualization is attractive only to healthy people between the ages of 20 and 40, with an education and a good job."

Surfers

Although, according to the former CNV director and currently House representative Terpstra, "Of course one cannot force all those individualized surfers to get involved in some social project," a reevaluation of the "center of society" will really have to be set up on a grand scale during the next four years. We should not stop with the transfer of a part of the social security system to the trade unions, a plea voiced by the CNV for years, which has now entered into the government agreement.

Terpstra values such a reevaluation so highly not only out of respect for the "caring society"; it is also a part of his view on the status of his own party. Mr Terpstra: "The CDA is the only reform party in the Netherlands. When we have transferred those tasks, the VVD and the PvdA won't have a leg to stand on. For this reason, they opt for decentralization to the municipalities. In this way they can circumvent the Christian-oriented center of society. Those parties have the primacy of politics as their starting point. After that, there is nothing left. If the CDA should break up, all those c- [Christian] organizations would be left behind."

Lubbers and many other Christian Democrats are talking as little as possible about "the party," and with good reason. They prefer to speak about the "move-

ment." "The party is the CDA in the narrower sense. The movement is the CDA in the heart of society. There it must put down roots," says ABD Bremmer, the vice-secretary of the party, who leads the organization from Kuypersstraat. At most the party has "primacy" in the Christian pyramid, as Representative Smits (until last summer secretary of the CDA) describes it.

And all of this in modern garb. Bremmer: "We are approaching the electorate in a modern way, in contemporary language, without the usual ecclesiastical jargon. Concern for each other contains no pronounced 'C' [Christian element]." The new party chairman, Van Velzen from Waalwijk, is the new CDA spokesman par excellence. "Differentiation in our approach to the voters is desired," he wrote recently in the scholarly periodical, CHRISTIAN DEMOCRATIC EXPLORATIONS. "For an exaggerated attention to political conviction runs the risk of alienating the voters and altering their patterns of electoral behavior."

Danger

It seems to be the ideal combination: social zeal and a craving for individual careers, modern imagery with classical Christendom. But at the same time, it harbors a danger for the Christian Democrats. The CDA wants very much to be at one and the same time a Christian and a populist party. Whether that is possible is the question. Director Oostlander: "It is difficult to fish in a non-church-oriented pond. In the same way, a manufacturer of jeans should not try to gain control of the market for elderly ladies' clothing."

Here is a metaphor that reflects the doubts about Lubbers' charisma. For, although the prime minister may well be worshiped because he was able to draw the party out of the depths, there is also criticism, Christian criticism. A certain amount of grumbling was already heard during the election campaign. "Caring for each other": However good it may sound from the perspective of marketing, in the eyes of many a particular Christian party member, it is different from the classical concepts of "love for one's fellow man" and "charity."

The fact that vice party-group chairperson Eversdijk wants to interpret the message of the prime minister definitively as "the story of Canaan" does not detract from this criticism at all. Certainly not if the CDA, basking in its electoral success, is also flooded with new members for whom faith is not the standard for all things. That danger is of course being recognized. It is one reason why the requirements for candidacy are being honed down. Talent alone does not suffice. The new generation of politicians must also have demonstrated in all kinds of "C-organizations" that they are true Christian Democrats. As of 1 January, the party is even going to start its own executive training school. There the executive and political talent is to be thoroughly educated, with an examination and a diploma certifying proof of competence, in the hope that in this way a dam can be erected against inappropriate promotions of party members.

But is that enough? Terpstra already knows the problem from his previous office: "The CNV has a great many non-Christian members also. On the long term that tends to undermine the foundations of an organization. So the CDA will have to decide whether it wants to be a populist party or a Christian party."

Contrast

This is not a theoretical problem; the contrast between the concepts, populist party and Christian party, is already manifesting itself in small issues. In Protestant circles, the drink is still gin; elsewhere it is beer. The fact that CDA meetings in Friesland are opened and closed with prayers, while at comparable meetings in Limburg, only a few verses from the Gospel (the foundation of the CDA) are read pro forma, also illustrates this difference.

Even in practical politics, the frictions between the Christian CDA and the secularized CDA are often closer to the surface than is usually assumed. "Those concepts have not yet disappeared. Already in 1945 the KVP had thrown them out for reasons of conscience. Nevertheless, they sometimes surface again, for example in the discussions on euthanasia. Then you see that there are CDA people who want to make the position of the bishops their party line, although the party should not automatically follow the church," says Mrs Leyten.

Does this tension between church-oriented and pure politics run parallel, or does it stand at right angles to the dilemmas that individualization and social thinking entail? Is the time also ripe in the Netherlands, by analogy to the United States, for a political trend which couples economic liberalism with moral conservatism? Or is the social tradition of Christian Democracy still too strong for that?

The crossroads at which the CDA finds itself does not in any case stimulate a clarification of ideas about the relationship between politics and faith. The development of the "caring society" is on hold. Its dangers are insufficiently recognized, according to Oostlander, notwithstanding Lubbers' repeated warnings against "complacency" and "cynicism." The reason is that the present generation of politicians grew up at a time when the PvdA put its stamp on (political) thinking. The former ARP-member: "Their political intuition was wrongly formed. They have been caught up in that contrast between the individual versus the government, VVD and PvdA. They cannot truly experience the turnabout that is on the horizon."

Settling Accounts

The seventies still have a grip on politics. The prime minister is aware of this: "In point of fact, we are now settling our accounts, we are now paying the bill for our past ambitions that could not be realized at the time," admonished Lubbers, speaking to fellow party members last week at the CDA party council in Utrecht by way of defense against the criticism that he had too little "vision." Moreover, it is a somewhat thankless task for the prime minister and the members of his cabinet to flaunt this vision continually at the caring society. "It looks hypocritical; and people suspect me of looking for beautiful stories with which to dress up otherwise painful policies," claims party-group chairman De Vries.

Nevertheless, Oostlander is of the opinion that: "The CDA must be a social party. To my surprise, Minister De Koning (social affairs and emancipation policies) often straddles the fence on matters of individualization. That would be catastrophic. But this cabinet is not stating its intentions clearly and positively enough. There is too little direction in the government agreement and

in budget design. That is life-threatening. The economic emergency situation is more or less over and done with now. Most of the dead and wounded have been carried away. If the CDA does not now make a very positive formulation of its view of society, it will be like a rudderless ship. People do want to offer sacrifices, but they really have to know what purpose those sacrifices will serve. So they should not suddenly start jabbering about the information society and other such fuzzy terms.

"This is a classical Christian-Democrat cabinet. Therefore it should also occupy itself, for instance, with the autonomy of the Catholic University of Nijmegen, with health care and child care. One would like to scream at them: 'Try doing something at least! For indeed one must keep trying.' At the village fair, you cannot change the position of the shooting-gallery every so often, either."

This is easier said than done. For the question is whether these recently won voters are waiting for that. They are perhaps much less motivated by the Christian foundation of the movement than many CDA members might wish. Four years ago, the party already made that observation itself in its report, Appeal and Response. Since then, little has changed. "There is no question of a real carry-over from political conviction to electorate," Mrs Alink, the political scientist from Leyden, recently concluded once more from the reading of poll results. If the CDA wanted to be a Christian party in the classical sense of the term, it would be left with only 36 House seats. The remaining 18 are a tribute to the strength of the CDA and to the efficient handling of matters by the prime minister. Now the floating voters can be the basis of a position of strength that the CDA has not known since the early seventies. But at the same time, they are a threat to the party, a drag on Christian Democracy. And thus the ideological lead might at some time even deteriorate into a trailing position.

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PCE HEAD CALLS FOR SOLIDARITY WITH NICARAGUA

Madrid MUNDO OBRERO in Spanish 20 Nov 86 pp 46-48

[Article by Nelson Marra on interview with Spanish Communist Party Secretary General Gerardo Iglesias]

[Text] He spent a week in Nicaragua and Cuba, but because of the feelings that he conveys as a result of his many contacts with political leaders from various countries, he creates the impression that he traveled all over Latin America. Gerardo Iglesias was more than just impressed by what he saw in Cuba and Nicaragua; he was deeply touched by and identifies totally with the tragedy of a continent that is on the verge of economic collapse. The trip convinced Iglesias once and for all that the utmost solidarity must urgently be shown towards Latin America.

"This is the most important overseas trip I have taken." When the secretary general of the PCE [Spanish Communist Party] made this categorical remark a half-hour into our lengthy conversation, I realized once and for all that I was not conducting a typical, run-of-the-mill interview. I had previously noticed the enthusiasm of his account, his need to tell story after story and his preoccupation with implementing as soon as possible a program in which all progressive forces in Spain and Latin America can join forces to make the peoples and governments of Europe aware of the disease that has all of Latin America in intensive care: the "foreign debt."

But how can they join forces and how can the government of NATO countries be made aware? we asked him. It is not easy, of course. Gerardo Iglesias commented that "there are no conflicts between the European and Latin American peoples, inasmuch as they have common interests. We, for example, need their raw materials, and they need to open up markets on new conditions. Above all, however, there is a much more essential and deep-seated common interest: peace, which is the goal of peoples on both continents. Consequently, I ask myself whether Europe is going to keep on tagging along with U.S. policy or whether Europe is prepared to defend its autonomy. It is obvious, furthermore, that on the one hand the United States is using Europe for its escalation of warmongering and, on the other, is brazenly shifting its centers of power to the Pacific."

So then, the peoples and governments of Europe must be made aware of Latin America's extremely serious problem; they must realize that the two continents have a common enemy. We wonder, however: Do we see a glimpse, even a slight glimpse, of such efforts in Spain's Socialist government? Not much can be expected while, as Iglesias says, we have "a defense minister, Narcis Serra, who after the Reykjavik summit went off to sign a document supporting the U.S. position, even, among other things, Reagan's strategic defense program, which includes none other than 'star wars.'"

The Trip: Impressions and Contacts

The most important thing now, however, is a detailed account of his trip to Nicaragua, on a personal invitation from Daniel Ortega to celebrate the anniversary of the founding of the Sandinist Front. In Managua, the official meeting that Gerardo Iglesias had was with Commander Carlos Nunez, a member of the leadership and representative in Congress. He later made many other contacts and held many other talks; Daniel Ortega, Bayardo Arce and Tomas Borge, among others, had long conversations with the PCE secretary general. Aside from these important meetings, we should emphasize the great many bilateral dialogues, so to speak, that Iglesias conducted. As he himself tells us, "there were more than 100 delegations from 80 countries in Managua, not just Communists, but Socialists, Christian Democrats and liberals as well. it was a very broad forum for contacts, and not just with Sandinists but with other groups as well. For example, I had lengthy meetings with Ungo, the secretary general of the Communist Party of El Salvador and a guerrilla commander; with Jaime Perez, from the Secretariat General of the Uruguayan Communist Party; with members of Argentina's Radical Party, Alfonsin's group. As you will see, this was a very fine forum for exchanging information and for gaining an in-depth knowledge of the problems of Central America in particular and of Latin America in general."

I wondered and asked him about his impression of Central America's complex problems now that he has made those contacts and seen things for himself. Iglesias replied that "my first impressions are, of course, of Nicaragua. My two initial feelings are of concern and hope. Concern because the situation is ticklish, because the country has to devote a large part of its resources to war, to defense, and therefore the economic situation is frankly worrisome. In turn, though, I feel hope because the people there are so determined to fight that under no circumstances can they be defeated by an economic siege. The people there are capable of subsisting in poverty if they have to. The people there identify to the utmost with the revolution. You can see it in them."

Gerardo Iglesias says that the Nicaraguan people possess an excellent level of mobilization and organization, whether in defense, health care or education, etc. Iglesias mentions the significant detail that "the commemorative military parade brought an inestimably large turnout of the people." Moreover, it showed the strength of the small, besieged country in the face of possible aggression. In fact, Iglesias commented sarcastically: "Look, I'm no expert in military matters, but the U.S. ambassador, who was there too, is, and when they asked him after the parade what he thought, he replied tersely but very significantly: 'We've gotten the message.'" Naturally, when weapons

and an entire nation are available for combat, a war economy is in place. "There is no alternative," Iglesias notes, observing, after not having visited the country for 3 years, that "they have managed to organize the entire nation for defense and to survive economically as basic elements in a policy of preparing for possible direct aggression by the United States."

Aggression

"The Sandinists feel that given the strategy that the 'Contras' have pursued so far, they are no longer a problem to them," Iglesias asserts. On the other hand, "the entire Sandinist strategy is to prepare for possible American intervention, and they are therefore organizing their entire defense on the basis of that hypothesis." The issue of the possible and much feared invasion by the United States leads us to think that the conflict could extend throughout Central America. We therefore asked him whether the region could become "Vietnamized" or whether he still sees a glimmer of hope for a peaceful solution. Iglesias unhesitatingly asserts: "I think that if there is an invasion, all the conditions are in place to Vietnamize the region, because alongside Nicaragua you have El Salvador, of course. To make matters worse, however, right next door you have the explosive economic situation in Honduras and Guatemala. I'm talking about the hunger and the poverty that the people are enduring. Therefore, the United States has to stop and think, and in fact those of us who should feel responsible have to stop and think as well." What do you mean by this? I asked him. "I mean that a generalized conflict in Central America would affect more than Central America; it would affect world peace. Therefore, European governments, particularly the Spanish Government, have to bear this fact in mind."

And how do the Sandinists view Europe's attitude, especially Spain's attitude because of all the influence that Spain says it has over that continent, towards a hypothetical U.S. invasion? Iglesias discusses the issue very clearly, showing a strong command of the basic facts: "Look, I'm not going to tell you what the Sandinists in particular think. But I'm going to tell you something much more important. The general impression I got, not just from the Latin American Communist parties but from other political forces, is that with its current policy Spain is losing influence, losing credibility in Latin America." This is exactly the opposite of what the press in our country is saying, isn't it? "Yes, exactly the opposite of what the press and the gentlemen in power are saying. A while ago there was a debate in the Foreign Affairs Committee, and I raised these issues with Fernandez Ordenez, telling him that with its current policy Spain is losing influence in the area. They confirmed it for me over there. Beginning with Ungo himself. The hope that those countries had placed in Spain has been frustrated, because we already know about the protectionist policy that the CEE has towards Latin America, and instead of defending Latin America's positions with a responsible policy of common cause, what Spain is doing, under this administration, is hiding behind the positions of the other EEC countries and taking a totally conservative stance."

Don't they even appreciate Spain's stand on Contadora? "It's fine to support Contadora. But not just in the abstract. Contadora has failed because the Americans have intervened brazenly. So you have to also confront the people

who are thwarting Contadora, who are preventing it from playing a truly peacemaking role."

Isn't the Spanish Government doing this? "Of course not. Let's get to the underlying problem: Spain's link to NATO [atlantizacion]. You cannot be on the side of the countries that have been plundered, oppressed and stepped on by the empire and at the same time be on the side of the plunderers. Therefore, Felipe Gonzalez' balance is an illusion. You have to take sides in Central America."

Cuba

Gerardo Iglesias took advantage of his trip to Nicaragua to stop over in Havana. It was the third time that he has been there, and aside from the excellent relations between the Communist parties of the two countries, Commander Fidel Castro and the secretary general of the PCE are personal friends. In any event, a certain Spanish newspaper engaged in some malicious speculation about the fact that Fidel did not receive Gerardo Iglesias, attributing this to Felipe Gonzalez' official trip to Cuba. No paper reported, however, that as Iglesias was arriving in Havana, Fidel Castro was leaving for Moscow and that the secretary general of the PCE met at length with Raul Castro, who was there to greet him (something he rarely does) when he arrived at Jose Marti Airport.

I asked him about that meeting, mainly whether they discussed one of the key issues in which Cuba has become strongly involved: Latin America's foreign debt. Iglesias stated: "Look, I talked about a lot of things with Raul, but I wanted to be very careful about issues that could be on Prime Minister Gonzalez' agenda. Obviously I am not going around the world interfering in relations between my country and others. In any event, though, we talked about the foreign debt in general, inasmuch as Fidel has a very high profile on this issue. Many meetings have been held in Havana, with unions, with political leaders, with a series of heads of government. What Fidel did was to launch the movement, and at that point the issue got rolling, without Fidel having any desire for a high profile. The issue itself is very serious, because it has turned all of Latin America into a powder keg. What everybody is beginning to agree on, and I saw this for myself during all of the contacts that I had in Nicaragua, with communists and noncommunists alike, is that Latin America's foreign debt is unpayable." So the issue is at the top of every presidential agenda, and we shall see how the Spanish prime minister approaches it. I thus wanted to find out what the climate is in Havana in connection with his visit. Iglesias said: "I have the impression, for obvious reasons, that Felipe will be properly received. Don't forget that, all other considerations aside, there is a natural, spontaneous affection for Spain in Cuba. You can sense it in the streets, among the leaders of the revolution, in everything. There is a deep-seated affection for things Spanish, and a great many Spaniards live there. Consequently, I feel that they will give the prime minister of the Spanish Government a good reception, whether or not they agree with his policies."

Iglesias underscored that he did not wish to comment further on the issue, because it is not his intention to interfere with the visit. Therefore, we

moved on to a topic that the press in our country has covered widely, and I mentioned a question that he had been asked on one of our newscasts about whether or not he was involved in the famous, overplayed case of Gutierrez Menoyo. Iglesias replied: "Look, I have not gotten involved in this matter for several reasons. In the first place, because I had no mission in this regard. I spent 6 years in jail and I am around people who spent many years in jail. So, I don't find it at all pleasant when someone is behind bars. But since the prime minister's trip has been linked so strongly with Menoyo's release, I think that if the trip's main purpose is to get him released, then it won't be much of a trip. There are much more important issues that do not affect just one individual, that affect large segments of mankind."

The trip that the secretary general of the PCE took renewed his interest in making efforts at solidarity and in calling on the administration and the Foreign Affairs Committee, as a United Left member of Parliament, to review its policy. To conclude our conversation, which touched on many issues, we asked about a more "down home" topic: relations between the two parties, judging from his talk with Raul Castro. Iglesias said that they "are excellent and can be considered exceptional, inasmuch as the Cubans have a very special fondness for the PCE and, moreover, supported at all times, without any vacillation, our party's new orientation."

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GOVERNMENT REPRESENTATIVE REJECTS NEGOTIATIONS WITH DUDU

Madrid ABC in Spanish 18 Nov 86 p 19

[Article by special correspondent J.M. Zamarro]

[Excerpt] The Socialist government will not sit down again at the bargaining table with Muslim leader Aomar Mohamedi Dudu, as we can gather from the statements of the government's delegate in Melilla, Manuel Cespedes. "I will not hold talks again with Mr Dudu, and the government fully backs my policy," the government delegate indicated.

"We will no longer deal with people who are not serious, and I am certain that there are serious people in the Muslim community with whom we will be able to talk," added Manuel Cespedes, who seemed absolutely firm about this decision. He knows that the government supports him, inasmuch as on several occasions he has stated that the Interior Ministry and other government bodies regard Mr Dudu as a far from serious spokesman who is also losing credibility among his fellow Muslims. The government delegate is so determined and certain that he will not negotiate with Dudu again that he yesterday asserted flatly that if for any reason the government forces him to, he would have to think about stepping down.

A Replacement

Cespedes said that the government is not looking for someone specific to replace Dudu as the Muslims' spokesman. "They are the ones who have to choose a spokesman. What is clear, however, is that we will negotiate only with individuals who are serious," said the government delegate. During the 2 1/2 months that Cespedes has been in Melilla, his contacts and relations with the Muslim leader have gradually diminished and worsened. Cespedes said yesterday that he has met with Dudu six times and always at his own request. Dudu twice refused to come to his home, which Muslim tradition regards as a sign of obvious enmity.

Cespedes yesterday went so far as to describe as a personal insult Dudu's charge that the police were to blame for a fire at the business of a Muslim man who had refused to join in the shutdown that the Muslim leader had called for. This was the only serious incident on the third day that Muslim storeowners have closed their doors. The burned out store, which is owned by

a Muslim who, oddly enough, is a prominent member of the organization Terra Omnium, which Dudu heads, had been visited by four Muslims last Saturday, who warned him of the potential consequences of keeping his shop open.

The government delegate has described the arson as a terrorist act and asserted that the culprits are about to be arrested. Dudu's claim that the fire was a police provocation is going to be referred to the judicial services section of the Government Delegation to see whether the filing of charges is in order. As we mentioned, Manuel Céspedes regards the claim as a personal insult, inasmuch as he has asserted that "I am personally in charge of police activity in the city at present and I am ultimately responsible for what they do."

"Céspedes, a Policeman"

In light of Céspedes' refusal to negotiate directly with Dudu, Dudu has also lost no time in discrediting him as a negotiating partner, asserting that "Céspedes is a policeman and, therefore, an interested party in this conflict."

In another vein, a Madrid daily's report that Moroccan military aircraft had flown over Melilla on Sunday was roundly denied by the government delegate, who described it as "a grave poisoning of the environment that is typical of people with destabilizing intentions, who seek only to upset the population and strain relations with Morocco."

Manuel Céspedes indicated that if something of the sort had happened, it would not be at all unusual inasmuch as Spain and Morocco have signed a bilateral agreement that enables aircraft from either nation to fly over the other's territory. The reports from the control tower at the Melilla airport do not indicate the presence of any aircraft over the city.

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RALLY REFLECTS LOCAL SUPPORT FOR MELILLA LEADER

Madrid DIARIO 16 in Spanish 23 Nov 86 p 5

[Article by special correspondent Jose Macca; boxed material as indicated]

[Text] Melilla--Muslim sources in Melilla indicated yesterday that the demonstration through the streets of the city was one of the largest that the community has ever staged in support of Aomar Mohamedi Dudu as their undisputed leader. Nevertheless, the Government Delegation in the city indicated that yesterday's demonstration was the smallest of the three that the community has put on.

Rather than a protest against the enforcement of the Aliens Law, yesterday's rally was evidence of the personality cult that has developed around Dudu, whom the Spanish Government has rejected as a negotiating counterpart because he is "not serious."

The demonstration, which lasted for 2 hours and was without incident, was dissolved at 1800 hours by Dudu himself at Espana Plaza just a few yards from the Government Delegation: "All of you return to your homes to hail the unity of Muslims."

Shortly before, speaking atop a van through a very simple public address system that could barely be heard over the noise of the police helicopter that kept flying over the area, Dudu had fired up the crowd with his oratory and demonstrative gestures.

"War of Numbers"

"There are more than 25,000 of us," said Dudu in his speech to the Muslim population of Melilla; the census puts the figure at around 17,000. They had been joined by some 300 Muslims from Ceuta along with one of their leaders, Hassan Mohamed.

The government's delegate in Melilla, Manuel Cespedes, stated at a subsequent press conference that he did not want to engage in a "war of numbers" and merely cited the figures released by the Municipal Police and the crew of the helicopter that flew over the rally with a TVE [Spanish Television] cameraman.

Shortly before showing a videotape of an aerial view of the demonstration, Cespedes said that in no event did the number of demonstrators exceed 2,500.

Hundreds of photographs of Dudu, all bearing the caption "we are with you," were in evidence at this "white march," so called because many of the demonstrators were wearing white clothing as a symbol of peace. Also common were placards with slogans such as "we are all Aomar," "Aomar Mohamedi Dudu, undisputed leader and legitimate spokesman," etc.

Other placards called for the nonenforcement of the Aliens Law, the unity of Ceuta and Melilla "by reason of the cause" and the "Arab, Muslim and north African nature" of the city.

The demonstrators chanted slogans such as "Palacin, you better learn that Dudu is no sellout," "This is our land; we will not budge," "Aomar for president" and "Policemen, yes, murderers, no."

Attacks on Subaire

The Muslim leader referred sarcastically to the accords reached this week in Madrid by other representatives of the Ceuta community as "a proposal for the potential prospect of looking into the viability of a possible document that, moreover, is atypical."

Regarding one of the Muslim leaders who signed the accord, Ahmed Subaire from Ceuta, he said that "his docility is reminiscent of the Saharan members of Franco's Cortes." Dudu said that he would visit Ceuta shortly, a remark that was greeted with a chorus of "we'll go with you." This was the first time that Ceuta was an issue in a demonstration of Melilla Muslims, both in Dudu's constant references to it and in the chants and placards.

The top Muslim leader in Melilla described the demonstration as "historic" because it also commemorated "the first year of the struggle of the Muslim people of Moroccan origin in Melilla."

[Box]

Nationalists Opposed

Melilla--Almost all of the non-Muslim political parties and other organizations in Melilla came out against the decision by the government's delegate, Manuel Cespedes, to legalize the demonstration called by Aomar Mohamedi Dudu "against the Aliens Law."

Only the CCOO [Workers Commissions] supported the Muslim demonstration. Although the PSM-PSOE did not voice solidarity with yesterday's "white march," it did issue a press release supporting the government delegate's decision to legalize it.

AP [Popular Alliance] called the demonstration illegal because foreigners were involved in it. The leading representative of the PDP [People's Democratic Party] in the city, Senator Carlos Bornet, employed harsher language, not only

asserting that the rally was illegal but calling Dudu a "would-be charismatic, fanatic, racist and extremist Muslim leader."

In the view of the UPM [Union of the People of Melilla], the number three force in the city, which espouses a Spanish nationalist ideology and has close ties to Christian merchants, authorizing the demonstration was a mistake because calm would be shattered in the city and the two communities would become radicalized.

[Box]

Ceuta Muslims Accept Government Offer of ID Card

Ceuta--The Muslim community of Ceuta held an assembly yesterday and described as "positive" the proposals that the government put forth at the meeting of the joint commission last Tuesday at Interior Ministry headquarters in Madrid.

The president of the Muslim community of Ceuta, Ahmed Subaire, told EFE that the assembly was attended by some 6,000 people, a turnout that is regarded as "massive."

The assembly was held at the Ramon y Cajal public school at the same time that a demonstration was being staged in Melilla to protest the Aliens Law and to support Muslim leader Aomar Mohamedi Dudu.

The proposals offered during the joint commission meeting last Tuesday in Madrid were debated, and the government's initiatives were viewed "positively."

The Ceuta Muslims rejected the Aliens Law, which will not be accepted "under any circumstances," Subaire said, but agreed to the provisional national identification card for 1 year, while Spanish citizenship papers are processed for those who choose to apply.

The assembly said yes to the identification document for Muslims who do not apply for Spanish citizenship "as long as the document does not come under the Aliens Law."

As far as the Ceuta Muslims are concerned, "the royal decree-law should take into account the community's social and labor idiosyncrasies."

Representatives of the community informed the government's delegate in Ceuta, Ramon Berra Pereira, of the proposals yesterday and, Ahmed Subaire indicated, will officially deliver them to him next Monday.

Subaire added that the assembly said nothing about yesterday's demonstration in Melilla.

Separately, EFE was told by Hassan Mohamed Yassin, a self-declared leader of the Muslim community in Ceuta, that the demonstration was attended by "some 300 or 400 Ceuta Muslims."

8743

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IMPACT OF WESTERN THRACE PROBLEM ON TURKISH-GREEK RELATIONS

Ankara TURK-YUNAN ILISKILERINDE BATI TRAKYA SORUNU in Turkish 1986
pp 156-160, 162-163, 168-169, back cover

[Annotation from back cover and excerpts from conclusion of book "Western Thrace Problem in Turkish-Greek Relations" by Baskin Oran, Mulkiyeliler Birliigi Vakfi Yayinlari 2, 185 pages]

[Excerpts] Baskin Oran was born in Izmir in 1945. He graduated from the Saint Joseph School and the Ataturk Lycee in Izmir and from the Political Sciences Faculty [of Ankara University] (1968). He received his PhD in 1974. In 1982 he was dismissed by the YoK [Higher Education Council] dean. On the day he was reinstated by the Ankara Administrative Court, he was dismissed in accordance with law number 1402. He has a published work, "Nationalism in Underdeveloped Countries--the Black Africa Model," and an unpublished book entitled "The Nationalism of Ataturk--Westernization in Independence."

II. Turkey

The Turkish Republic bears considerable responsibility in the Western Thrace issue.

There are two reasons for this responsibility. First, the [Turkish] minority in Western Thrace is the only minority which Turkey--of its own will and on the basis of specific agreements--has left outside Turkey. And while it is true that the title of "guarantor" for Turkey does not feature in these agreements, both Greece and Turkey as well as the Western Thrace minority (particularly the latter) have always acted as if they accepted this as the official title.

The second source of Turkey's responsibility lies in the errors it has committed right from the beginning. For one thing, the Turkish Republic left the Western Thracian minority outside the boundaries of the fatherland but neglected to take the necessary measures to enable it to live there in dignity. Thus, as certain members of the elite in Western Thrace pointed out to me, Turkey has not given thought, for instance, to the

minority's need for trained teachers and trained clergymen or, in other words, to its human infrastructure. Naturally, this is understandable for the earlier period, as these were years of great difficulty for Turkey as well. Moreover--and this is a very important point--Turkey, unlike Greece, had no experience in dealing with its minorities abroad.

(Footnote 6) (Due to the relatively slow rate at which the recession of the empire took place and was carried out without leaving minorities behind until the Balkan war, the Ottomans had no accumulated experience to draw upon in the event they found themselves reduced to the status of a minority. This issue, however, came into prominence like a sore thumb after the Balkan war.) But there is no evidence, either, that the necessary effort was made in due course to overcome this shortcoming--that is, to take a responsible interest in the Western Thrace problem.

Another mistake made by Turkey in this matter is that until recently it has seen Western Thrace through the mirror of a mechanical interpretation of Kemalism. What we are trying to convey is this: the moment the Turkish political presence ended in Western Thrace, the sole organized body left that could serve the minority as a haven was "the mosque," in exactly the same role as "the church" in Europe in the Dark Ages. Far from utilizing this body, Turkey--once the Ataturk reforms were introduced--thrust away the clergymen and those members of the minority who wore the turban. In the same way that many among us today fail to grasp the fact that the Turkish workers in Germany cling to Islam principally to preserve their national identity, the Turkish Consulate General in Komotini spent its time over the issue of what headgear people wore and alienated them from Turkey. This attitude of Turkey may perhaps be explained to some extent by the fact that Mustafa Sabri Efendi, Damat Ferit Pasa's Seyhulislam, and his companions settled in Western Thrace and were active there against the administration in Ankara. (Footnote 7) (Mustafa Sabri, one of the "one hundred and fifty" [Turkish lifetime political exiles in 1923], was expelled from Greece in 1931, following the Turkish-Greek rapprochement in the 1930's. He is known to have gone to Alexandria.) But it is also a fact that this mistaken attitude has persisted until recently--witness, for instance, Turkey's refusal to grant visas to certain clergymen. Turkey's policy of discrimination between various members of the Western Thrace minority by classifying them as progressives or retrogrades was the wrong attitude to adopt. It is, in fact, the very offices of the muftis that have proven the most important institutions to champion the national identity of the minority in recent years. Late in 1985 the Greeks appointed a mufti of Komotini who was on a Saudi Arabian salary, in a move that must have been motivated by the hope of breaking this entwining of the religious and national identities.

Another of Turkey's failings in the Western Thrace issue is the insufficient realization that the principle of reciprocity between the two countries on the subject of minorities is of far greater importance for the Western Thrace minority. Once "reciprocity" begins to operate in a negative sense, the [Greek] minority in Istanbul suffers little, thanks to its comfortable class structure and the advantage of being in a large city. It is the Turks in Western Thrace who really suffer. For instance, when the Greek

authorities introduced decree 1109 in 1972 to apply the description "M/Kon" to the Turkish schools [in Western Thrace], they stated that this change was made to match the practice in Istanbul, and they could reverse this change if the word "Hellenic" was added to the name of Greek schools in Istanbul. (Footnote 8) ("M/Kon" is an abbreviation of both "Musulmanikon" and "Miyonotikon," respectively, meaning "Muslim" and "Minority" in the Hellenic language.) Turkey has not responded positively to this proposal. What was there to lose, in fact, by the addition of the single word "Hellenic" to the word "Greek" to the name of the Greek schools in Istanbul? Similarly, Ankara did not ratify the London Convention on educational matters which the foreign ministers of the two sides signed on 27 June 1968. The truth is that it is the students of the Turkish minority in Western Thrace who are facing educational difficulties rather than the students of the Greek minority in Istanbul.

The most serious criticism that can be levelled at Turkey's policy on Western Thrace probably concerns Turkey's indifference and passive attitude to the erosion of the Greek minority in Istanbul as a result of its decision in 1964 to abolish the 1930 agreement unilaterally. The reciprocity principle that could restrain Greece in the event it defied international legality was thus blatantly thrown away.

While Turkey's policy on the Western Thrace issue is open to criticism on these grounds, even the existence of such a "policy" itself is open to discussion in a sense. In the first place, this issue occupies a very peripheral corner of the Turkish policy toward Greece. It is doubtful if there has been any serious study within the Foreign Ministry on this subject except for a few reports, and we do not know how seriously even these were studied. If Western Thrace does exist as an issue at the ministry, one could hardly go wrong by giving the credit for this to the efforts of a few young diplomats. Naturally, given such circumstances, Turkey is not in a position to adequately look after this minority's rights under international treaties. To cite the simplest example, having failed to notice the enactment of the "Moslem Minority Schools" in 1977 in open contravention of the Lausanne Treaty, Turkey is trying to have its say on minority educational questions now that it is too late. (Footnote 9) (In fact, this state of affairs at the ministry is not confined to the Western Thrace issue. It will be unfair to expect more from career officers at the ministry until individual groups of specialists are set up, one per department, to serve at the ministry without overseas appointments.)

A more deplorable aspect of the lack of Turkish policy on the Western Thrace issue is that minority affairs in Turkey is an area in which an unknown number of official organizations sport their own hobby horses. Thus, for instance, one fine day, the Directorate General of the Religious Trusts imposes a tax on all religious trusts in Turkey, and naturally the Greek religious trusts are also affected. Immediately afterward, the Turkish religious trusts in Western Thrace, which are already in a bad state, suffer further setbacks, and the existence of this aspect of the situation is realized only following warning messages from the

Consulate General in Komotini. On another day, when the Ministry of Education finds itself bored with playing around with the question of the length of the shorts to be worn by participants in the 19 May Youth and Sports Day events, it decides to introduce, say, hygiene lessons in school curricula. Greek schools in Istanbul, unable to find teachers of Greek extraction to teach this subject at short notice, agree to accept Turkish teachers instead and even sign documents to this effect. But Greek officials, long on the lookout for such an opportune occasion, immediately issue instructions that examinations in Turkish schools in Western Thrace should henceforth be held in the Greek language. The worst part of the affair is, once again, that the Turkish Foreign Ministry gets to know of this development only after a spate of telegrams from Komotini--the reason being that it had no information about the original decision of the Ministry of Education. On still another day, the police in Istanbul refuse to issue a passport to a citizen of Greek extraction; the next day the passport affairs of the whole minority in Western Thrace grind to a halt. Turkey has an obligation to take into account the fact that, following the drop in the numbers of the Greek minority in Istanbul, the Greek authorities will jump at such opportunities, and the poor Western Thracians will end up as the sole losers.

What Turkey should henceforth do can be summed up as follows:

1. It is difficult to try to negotiate an agreement with a state without allaying its security concerns regarding the defense of its realm first. And part of the current Greek phobia concerning Turkey derives from the fact that the former regards the Turkish minority on its border with Turkey as dangerous. While this concern owes less to fact than to exaggeration, Turkey should utilize suitable opportunities to reiterate that it has no territorial ambitions outside the boundaries of the National Pact. Using appropriate language, Turkey should tirelessly reiterate that, as long as Greece respects the frontiers and rights of the Turkish Republic, Turkey's interest in Western Thrace is limited to the implementation of the rights granted to its kinsmen under international treaties, but by the same token, it will never allow deviations from these rights, and it must again emphasize--quoting the following words of Gazi [Mustafa Kemal Ataturk] at his press conference in Izmir on 16-17 January 1923--that ever since the establishment of the Turkish Republic, Turkey has not entertained any desire for the territory of Western Thrace:

"It is necessary to consider carefully whether possessing Western Thrace would make us stronger or weaker. In my view, it would make us weaker. Western Thrace has Bulgaria to the north, the sea to the south, and Greece to the west. This land is thus an extension into two inimical lands. The effort that has to be spent to keep possession of this is not balanced by the benefit to be derived from it. It is necessary to write off Western Thrace in the interests of the security of the Motherland. Theoretical considerations regarding autonomy and so forth for Western Thrace are transitory. The real settlement of the problem lies

in letting Greece have the place. This will also provide a permanent basis for contention between the Bulgarians and the Greeks." (Footnote 10) (These words by Ataturk have been taken from original transcripts of the press conference, which were written down by Assembly secretaries taking minutes and are now kept at the museum at Ataturk's mausoleum.)

2. Turkey must also provide a certain guarantee [Turkish: guvence] to the Western Thracians who continue to be a community of citizens loyal to the Greek state, on the one hand, and, on the other, display their determination to defend their minority and citizen's rights; Turkey must do this by not confining itself to the meticulous defense of their legal rights, but by talking about the minority in Western Thrace from time to time on TRT radio and television. In fact, everybody I talked to in Western Thrace voiced the same simple and innocent request, as if by prior agreement: "Let motherland Turkey not forget us. Let it talk about us on radio and television and in the press." This is the least Turkey owes to the people whom it told in 1923, without consulting them, "Stay!"

3. Turkey must clarify its attitude on the question of the education of the young people of Western Thrace. Due to their desire to see Turks living outside Balkan Kolu emigrate, Greek officials support those who want to go to Turkey for studies. In the past, students went to Turkey only for university studies, whereas currently members of the minority are scraping and saving to send their children to Turkey for their lycee studies now that minority lycees have become progressively inoperative. The children who go to Turkey for studies do not ever wish to return home. As a result, a new problem called education visas has emerged. If Turkey intends to maintain its policy of having the Western Thrace minority stay put, then it should place a higher priority on providing educational facilities to youths from Balkan Kolu than to those from Yaka and Ova.

In any case, Turkey has to make a very fundamental decision concerning the Western Thrace minority before embarking on anything. It should announce a principled decision to support the legitimate demands of this minority in a consistent manner to the very end; but if it cannot do this, then it should consider a second exchange [of population as after the 1921-23 Turkish-Greek war].

4. In order to achieve tranquillity for the Muslim-Turkish minority of Western Thrace, Turkey must restore some form of reciprocity. The unilateral abolition of the visa by the Oza1 government in 1984 is a useful first step in this direction. A new 1930-type agreement will become conceivable in due course. The Papandreu policy will not last forever, and as the Greeks feel the economic effects of the current arms race and become familiar with the Turkish initiatives, they may become more amenable to a softening in relations. The first stage should be to issue an invitation, with the necessary safeguards, to a section of the Greeks of Turkish citizenship who live in Neo Smirni to come back to Istanbul. This will not be an easy task because second and third generations are

involved. The [Greek Orthodox] Patriarchate will be very keen on this as its function as a religious body is steadily disappearing. In the current environment in Turkey, where safeguards are provided to American businessmen against nationalization (Footnote 11) (CUMHURİYET (Istanbul), 17 July 1986), and where legislation is enacted to enable the sale of immovable property to Arab nationals without even requiring reciprocity, it should not prove difficult to find propositions attractive to Turkish citizens of Greek extraction. Such a development will not only contribute to smoothing the lives of the Western Thracians but will also help create an atmosphere very favorable for Turkey in world public opinion which the Armenian terrorists are trying to influence.

5. Achieving all of these in practice depends on handing over all Turkish responsibilities concerning minorities to the Foreign Ministry--which still remains one state establishment that preserves its tradition of serious statesmanship and has some of the best trained bureaucrats in the country on its staff--and ensuring that not the slightest change is made in matters concerning minorities without clear directives from this coordinating center.

Nor will this centralization be aimed solely at preventing events that will have repercussions for the Western Thracians. If Turkey is as "magnanimous" and "secular" as we claim it is--which it is, indeed--then it should go on treating all its citizens without regard to differences in their religion. It is a matter of pride for Turkey that a bill submitted to the Consultative Assembly in 1982 requesting authorization for the government "to apply reciprocity to the minorities in Turkey of countries which repress Turkish minorities abroad" fell through, thus saving Turkey from sinking to the same level as Greece. While there is not a single Turkish student from Western Thrace studying at present at any university in Greece, the fact that people with names like Ioanna Kucuradi at Hacettepe University, Agop Bogosyan at Istanbul University, and Teo Grunberg at the Middle East Technical University [in Ankara] are currently professors does Turkey great honor, makes it truly civilized, and raises it to a level totally beyond comparison with Greece. To arrange for Turkey to be represented specifically by these people at international symposiums would be the most meaningful answer to the centers of pressure constantly bothering Turkey. Before finishing with Turkey and going on to the Western Thracians, let us note what the son of one of the leading citizens of Greek extraction from Buyukada has said:

"We have a shortage of books in our Greek schools. There are great delays in the appointment of teachers, too. We realize that these are connected with Western Thrace. But I find Greece more excusable as it has not yet produced a leader to interpret nationalism the way Ataturk did."

It is necessary, at this point, to touch upon what the Western Thrace minority thinks of its future. There are some among the aged who pine for Turkey. There are even some who think along the lines, "Cyprus waited for 75 years but it achieved its wish; with God's will, we too, some day..." But this is a kind of witticism along the lines of "I thought

you were going to leave right away," indulged in by those born in the Ottoman period. The middle and young generation know Greek and are satisfied with the ideal, "to live in peace in Western Thrace," which is what everybody says almost as a choral refrain. The terms used by the minority press in referring to Greece are "homeland" and "our country" [Turkish: "vatan" ve "Olkemiz"]. The many talks I had in Xanthi and Komotini with a large number of people from various strata as well as members of the elite showed that the people of the minority want to live in tranquillity as "Greek citizens of Muslim faith and Turkish extraction." There is definitely nothing like a demand among the minority for the annexation of the Western Thrace region by Turkey. If the minority were not subject to repression, if it had confidence that it would not face repression in the future, it would have no inclination to emigrate to Turkey. But despite having shown definitely greater loyalty to the Greek state than its orthodox citizens, its lands are being taken away, it is being reduced to destitution, and it is being increasingly deprived with each passing day of the possibility of an education respectful of its national tradition. Despite this, it is not emigrating as long as the situation does not become utterly intolerable. One reason for this lies in the fact that the man of the land is devoted to the land he is born in. Another reason must be the difficulty of leaving a country with a per capita income of \$4,000 for another with \$1,000. In other words, one may say that the Western Thracian's choices are as much influenced by conditions in Turkey as by those in Greece. In fact, the number of those who sell off everything and move to Turkey drops in periods of anarchy and high inflation in Turkey.

Irrespective of whether they wish to go to Turkey or not, the terms used by members of the minority in speaking of Turkey are "our motherland" and "our guarantor" [Turkish: "anavatanimiz" ve "garantorumuz"]. Some elite groups are opposed to the interest in the minority shown by Turkey, but when asked if the cause of the repression of the minority by Greek officials is due to being unhappy with the interest Turkey shows in the minority, everybody answered: "They would be harder on us if Turkey stopped taking an interest." The words "Lausanne Treaty" and "Turkey, our guarantor," constantly on everybody's lips in Western Thrace, are expressive of extraordinary connotations--or, in a word, are "magical" terms. And the sole reason for this is that Turkey constitutes the only point to which the minority, with an ever tightening circle of pressure around it, can turn its desperate gaze.

Notes on the Near Future of the West Thracian Minority

The following can be said by way of "the conclusion of the conclusion" of this book:

A human rights approach to the treatment of the Western Thrace problem in recent years is a positive step in every sense. It will be hitting back at Greece with its own weapon in international forums. It will give Western Thracians the confidence to stand up for themselves in the defense of their right. And it will rid Turkey of Greek accusations of interference in the affairs of Western Thrace.

At the same time, this method requires an extremely careful and planned effort. For one thing, every rejected appeal due to inadequate preparation and poor timing will strengthen Greece's hand. For another, the choice of the persons who will make these appeals, that is, the question of the representation of the Western Thracian minority, will put the Western Thracian minority--each of whose individual members is a government unto himself--to a severe test. It is necessary for the minority to be prepared for this, to reduce personal clashes to a minimum.

The 2 June 1985 elections in Greece may be considered a watershed in the representation of the minority. In the past, the [Turkish] community generally produced two deputies. These changed at each new election and were, furthermore, subject to party discipline. The 1985 elections, however, witnessed the participation of three members of the minority from Xanthi in the elections as independents, for the first time ever, under the "Peace List" label. In Komotini, Sabahattin Galip did the same. In the end, the "Peace List" of Mehmet Emin Aga, Celal Zeybek, and Hikmet Cemiloglu obtained 11,600 votes, failing by 2,000 votes to achieve any seats. S. Galip received 10,300 votes, losing the election by about 4,000 votes. Nevertheless, the independent movement, with about 20,000 votes cast for it, emerged as the fifth largest political force in the number of votes received in Greece.

Ahmet Falkoglu, who ran for the elections on the PASOK slate at Xanthi, received around 1,500 votes but won his seat with votes transferred from other regions by his party. In a statement to ELEFTEROTIPIA a month after his election, he said that "the Western Thracian community has no problems at all." (Footnote 16) ("Bulletin of the Headquarters of the Association of Western Thracians," October 1985, No 10, Ankara, stencilled, p 2) Mehmet Muftuoglu, elected on the Nea Dimokratia slate in Komotini, has since resigned his membership in the Society of Higher Education Graduates on the grounds that "this association has meddled in politics." Both deputies were in third place on the lists of candidates of their respective parties, but when independent candidates emerged, they were raised to second place--thus getting elected to parliament.

It should be desirable for the Greek state, too, to have the Western Thrace minority represented by genuine representatives. This would make the minority regard the country of their birth more as their own and look less to Turkey--a welcome thing for Turkey as well. But the Western Thrace minority has a lot of work to do to settle the sterile internal bickering in order to proceed along to road to electing true representatives who will fight for their rights as a minority and as citizens. It may perhaps be necessary to develop methods to prevent the dispersal of votes, such as a kind of "preliminary election" within the minority to determine beforehand which candidates will run in the elections. However, as new and modern communal leaders emerge, it is very important from the viewpoint of the integrity of the community that the traditional centers of authority that enjoy the respect of the community should not be weakened by attacks on them.

The struggle for establishing a just order in Western Thrace is just beginning.

13184/9604

CSO: 3554/52

ANGELO FINECH ON POLITICAL PARTIES, LABOR ORGANIZATIONS

Rome AVANTI! in Italian 11 Oct 86 p 13

[Interview conducted by Giorgio Lauzi: "We want peace and protection for our welfare state," says labor leader; date and place not specified]

[Text] With its 350,000 inhabitants, a labor force of 120,000, two labor unions, the bigger one the 31,000-member General Workers' Union (GWU), and the smaller the Trade Union Confederation (CMTU), with 17,000 members. Within these close confines, which reflect the size of the Republic of Malta, there is not a lot of scope for distinction between political parties and labor's attitude toward them; Angelo Finech, GMU secretary-general, recognizes that in no uncertain terms. "We stand 100 percent behind the Socialist Party, and we actively support what the government is doing to help the workers. We are striving to strengthen the Socialist majority in the forthcoming elections, which will be held sometime in May."

Finech goes on to add that the other labor organization is not quite so sincere: it talks a lot about autonomy, but "it is nothing like *solidarnosc*, though it talks a lot about it.."

In fact, it "supports the opposition party, the nationalist one, which has a lot in common with the Italian Christian Democrats."

LAUZI: There is considerable tension, then, between the two Maltese labor organizations, isn't there?

FINECH: Labor relations are actually none too good, even though unity in the labor movement as a whole is important to the workers, and "we have to work seriously to build it." The unspoken "but" comes across, loud and clear: it's a long way to that goal.

For the time being, the venue of choice for tiny Malta, at the labor level, is mighty Europe. Both GWU and CMTU, in fact, are members of the ETUC (CES), and in fact, before going on to Brussels to attend the meeting of the European Confederation of Trade Unions, the GWU secretary-general, accompanied by his secretary for international relations, Harans Walls, decided to make a brief stopover en route in Italy, where he met with UIL members, (and extended an invitation to Giorgio Benvenuto to come to Malta), as well as with representatives of the CGIL.

LAUZI: What was the purpose of that unscheduled stopover?"

FINECH: The purpose was to reinforce our ties there, both in the area of the overriding concern for peace and security in the Mediterranean area, and on several matters affecting our country's economy and its workers. For example, we believe it is possible to establish cooperation in a number of tourist areas, and to that end we met with representatives of the UIL's tourist organization, OTIS.

We are also interested in student exchanges, bearing in mind, among other things, the fact that Malta is home to a very advanced international English-language school.

LAUZI: The main goal, then, is peace in the Mediterranean: how to keep it and how to strengthen it?

FINECH: Our government seeks friendly relations and ties of collaboration with all countries. Our relations with Italy are good, and have improved markedly over where they stood 5 years ago, as have our relations with England and the FRG. Failure to understand us is still prevalent in the United States, because of our trade agreement with the USSR, to which the Americans attribute political designs. As for us, we simply want to trade, nothing more; we are a non-aligned nation, a status we acquired just recently at the Harare conference in Zimbabwe. Malta shares that yearning for peace and detente in a region equidistant between East and West in the world, voiced by the overwhelming majority of those participating in the conference.

LAUZI: Good relations with Europe, then, and adherence to the "genuine" non-aligned position. "Close to home," though, in the Mediterranean, what sort of policy can a little country, and one, moreover, in a very delicate geographical position, contemplate developing?

FINCHE: Here again, and especially here, a policy of peace and friendship with all. We favor a settlement of the Middle East conflict that will recognize, on the basis of the United Nations resolutions, the right of the Palestinian people, and also the security of the State of Israel. As for Libya, we have good relations there, both political and commercial, even though the bulk of our trade flows to and from the EC. We cannot go along with everything Qadhafi says or does, but we disapprove of the US bombing attacks on Libyan cities; and our government has long been calling for a conference of countries around the Mediterranean to put an end to the controversies there.

LAUZI: Let's get back to Malta's domestic problems. What is the status and what are the goals of your labor policy, in particular with regard to the employment angle?

FINCHE: Unemployment is a tragedy for everybody, including us. For the short term, we have set ourselves the realistic goal of bringing it down by several points, from the current 10.5 percent to 8 or 8.5 percent. In like fashion we intend to protect, enhance, and streamlining the achievements of our welfare state. Elections are imminent, and the opposition, as usual, is prodigal in its promises. The catch is that they won't say what they are planning to do to keep them. They say they will cut taxes, if they get the votes to win, but hint that they will take Mrs Thatcher and Chancellor Kohl as their models in cutting back welfare. In brief, those lower taxes would cost the workers far too dearly.

We are confident, even so, that the Socialists will retain their majority and continue to govern, Not with reckless promises, but with firm commitment and with concrete action.

6182

CS0: 3528/30

PROFILE OF NEW TREASURY, FOREIGN TRADE CHIEF

Istanbul DUNYA in Turkish 5 Nov 86 pp 1,9

[Text] Yavuz Canevi who was taken from the presidency of the Central Bank to be named Undersecretary of the Treasury and Foreign Trade has been elected the "man of the month" for October.

Canevi was appointed as president of the Central Bank, which was assigned important duties in the steering and execution of economic policy after the Turgut Ozal government took office. Because of the government's emphasis on monetary policy Canevi served at the Central Bank during a lively period.

Canevi, who was elected "man of the month" by DUNYA and the Dunya Economic Surveys Corporation, had occasional differences with the administration over the setting and execution of money, interest, foreign debt and foreign exchange policies and, in particular, the preservation of monetary discipline.

Canevi, who did not hesitate to express the Central Bank's approach on these issues in a moderate language, had a role in enhancing the effectiveness of the Central Bank in public administration.

Canevi also contributed to the establishment of a teamwork system at the Central Bank during his tenure as the bank's president. His appointment as head of an organization as important as Undersecretariat of the Treasury and Foreign Trade because of his sense of duty and superior professional performance despite his occasional differences with the government and the fact that he is an outsider to the Motherland Party was one of the primary reasons he was elected as the "man of the month" for October.

Canevi, who was elected the "man of the month" by 69 percent of the respondents in a survey taken by DUNYA and the Dunya Economic Surveys Corporation, was born in Konya in 1939. He completed his elementary and middle school education in Konya. After graduating from the Finance Department of the School of Political Sciences of Ankara University, Canevi completed his master's and doctoral work in the United States.

He served as an assistant auditor and auditor in the Ministry of Finance between 1960 and 1964. After completing his military service he served as a financial auditor and chief auditor between 1966 and 1976.

In 1976, Canevi was appointed as director general of the Exchange and International Relations Department of the Central Bank. He resigned from this position in 1979 during the tenure of the Ecevit government. After working in the private sector and serving as deputy director of Garanti Bankasi, Canevi returned to the Central Bank in 1981 as deputy president. Canevi, who was appointed as president of the Central Bank in 1983, was named Undersecretary of the Treasury and Foreign Trade in the last few days.

Canevi, who is married and father of three children, speaks English and French. He is also the author of several published works.

9588

CSO: 3554/69

FOREIGN EXCHANGE POLICY SAID DETRIMENTAL TO WORKER REMITTANCES

Istanbul TERCUMAN in Turkish 4 Nov 86 p 2

["Views and Thoughts" column article by Ucman Tekin, the Ankara coordinator of BAGFAS: "Ending the Decline in Worker Remittances"]

[Text] Our workers overseas have important relations with the countries they live in and those they come from. If we put aside their relations with the countries whose development they have helped with their labor, one of their most important links with their own country is related to their foreign currency accounts. These accounts, which we briefly describe as "worker remittances" and which play a major role in our balance of payments, are considered part of our country's foreign exchange policy. The reason for writing this article is that despite very positive developments in opening up our economy to the outside world worker remittances have steadily declined.

In view of the role and influence of the Central Bank in our country's foreign exchange policy, it is useful to approach the issue from that standpoint. Central banks have put aside some of their traditional functions in the modern and developing economies of world. The time has come for our Central Bank to pursue a policy which will preserve the internal and external value of our currency and to introduce and to expand modern implementations which will parallel the liberalization of the economy and which are warranted by modern central banking practices.

Series of Mistakes

The financial incidents which were caused by the Central Bank in our country's economy in the last days of 1985 are still alive in people's minds. We do not want to reexperience and we want to forget self-serving central banking practices which are not concerned with the welfare of the economy, which solely fulfill their foreign debt and payment obligations and which live on a day-to-day basis. Because all of us remember the bitter experience of the financial chaos other banks created in the free market with the idle Turkish currency in their hands when they encountered payment difficulties on similar obligations. That incident unfortunately proved that our Central Bank does not have a foreign exchange policy covering a certain period. In particular, the mistakes made with regard to worker remittances--such as delays in the

payment of the principal, applying reduced exchange rates to interest paid on those accounts--were so bad that they may affect not only present but future worker remittances. Our only consolation is that those mistakes have been rectified without delay.

At the point we have reached today with such day-to-day foreign exchange policies, we are faced with the reality of declining worker remittances. We can clearly say that this decline is not related to the present government's policies and that it has been caused by problems which have piled up and which have remained unresolved since 1979. In their relations with their home country, our workers overseas are extremely sensitive about "foreign currency deposit accounts" and the benefits those accounts provide to them. This is because their and their relatives' future depends on those accounts. They evaluate all arrangements related to foreign currency accounts from that perspective and allocate their foreign currency resources accordingly. The decline in worker remittances can be prevented--indeed reversed--by replacing constantly changing uncertain policies with rational incentive measures which can ensure a steady flow and which parallel our country's developing export-import policies.

What Our Workers Deserve

Firstly, every type of foreign currency carries a cost for our economy. These costs may, for example, be in the form of export incentives or special interest rates on export loans. Why should we not pay this cost or an amount close to it as a bonus to our workers who send their foreign currency earnings to their country? Alternately, workers who deposit their foreign currency earnings in our banks can be given exchange rate guarantees for a specified period such as 6 months or 1 year. When we compare the cost of these proposals with monies kept in foreign currency deposit accounts for a certain time and then withdrawn together with interest we will see that they would not cost so much to the economy. For example, assuming that the incentive amount decided upon is 10 percent, a worker who sends DM100 will be paid the equivalent of DM110 at the exchange rate of that date; or he will be paid DM100 that day, and, if he has been given an exchange rate guarantee for 6 months, he will be paid the difference in the exchange rate of the deutschemark 6 months later.

Our government may evaluate the macro needs of the country for, say, automobiles, business machines, professional tools, machinery and equipment, and form a list of such products which may be imported with privately owned foreign currency. It may then decide which of these products can be brought in used or new and can authorize their importation by any worker who pays for it and its customs duty in foreign currency. I believe that the time has come for the "state daddy" to embrace its citizens abroad with affection. In particular, those citizens have long deserved the comfort and convenience of a system which allows "persons who have exchanged so much in foreign currency to bring in anything on this list" while entering the country.

An Erroneous Practice

Before summarizing my views on this issue I would like to recount one of memories. The government that was in office in 1979 had guaranteed to give a

bonus of 1 million Turkish lira to citizens who exchanged DM100,000 at the special exchange rate offered then and who kept it in Turkish banks for 5 years. Those who had that much money trusted their government and immediately deposited their money in Turkish banks. Those who did not have the money borrowed from German banks and did the same thing. As a civil servant in those days, I still feel and experience the excitement of the workers who raced with each other to send their foreign currency to their homeland. At the time, German bank managers asked me with concern: "What is happening in Turkey Mr Tekin? Everyone wants DM10,000." However, shortly afterwards the official exchange rate climbed far above the special exchange rate, and our workers were rudely shocked.

At that time, a considerable amount of foreign currency was collected, but this erroneous practice cost the government more than the foreign currency it collected: It shook the trust of our workers and eliminated their fervor to send their earnings to their country. I do not think that our reports urging action to treat those wounds can be found even in the archives of the ministry.

Therefore, we can end the decline in worker remittances by instituting a dynamic and modern central banking system and a "foreign exchange policy" covering a certain period of time. The issue must be evaluated as a whole, and the existing import by waiver policy--which does not conform with and contradicts the present government's economic approach--must be changed without delay. If all of our proposals here are evaluated as a whole, I believe that our country can--borrowing a phrase from our new Undersecretary of the Treasury and Foreign Trade--"reach its goal without changing tires even on a rough road."

9588

CSO: 3554/71

UNEMPLOYMENT FIGURES PUBLISHED BY LEO

Istanbul MILLI GAZETE in Turkish 5 Nov 86 p 5

[Text] Ankara--It has been determined that last year 1,744,196 persons applied to the Labor and Employment Organization [LEO] to seek jobs.

According to data in the LEO's 1985 statistics annual, 1,414,052 persons could not find the jobs they desired in 1985, and their records were carried over to 1986.

With 63,371 persons, Adana had the largest number of applicants. Adana was followed by Istanbul with 58,723 applicants, Ankara with 54,974 applicants and Bursa with 34,375 applicants.

It was determined that 299,254 of the applicants were skilled workers. The largest number of applicants in the skilled work category were agricultural and forestry workers, accountants and office workers and heavy vehicle drivers.

Of the LEO applicants, 40.5 percent were in the 20-24 age group and 36.4 percent were in the 25-29 age group. Of these, 64.1 percent were graduates of elementary school, 11.1 percent were graduates of high school or equivalent, 10.5 percent were middle school graduates, 8.4 percent were graduates of vocational schools, and 1.7 percent were graduates of universities and professional schools.

Plasterer Most Wanted Workers Overseas

Last year, 55,370 persons applied to the LEO to seek employment overseas. Of these, 47,353 were sent to various countries.

9588

CSO: 3554/69

BRIEF

TOURIST AGREEMENT WITH CZECHOSLOVAKIA--A tourist protocol between the Cypriot Republic and the Czechoslovak People's Republic was signed yesterday in the office of the KOT /Cypriot Tourist Organization/. Signing for Cyprus was Mr Khr. Georgiadis, KOT president, and Mr Vaslov Marhul, director general of the Czech Tourist Service of the Ministry of Foreign Trade, signed for Czechoslovakia. Speaking during the ceremony the KOT president expressed his thanks for the visit by the Czech delegation and his satisfaction over the harmonious bonds of friendship and mutual understanding prevailing between the two countries which, he said, will be promoted even more. As for cooperation in the field of tourism, he said that there were many margins for improvement between the two countries. The Czech official answered by first thanking the KOT president, assuring him about the constant interest in and support of Cyprus by the Czech people and government and stressed that every possible effort would be undertaken to develop cooperation between the two peoples particularly in the field of tourism. Also attending the ceremony were the Czech ambassador and the KOT director general. /Text/ /Nicosia 0 AGON in Greek 25 Nov 86 p 6/

EXPORTS, IMPORTS FALL--There was another drop in both exports and imports during the period January-August 1986. According to a statement issued, overall imports of goods (imports for local consumption and imports destined for reserve stocks) were limited to 447.2 million pounds compared to 531.1 million pounds during the corresponding period of 1985. Also, overall exports (local exports and re-exports) decreased to 169.9 million pounds compared to 202 million pounds during the corresponding period of 1985. As a result of these developments the trade balance deficit was limited to 277.3 million pounds compared to 329.1 million pounds during the corresponding period of 1985. /Text/ /Nicosia I SIMERINI in Greek 25 Nov 86 p 14/

CSO: 3521/42

REFORMS IN MONEY MARKET SYSTEM ANALYZED

Paris LE NOUVEL ECONOMISTE in French 14 Nov 86 pp 52-53

[Article by Jean-Claude Hazera: "Credit Market: How Interest Rates Will Be Controlled"; first paragraph is introduction]

[Text] In 1987, there will no longer be any control of credit but instead, interest rates that will fluctuate more widely. Bandleader: the credit market that will be changing on 1 December.

Two years ago, Mr Edouard Balladur's predecessor had started to give the eulogy for credit control; it will now be definitively buried in a few weeks. Next year, it will be through raising or lowering the price of money that the Banque de France will moderate or encourage our desire for credit. The interest rate that will determine the price of short-term money, and indirectly other interest rates, will remain the interbank market rate. Mr Philippe Lagayette, the vice governor of the Banque de France, confirmed it on 16 October when he announced measures effective 1 December that will make that market more efficient. The most spectacular one is the elimination of the daily "fixing".

Spotlight

One might have thought of turning the spotlight on some other rates, those of Treasury bonds, to do the same thing as in America. The Treasury Department at the Ministry of Finance has this idea in mind. Its argument: the Treasury bond is a standard product. Not only the signature, which is unquestionable, is the same for hundreds of billions of francs' worth of securities, but in addition the Treasury has been trying hard for several months to standardize the offerings and the schedule of issues in order to provide the Matif [not identified] with a convenient support.

Conversely, the private credit papers that the Banque de France buys or "takes on as collateral" from banks to support the credit market, in addition to government instruments, entail a "filing" procedure that keeps a host of Banque de France employees busy. The Treasury has not lost hope of eventually imposing its paper as a barometer, even though Mr Lagayette enjoys the fancy

that, with the state controlling its budget deficit, the "lode" could become smaller. So far, it is not indicative enough of short-term rates, as shown by the mixed success of Treasury bond subscription at the Matif.

For the time being, the interbank rate is actually the rate "that guides other markets". Since short-term securities (Treasury bills, certificates of deposit, etc. . .) have been introduced in France by the previous government, the interbank market is now only a part of the money market. The SICAVs [Variable-Capital Investment Companies] were asked to withdraw from it in June, the insurance companies will be kicked out of it on 1 January; the last privileged enterprises such as EDF, as well as pension funds, should follow at an unspecified date. To get short-term returns, they will have to take the risk of handling all these new financial instruments in units of Fr 1 million minimum. Only banks and the Social Security administration, through the agency of the Caisse des Depots [Deposit Bank], will keep this convenient access to the interbank market where banks exchange lines of credit on their accounts at the Banque de France. These accounts are not allowed to be in the red, but since they are not getting any returns, any bank that has an excess of cash finds it advantageous to lend it to another bank.

Conversely, the bank that needs cash, or know that it is going to need it, has a choice of three sources in the credit market: the Banque de France auctions, "overnight" financing or "7-day loans."

When the Banque de France considers it necessary, it organizes an auction that allows banks to put money in their account in exchange for government or private instruments maturing during a specified time. Up to now, it has been organizing at least one auction per quarter at the beginning of a "reserve period", the others taking place as needed. The length of these periods, at the end of which the level of minimum mandatory reserves deposited by each bank is controlled, could become one month. This will not necessarily make the auctions more regular, the Issuing Institute points out, since the Banque [de France] decides on them as a function of what it reads into the "situations" that the banks are required to report to it and it may modify the period by changing the ratio of "mandatory reserves". But it also takes into account what it knows about inflows and outflows of capital on the currency exchange market and about the intentions of the biggest borrower in France, the Treasury.

The principles of the bidding procedure is not going to change, but it is going to be somewhat formalized. On auction days, each "main market participant" will have 2 hours between 9 and 11 am to indicate by telex how much money he is ready to take at each of the rates that he is proposing; this essentially assumes an exercise in forecasting the trend of interest rates for the coming days. The Banque de France then fixes a rate, totals all the bids made at and above the rate and if needed, reduces each bid in the same proportions if the total exceeds the amount of "central money" that it was ready to inject into the market. The single rate, which becomes the Banque's intervention rate or base rate for the following days, is published at about 4 pm and is applied to all the bids that have been accepted. In the so-called "Dutch" system, which might be introduced later, any participant who has

divided his bid into sections at various rates receives in fact what exceeds the rate adopted by the Banque by paying the rate that he proposed for each section.

Up to now, it was mandatory to channel these auctions through six "rediscount firms", each one being more or less strongly tied to one of the big banks in the market. They were not charging any commission for this monopoly, but were deriving from it a very acute knowledge of the liquidity of the market that allowed them to make money on it, as explained by Mr Jean-Gerard Perrot, one of the Investment Management Fund executives, who is not hiding a slight worry about the future. This is because the monopoly of the rediscount firms will disappear on 1 December, or rather will be "extended" to 20 or 30 "main street dealers", registered by the Issuing Institute, either according to the volume of their transactions on the market or according to their specialization. The future of the rediscount firms will depend on how much room the big banks will be willing to allow them since these banks have a latitude of action that gives them the authority to lay down the law.

Although they can dispense with intermediaries to present their bids to the Banque de France, the big banks need "wholesale" dealers for overnight loans and also intermediaries to avoid directly confronting each other on the market. "Overnight", as its name indicates, is the market in which the needs for cash and its availability are adjusted for 24 hours. An enormous market: Fr 150 to 200 billion francs of transactions per day. Its rate directly influences the others. "Too much", is the consensus from the Banque de France and the experts. For this reason, the Banque did not dare let this transient price fluctuate freely; it is fixed daily between 9 and 10 am according to the position of the five or six big banks on the market. This "fixing" has now only a few more days to live.

Negotiations

Nothing at all like a Bourse [French Stock Market] session. The credit market works over the telephone and the banks do not talk directly to each other, which avoids direct confrontations and clashes. The intermediaries are either rediscount firms that assume the rate risk and can redistribute to smaller banks the tens of billions [of francs] exchanged by the big ones, or brokers--charging commissions--whose role is limited to putting the banks in touch with each other while keeping both the buyer's and the seller's identities secret till the end . . .

To allow the overnight rate to fluctuate more freely and be more representative of the market without causing any tragedy, transactions will be continuous from now on. A rate will only be officially noted by the Banque de France on the next day at about 11 am. "It will be normal for it to fluctuate by half a point, and even one point, around the base rate during the day," Mr Lagayette explains. "Around" meaning that the overnight rate may fall below that of the last auction if there is lots of liquidity. A preview of this occurred on Friday 24 October when the fixing rate suddenly fell back to 7 percent versus 7.5 percent the day before without any intervention from the Banque. Explanation: rates had risen during the previous days because the

banks needed money to rebuild their reserves at the Banque to France before Friday 24 October. But by Thursday they had finished the operation and on Friday, they no longer needed money.

Conversely, if the market lacks liquidity, the banks have access to a last resort course of action: to borrow for 7 days from the Banque de France with some securities as collateral. A penalizing solution, since they have to commit themselves for one week instead of one day, and pay more. By keeping the rates for these loans at 11.5 percent during 18 months while the overnight rates had dropped down to 7 percent, the Issuing Institute has made them so unattractive that nobody was resorting to them any more. It is in order to revive them that the rate was lowered back to 8.25 percent on 24 October. In the future, the deviations from the base rate should not exceed one point.

This is the way the credit market rate will be established; it will not only keep up the excitement in the bond market, in the Matif and in other money markets, but it should also have some repercussions on borrowers. At the BNP [National Bank of Paris], for example, Mr Claude Reinhart, deputy managing director, estimates that approximately one fourth of the credit is already granted on terms that are varying with the market. In particular, short-term credit to big enterprises. This is the logical outcome when credit is controlled through interest rates.

12260/13104

CSO: 3519/37

SUPERVISORY COUNCILS' POWERS REINFORCED

Athens I KATHIMERINI in Greek 27 Nov 86 p 1

[Text] In the frameworks of its post-electoral tactic of turning to the left, the government, as I KATHIMERINI had already written, on 26 November proceeded in activating the law on the supervisory councils. While the measure is not going to offer anything to workers--besides, the law is weakened by elimination of the auditing competency--from the other side, it will worsen the climate, rekindling the business world's fears.

Specifically, an amendment which has been introduced in the Chamber of Deputies provides for expansion of the supervisory councils which have been in force thus far to the mining branch and the shipyards, fertilizers and cement branches. At the same time, provision is being made for extending the law's application to other branches of the economy with a Presidential Decree.

K. Simitis, answering a question about the repercussions this measure may have on the climate, said: "The amendment may be troublesome, but, from our standpoint, we have a program which we must implement." In more detail, the minister said:

The law on supervisory councils is being reformed and expanded on the basis of the course of the country's economic and social needs, the experience which has been acquired and, finally, the programmatic goals which have been set by the government.

The principal points of the government proposal are the following:

- a. The law on supervisory councils is expanded to the metallurgic industry which is connected with mines, as well as to the shipyards, fertilizers, and cement branches.
- b. The supervisory councils are composed and function according to branches or sub-branches of the economy's secondary sector.
- c. Provision is being made for the process of extending the law's application to other branches also.
- d. The supervisory councils, as instruments playing an important role in the dialogue between the supervised enterprises and the social partners, contribute in every appropriate way to solving problems in the development and operation

of the supervised enterprises, as well as in their relations with the workers, local government organizations and the other social partners.

e. The supervisory councils look after the exercising of the necessary administrative and economic control by the appropriate organs provided by the law in force, and with the procedures in force.

f. Finally, partial amendments are being made in regulations which either have proven to be inhibiting for the law's functioning or have no obvious effectiveness and are impediments to the development of the supervised enterprises.

9247

CS0: 3521/31

RETALIATION AGAINST IRANIAN TIR TRUCKS

Istanbul DUNYA in Turkish 5 Nov 86 p 3

[Report by Ferda Yurtturu]

[Text] Turkey has begun to implement restrictions against Iranian TIR [Highway International Transport] trucks in retaliation for similar Iranian measures against Turkish TIR trucks.

Iran has a 38-metric-ton total weight restriction on Turkish TIR trucks and requires Turkish truck drivers to exchange \$100 upon entry into Iran. Turkish officials will impose the same restrictions on Iranian TIR trucks entering Turkey.

Saffet Ulusoy, the president of the Association of International Shipping Agents Association, said that his organization "is pleased with this implementation which is based on reciprocity." He added:

"The Iranians raised numerous problems with regard to the entry of Turkish TIR trucks into Iran. They required that the trucks total weight not exceed 38 metric tons and that the drivers exchange \$100 at the time of entry into Iran. We told the Ministry of Transportation about the need for reciprocity. Our request received favorable response; now Iranian TIR trucks entering Turkey are required not to exceed 38 metric tons in total weight and exchange \$100 at the time of entry."

Stating that Iran charges \$150 in transit trips, Ulusoy said that the same regulation will apply to Iranian trucks transiting through Turkey.

Ulusoy added that the TIR license required by the Iranians from Turkish TIR trucks is not required by Turkey and that Ministry of Transportation officials did not "impose that requirement because Iran has some FOB purchases from Turkey at the moment, and they do not want to upset these relations."

9588

CSO: 3554/70

ANNUAL PROGRAM CALLED STEP BACKWARD FROM FREE MARKET ECONOMY

Istanbul HURRIYET in Turkish 4 Nov 86 p 4

[Report by Erkan Celebi]

[Text] Prime Minister Turgut Ozal who has been saying he "there are no alternatives" to the economic policy he has implemented since 1979, when Turkey's economy was at a deadlock, has now begun looking for "alternatives" himself. The economic policies of Turgut Ozal, who has been the strongest proponent of free market liberal economics in Turkey, have begun to falter, and Ozal has been forced to make concessions from his policies. Moving away from the policies he has implemented with harsh measures, Ozal has taken an "interventionist" approach.

Stating that he will take a range of new decisions to attain the goals set by the government's 1987 program, Ozal has opened the door to 1987 with changes introduced in 1986. Experts attribute Ozal's retreat from free market economics--which he has tried to establish in Turkey in the last 7 years--to two factors:

1) The system did not fit. When choosing a system, the realities of the country must also be taken into account. Ozal, who was completely opposed to the hypothesis of etatism, tried to exclude this thesis from the system he wanted to implement and chose a course of liberalization which did not fit the realities of the country. The dreams began to crumble after they smashed against the wall of reality. Now Ozal is retreating from his chosen policy and is contradicting his own policies.

2) The limits were not properly set. The physical limits and those of social cost were not properly set. They wanted the economy to grow instantly. A proper balance between savings and investments could not be established. Money was borrowed using the country's resources as collateral. Foreign currency was lavishly spent despite the fact that it was in short supply. That resulted in new debts.

Prime Minister Ozal who has begun to look for an alternative himself has so far made the following changes in his faltering economic model:

--Interest rates: Ozal's free market economic system received its first blow from interest rates. Starting from the assumption that in a free market

economy interest rates should also be freely determined, Ozal freed the interest rates in July 1980. However, when the policy of free interest rates led first to the brokers' disaster and then to the collapse of three banks, interest rates were returned to the government's control. With the latest adjustments in interest rates (interest rates on demand deposit accounts have been freed up to a limit) Ozal, who has not risked to free interest rates since then, has made a fresh attempt to free interest rates. However, he has not been able to realize a full transition to free interest rates.

--Foreign currency: On 29 June 1985, the government introduced the free foreign exchange rate system. However, when the banks began to compete with Tahtakale to fill their foreign currency needs and thus increased foreign currency prices, harsh measures were taken first by the 14 March operation and then by the 30 October operation. Thus, liberalization in the foreign currency area was completely abandoned.

--Foreign debt: Ozal who boasted at every occasion that "our foreign credit ratings are increasing; now finance institutions are competing with each other to lend to us," first eagerly resorted to foreign borrowing. Excessive public sector and municipal investments steadily increased the foreign debt burden. The share of short-term debt in total foreign debt rose rapidly from 10 percent to 30 percent. The foreign trade deficit of \$2,214 million in only the first 7 months of 1986 carried ominous signs that it could exceed \$4 billion by the end of the year. Now the government is trying to reduce foreign borrowing by cutting primarily public and municipal spending, and with its latest foreign currency operation, it is seeking ways of reducing the foreign trade deficit.

--Imports: In response to falling exports and a concomitant rise in the foreign trade deficit, Ozal, who initially liberalized imports to establish a balance in the domestic market, has now chosen to take steps designed to restrict imports. Imports are being restricted by increasing fund surcharges and customs duties on luxury imports.

--Tourism: Thanks to incentives for tourism explosive growth was finally achieved in that area. Turkey's tourism revenue rose rapidly to \$1.5 billion, and the number of tourists visiting Turkey increased to 1.5 million. New investments were encouraged, and the total number of hotel beds increased from 65,000 to 85,000. However, the high pricing policies implemented in tourism drove away the tourists. As a result, tourism revenues were far lower than what was expected. In response, the government intervened and mandated a 10 percent reduction in touristic prices for 1987.

9588

CSO: 3554/72

FOREIGN EXCHANGE REGULATION, INTEREST REDUCTION TO AID MARKETS

Istanbul DUNYA in Turkish 5 Nov 86 pp 1,9

[Text] Two major decisions taken by the Central Bank at the end of last month were voted as the "event of the month," thus surpassing even the government reshuffle and the steep State Monopolies price hikes.

In a survey conducted by DUNYA and the Dunya Economic Surveys Corporation, 82 percent of the respondents chose as the "event of the month" the Central Bank's 30 October decisions which bar banks from surpassing the foreign currency exchange rates set by the Central Bank and which have reduced interest rates on deposit accounts.

The foreign exchange operation, in particular, caused major upheaval among business circles. The debate over the Central Bank's decision designed to discipline the foreign currency market is still continuing. This decision means that the Ozal government has dropped its "proportional free currency exchange" system which was considered one of the most important of the liberal foreign exchange policies which it introduced before it was even given a vote of confidence.

On 19 December 1983 the government empowered individual banks to set exchange rates that varied by plus or minus 6 percent from the basic rate set by the Central Bank. That variation was reduced to 2 percent on 14 March 1986 and was completely eliminated by the directive issued by the Central Bank on 30 October 1986. From now on, the Central Bank will set the buying and selling prices of foreign currency, and banks will not be able to deviate from that.

The said Central Bank directive also introduces new regulations regarding the banks' foreign currency deposit accounts. The new regulations bar banks from using their foreign currency deposit accounts to expand their Turkish currency loans and reduce the currency exchange risk rate. From now on, banks will be required to use at least 50 percent of their foreign currency deposit accounts for foreign currency loans.

Another effect of the decision on the banks is that profits made from this practice have been reduced. Until 30 October, the banks earned a profit of about 2 percent from the sale of foreign currency. The new regulations reduce this margin of profit to 0.5 percent because the Central Bank will set the exchange rates.

Another decision that was part of the "event of the month" was the reduction of interest rates on deposit accounts.

The Central Bank directive on interest rates effective 30 October reduces interest rates on 1-year time deposits from 52 percent to 48 percent, 6-month deposits from 45 percent to 41 percent, 3-month deposits from 40 percent to 36 percent and 1-month deposits from 30 percent to 29 percent.

The directive, which leaves interest rates on demand deposit accounts at their present level of 10 percent, also introduces a new system which is described by Central Bank and Prime Ministry officials as the first phase of a transition to free interest rates. According to this system, the banks will be able to set freely the rate on 90 percent of the interest on demand deposit account balances that are not withdrawn for 3 months and on 90 percent of the interest on 3-month time deposit accounts.

Another regulation designed to rejuvenate the currency and stock markets increases joint stock companies' bond issue limits sixfold and allows them to issue bonds with maturity terms of up to 1 year within their bond issue limits.

9588

CSO: 3554/69

EDITORIAL ON GOVERNMENT APPROACH TO INFLATION

Istanbul DUNYA in Turkish 5 Nov 86 p 1

[Editorial: "Three Standards on Inflation"]

[Text] The economy is trying to chart its course on the basis of three different estimates of the inflation rate. The first estimate is given by the government and is the "political inflation rate." The Ozal government has determined this rate to be 25 percent as of the end of 1986. The government assumes that the inflation rate will be 20 percent in 1987.

The second estimate of inflation comes from the calculations of the State Statistics Institute and the Undersecretariat of the Treasury and Foreign Trade, both government agencies. These are the "official inflation rates." While there are discrepancies between the figures of the two agencies, the "official inflation rate" has long exceeded 30 percent.

The third estimate is the "market inflation rate." The market, which constitutes the living tissue of the economy, has its own calculations and does not pay much attention to "political" or "official" figures. Factors such as the foreign exchange rate, interest rates on bank deposits and loans and raw material prices play a role in these calculations, and the inflation rate is considered to be 45 percent and even as high as 50 percent "depending on the circumstances." Consequently, pricing policies are based on these calculations.

The government's estimates on the "political inflation rate" have long lost their credibility. Nowadays, nobody expects inflation estimates of 25 or 20 percent to come true.

Nevertheless, the problem is that the macro balances of the economy are set in accordance with the "political inflation rate."

For example, revenue, borrowing, spending and investment levels in the government budget and the price of the civil servants' and workers' labor is determined on the basis of that figure. The government program is based on that figure. In the end, the "political inflation rate" affects only the labor rates, and the other matters remain on paper only.

From the government's standpoint, the inflation indexes of the State Statistics Institute and the Undersecretariat of the Treasury and Foreign Trade have been reduced to figures that are "interpreted according to the circumstances." The government has also begun to change the types of indicators that form the basis of inflationary computation depending on the degree of its failure to control inflation, which is one of the primary goals of its program.

The "annual averages" indicator, which was used to measure inflation until 1985 in both the wholesale and the retail price indexes, has lost favor in the Ozal government. Now, monthly price changes are accepted as the rate of inflation.

Moreover, the government uses the lower of the wholesale and retail price indexes as the basis of its figures. In addition, for a certain period the government preferred the figures of the Undersecretariat of the Treasury and Foreign Trade over those of the State Statistics Institute which had higher figures for that period. However, according to Prime Minister Ozal's statement in Hong Kong, the State Statistics Institute is in more favor these days.

This lack of seriousness on the issue of inflation must be seen as one of the strongest indicators of the confusion and chaos in the economy. The pricing anarchy resulting from the discrepancies among three different rates of inflation is one of the most important causes of the inconsistency and unbalance in the economy.

9588

CSO: 3554/70

COLUMNIST EXTOLS VALUE OF FREE ZONES

Istanbul TERCUMAN in Turkish 5 Nov 86 p 3

["Store Window" column by Yavuz Donat: "Free Zones"]

[Text] Seoul--There are two free trade zones in South Korea. One was established in 1970 and the other in 1973.

In size, they are about as large as the free zones we are trying to establish in Mersin and Antalya.

The two free zones employ 54,000 people.

Let us add that South Korea's economic ascent occurred in the last 15 years.

We asked the officials we talked to in Seoul about "incentives taken with regard to foreign capital."

For example, there is no customs duty in free zones.

There is no income tax during the first 5 years of operation.

After 5 years there is a 50 percent rebate on income tax.

Capital, profits and dividends can be transferred freely.

Property can be sold to foreigners.

Foreign personnel are exempt from income tax.

Foreign investors are given "guarantees that there will be no nationalization."

Our first research topic in South Korea was "free zones."

We had observed the free zone implementation in the PRC.

There, more incentives were offered than in South Korea.

Free zones are the "phenomenon of our era."

They are implemented in many parts of the world from Hong Kong to Poland and from Romania to India.

Regardless of their political system, countries take every step, offer every incentive and give every assurance in order "to attract foreign capital."

And that is what reason mandates.

We were late on the issue of free zones.

Now we are trying to catch up with "the years we lost."

Foreign firms are already waiting in line to file applications.

"The incentives we are offering" are more modest than those offered in free zones in other parts of the world.

Even so, the demand is high.

This means that this project will work, that it will contribute significantly to the economy, that it will create new job opportunities and that modern technology will enter our country.

The issue also has a political aspect.

Some time ago, the opposition went to the Constitutional Court over the law with regard to the free zones.

The court examined the "issue."

It decided that "it is constitutional."

In any case, it could not have ruled otherwise.

Because that would mean "denying the present."

Then, what is the mentality behind taking such an issue to the Constitutional Court?

What political reasoning would try to have such a law repealed?

What purpose is served by starting a debate over "whether the law should be repealed" at a time when investments on free zones are under way and foreign firms are filing applications?

Free zones have nothing to do with leftism or rightism.

The issue is not related to the political system.

The PRC, South Korea and Poland all have different political systems.

But they are all benefiting from the opportunities offered by the free zones.

The free zones system is nothing more and nothing less than a means of economic development.

Not seeing this and "opposing a system whose implementation is inevitable" is political short-sightedness.

There are more than 20 journalists and nearly 70 businessmen in our delegation.

Each of them cast their votes in "different ballot boxes."

But they are all interested in the free zones system. They are all asking: "Why were we so late?"

One wishes that Prime Minister Ozal brought along "50 to 60 opposition members" on this tour.

They, too, should have seen this system.

Those who are planning to have a say in Turkey's future must examine this issue closely regardless of their party affiliation.

Prime ministers come and go.

It is basic policies which must be permanent.

And these basic policies must not be turned into "daily anteroom material."

9588

CSO: 3554/69

NORDIC STRATEGIC DEVELOPMENT, KOLA SIGNIFICANCE

Nordic Axis

Helsinki HUFVUDSTADSBLADET in Swedish 15 Nov 86 p 2

[Excerpt from article by Major General Gustav Hagglund, published originally in FLADESTRATEGIER OG NORDISK SIKKERHETSPOLITIK, then in NYA ARGUS; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] An article by Major General Gustav Hagglund in NYA ARGUS analyzes strategic development in the Nordic region (the article appeared earlier in the Danish publication FLADESTRATEGIER OG NORDISK SIKKERHETSPOLITIK). Here we present the summary of his views.

As a theater of war, the Nordic region is ill suited to ground operations on a grand scale by the superpowers' standard forces. Maritime factors and considerations play a dominant role. In general, the Nordic region has attracted strategic interest when its territory has wound up between competing powers, one maritime and the other continental. Today the big powers--the whale and the bear--are the United States and the Soviet Union. It is about time to begin analyzing northern Europe's place in this constellation instead of sticking to the still-so-prevalent view that Europe dominates the picture.

In a nuclear war between today's superpowers, the Nordic region will form the main axis, and central Europe will be the flank. To a large extent, the same is true of maritime operations, quite simply because the major portion of one power's fleet is deployed in northern Europe. Only in the case of ground operations can the Nordic region be regarded as central Europe's flank.

The superpowers are stalemated in northern Europe. This has helped maintain stability in the Nordic region. But the situation has not been static. Changes have been gradual and undramatic. This is true not only of the USSR's buildup of its base on the Kola Peninsula but also of the newly awakened U.S. interest in the Nordic region. But the most striking change in this region over the past decade has been that as the central power--Sweden--has weakened, its unifying pull has also grown weaker, and traditional centrifugal forces or special interests have come into play: those of Finland in the east, Denmark in the south, Norway in the west, and Sweden around the center.

The most important new weapon systems being developed at present are new intercontinental and submarine missiles, strategic defense systems, and cruise missiles. Surprisingly enough, they all seem to have one common denominator: they increase the Nordic region's strategic importance. The time of changes and challenges is not over in the Nordic region.

Kola Role in Power Balance

Helsinki HUFVUDSTADSBLADET in Swedish 16 Nov 86 p 4

[Editorial by Rafael Paro: "Importance of the Kola Peninsula"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] Ligachov's announcement concerning missiles serves as a reminder that the Soviet Union is concerned primarily with making sure that the balance of power with the United States remains as it is, writes Rafael Paro.

In an article appearing in NYA ARGUS, Maj Gen Gustav Hagglund emphasized that the Nordic region has been attracting increased strategic interest. By no means does the main strategic axis now run from London or Paris to Berlin and then on to Moscow. It is the Nordic region, not central Europe, which now lies on the central axis as far as nuclear war between the superpowers and the so-called central balance are concerned. Whether we are talking about land-based intercontinental missiles, submarine-based long-range missiles, or strategic bombers, the shortest flight paths between the industrial and population centers of the superpowers pass over Scandinavia.

Some new U.S. land-based and submarine-based intercontinental missiles are assumed to be so accurate that no silo can provide protection from them. It is therefore possible that the Americans will achieve first-strike capability against Soviet land-based intercontinental missiles before the end of the 1980's. This makes submarine-based missiles even more important as a guarantee of Soviet second-strike capability. The Soviet Union has concentrated most of its missile-carrying submarines on the Kola Peninsula.

The Soviet Union's second-strike capability--and also, as a result, its status as a superpower--seems to be growing increasingly dependent on the Kola Peninsula and the Barents Sea as a secure exit for its missile submarines. The Kola Peninsula can be viewed as the most important military base area in the world. And that, in turn, leaves its mark on the situation and scenario in the Nordic region.

It also means that all activity in the area is strategic in nature. Safeguarding the second-strike capability of its submarine-borne missiles has become the Soviet Union's prime concern in the Nordic region.

In such circumstances, there is reason to take a look at the announcement by Politburo member Yegor Ligachov that the Soviet Union has dismantled all its installations on the Kola Peninsula for launching medium-range missiles and withdrawn most of its medium-range missiles and some operational tactical missile divisions from the Leningrad and Baltic Military Districts.

There is currently a lot of criticism concerning that unilateral move by the Soviet Union. It is not news to the experts. What it involves is obsolete weapons. A unilateral move of that kind cannot be verified. Other types of weapons can replace those that were scrapped. In any case, the Soviet Union has enough nuclear weapons to strike targets in the Nordic region.

It is obvious, however, that in taking this step, the Soviet Union wanted to emphasize that it was sticking to its promise not to use nuclear weapons against states which do not procure nuclear weapons themselves or allow such weapons in their territory. Ligachov presented the Soviet measures as being part of "the new steps" which the Soviet Union now considers it possible to take to further the proposal for a nuclear-free zone in the Nordic region. More steps are possible if the zone plan is implemented.

Ligachov's remarks are aimed primarily at Norway and its allies. The obvious hope is that this will activate a discussion of the zone in a situation in which Norway is being governed by a Social Democratic minority government. It is not certain that the situation is especially favorable, seeing that that government is very vulnerable--although for other reasons.

But conditions exist for bringing up certain questions of principle for reconsideration within NATO. Special notice is being taken of the fact that Democratic Senator Sam Nunn of Georgia is now being pointed to as the future chairman of the U.S. Senate's powerful Defense Committee.

More than perhaps anyone else, he has tried to put pressure on West Europe to beef up its conventional weapons. The reason he gives is that because of the current balance of power, NATO's commanders would be forced very quickly to use nuclear weapons to repel an attack by the Warsaw Pact.

If Senator Nunn and those who share his views are successful in putting their ideas across, new demands will be placed on the Norwegians, among others. Various measures for increasing preparedness with conventional weapons will come into question. In principle, Nunn's demands are in line with the views expressed by Norway's present prime minister, Johan Jorgen Holst. He has said that less reliance on nuclear weapons, and especially the use of such weapons at an early stage, is the basic criterion that should be used in considering NATO's strategy in the future and its attitude toward nuclear weapons.

Yegor Ligachov's announcement here in Helsinki is scarcely sufficient to induce Norway--or Denmark, for that matter--to exchange NATO's guarantees for a nuclear-free Nordic region. But it serves as a reminder that the Soviet Union is concerned primarily with making sure that the balance of power with the United States remains as it is and that the intention is not to threaten the Nordic countries as long as their nuclear-free status is a fact.

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CSO: 3650/24

ECONOMIC, ENVIRONMENTAL COSTS OF MAJOR MANEUVERS EXAMINED

Hamburg DIE ZEIT in German 17 Oct 86 p 14

[Article by Klaus Pokatzky: "War Game with Consequences--The Annual Swath of Power"]

[Text] The soldiers participating in the maneuvers have been given folded notices from their superior officers preparing them for the worst. The wallet-sized instruction, printed on heavy paper, tells them how to act toward peace demonstrators trying to disrupt the maneuvers: "If confronted with harassment, obstacles or blockades, remain calm, be deliberate in your actions, do not let yourself be provoked, carry out your orders in the proper manner." There are also emergency calls and courses of action to be used in case of accidents: "Note--The provision of assistance has priority over all other requirements."

The military is counting on the common sense of the soldiers involved to keep things from going this far. The "Ten Rules To Prevent Accidents and Damage During Training Exercises" prohibit them from "lighting fires and smoking in hazardous areas," and ask that they not contaminate water supplies or leave trash scattered in the vicinity. "Garbage bags are provided for garbage." They should never forget: "You are training in an area where the population has a friendly, open attitude toward you. Do not disappoint the trust placed in you by inconsiderate behavior--the population thanks you."

However, this fall once again it is impossible to avoid disappointing the friendly, open population on some occasions. From the middle of September to the end of November, nearly 250,000 NATO troops will be practicing their equipment and combat skills in this country. A total of 26 maneuvers have been scheduled, some involving 1000 men and some 57,000. Traditionally, the military's favorite regions are Bavaria, Hesse and Lower Saxony. Code names have been assigned to the various regions for the war game, in which troops will be using practice ammunition. "Colored Flag" is the motto for the Upper Palatinate, "Leaping Horse" is the one for Lower Saxony, and the appellation "Frankish Shield" has been inflicted on Lower Franconia and northern Baden-Wuerttemberg.

Where in 10 weeks' time 30,000 vehicles and 3400 tanks will be rolling over roads, freeways and fields, even well-intentioned directives to the

troops cannot always prevent disaster. During the "Heavy Steam Hammer" maneuver the left track on an observation tank broke, presumably because of a defective bolt, and on the B-388 near Vilsbiburg in Landshut County the tank turned, crashed through the guard rail, and plunged down a 5-meter-high embankment. The bodies of a 20-year-old private and a 22-year-old private first class were recovered through the access hatch.

Last year 30 people, 18 civilians and 12 soldiers, died during maneuvers and small-scale training exercises carried out by the Bundeswehr and allied troops stationed here. A total of 342 people were injured in 2014 accidents. The pattern in the late summer every year is the same: automobile clubs and car insurance companies issue urgent warnings to their customers about collisions with the military. Most drivers fail to consider the fact that traffic regulations are suspended in part for the Bundeswehr and NATO troops, as they are for the police and the Federal Border Guard. They have "special rights, insofar as such rights are urgently required for them to carry out orders from above."

If tanks muddy the roads after tearing across fields and open country, nobody asks the troops to come back with shovels and clean up. On the other hand, the relevant jurisdiction does expect motorists, alerted to the troop training exercised by the media, to exercise appropriate care. If somebody drives too fast and causes an accident, he has to figure that he will not receive any damages from the Bundeswehr--in fact, he could even be liable for prosecution. Not to mention the physical inequality of military and civilian vehicles: comparison tests by the ADAC [General German Automobile Club] have shown that a 55-ton tank with a column speed of 40 km/h en route will require only 10 meters to make an emergency stop. A standard automobile traveling at 60 km/h needs at least 15 meters. Under unfavorable conditions, anybody who tries to get into a tank column can be taking his life into his own hands. For instance, the tank immediately in front of him might have to make an emergency stop because another vehicle is turning on from a side street, the tank behind him goes into a skid trying to brake on a muddy stretch of road, and the little car in between is "squashed like a sardine can," according to the ADAC'S MOTOR WORLD.

Farmers do not fear for their lives so much as for their fields and livestock every fall when the soldiers invade the countryside. The directive to the troops asks them to "spare fences, turnip pits, cattle watering tanks and farm machinery." It also says, "Do not cross any fields where crops are still standing. Wherever possible, use edges of fields, paths, fallow land, and harvested or uncultivated acreage."

Of course, when this is not possible and whenever the orders for the maneuver seem to require it, troops do cross fields that still contain unharvested crops--regardless of the fact "that young soldiers today are not receiving proper training in farming and farm culture," in the view of Farm Spokesperson Karl Fricke of Northeim County, Lower Saxony. "Hardly any of them have been raised on farms." This year for the second time Fricke has been hired by the Braunschweig "Office of Defense

Accounts Payable" as a maneuvers staff member "for preservation of evidence."

When a tank flattened a turnip field or demolished a fence, Karl Fricke was on the scene immediately with his camera, taking pictures and measurements. He criticizes the fact that "the soldiers frequently fail to uphold agreements with farmers. When they ask a farmer whether they can leave their vehicles in his yard during a day of maneuvers, the understanding is that they mean wheeled vehicles, but sometimes they bring in the tanks."

The Offices of Defense Accounts Payable for the communes pay for all damage caused by the allied troops. Last year they distributed DM160 million in damages, after sometimes costly bureaucratic procedures; in 1984 it was DM132 million. The whole procedure is based on the by-laws of the NATO troops and is carried out according to a highly complicated distribution formula that precisely regulates which percentage of a given amount of damages is to be paid by the Bonn federal finance minister and the government of the NATO partner concerned. How many NATO countries participated in the maneuver is a factor to be considered, as is the question of whether or not the Bundeswehr was involved.

Compensation for damage caused by the Bundeswehr alone is paid by the defense ministry. In 1985 Hardthoehe had to pay out DM40 million; the year before it was DM36 million. The man from troop administration who carries the "war cashbox" with him in his VW bus on maneuvers enjoys a certain popularity with the local population. He is authorized to disburse cash on the spot to pay damages evaluated at DM300 or less, and can also haggle a little with the farmers, to determine whether the "oak pole at the entrance to the farmyard" that was demolished by a tank "was really worth DM280, or only DM200," as Lt Col Werner Widder of the Ministry of Defense Press Corps explains.

Higher damages, however, must be referred to the "Maneuvers Damage Officer" of the "Department of Maneuvers Damage Assessment for Purposes of Preservation of Evidence," which is authorized to provide evidence in legal proceedings. Expert appraisers may be brought in at this point, and a few weeks may go by before the farmer gets his money. However, the irritation runs much higher when allied units are involved and the Offices of Defense Accounts Payable are present. This can take months, and farmers' county associations have expressed their indignation publicly on occasion.

Officers of the Bundeswehr and members of farmers' associations refer to a list ranking NATO partners in order of popularity. "When a unit asks a farmer if it can bivouac in his yard, the Dutch have the easiest time," says Lt Col Widder. "They are considered the most polite. The Bundeswehr soldiers are second." The British and Americans, on the other hand, are reputed to be especially unpopular. Winfried von Zeddelmann of the Northeim Rural County Association observed during the last maneuver that "the Belgians were very careful to observe all agreements, and while

the English were somewhat more generous, they are sometimes a little boastful and act like they own the country."

U.S. involvement in damages cases is especially heavy. Of the DM160 million that the Bonn finance ministry paid out in damages last year, the American share amounted to DM99.9 million. Navy Capt Ulrich Hundt, spokesman for the defense minister, says that one must understand that the young American soldiers come from a country where space is unlimited into the narrow confines of Europe; "they drive their big clunkers around here like we drive a Golf, and they handle their tanks the same way"--even in national parks.

"More military training exercises are conducted in a more limited area in the FRG than in any other Western nation," acknowledges the Bundeswehr's "Weissbuch 1983." Nevertheless, defense ministry officials do not want to see the program terminated. "The overwhelming majority of citizens understands the need for this realistic and thus indispensable method of testing the combat-readiness of troops and materiel," explains the "Weissbuch 1985." And Lt Col Widder says: "We can't simulate everything on a computer: we have to have the opportunity for practical training, even if our relationship with the locals has to suffer a bit."

The fact that the locals really do have a more skeptical attitude about maneuvers than they used to has given some impetus to the discussion within the military as to the sense, or lack thereof, in conducting large-scale training exercises. Press Officer Widder energetically maintains that training exercises involving up to 4000 men are "indispensable," but beyond that "is where the 'religious war' begins." While, for example, Army Chief of Staff Lt Gen Hans-Henning von Sandrart feels that such exercises are "the very heart of practical training," Gen Gunter Kiessling, retired, doubts that this is the case. "Every housing development, every stretch of freeway, every new railroad line places further restrictions on the space available for this type of training," he wrote about this autumn's maneuvers in WELT AM SONNTAG. The "indispensable training of troops in combat situations" would be better conducted "in a sparsely populated area...for example in the South of France, Spain, or North America."

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SWEDISH CONSERVATIVE BILDT ON KOIVISTO'S VIEW OF NORDIC SECURITY

Helsinki HELSINGIN SANOMAT in Finnish 2 Dec 86 p 2

[Editorial: "From Berlin to the Norwegian Sea"]

[Text] President Mauno Koivisto's recent speech on the security-policy outlook of the Nordic countries has led--partly because of coincidences--to a rather high-level dialog. After the Helsinki appearances of Yegor Ligachev, the number two man of the Kremlin, and Ingvar Carlsson, the prime minister of Sweden, an opinion on the issue was expressed, Monday night in the Paasikivi Association, by Carl Bildt, Sweden's young rightwing leader.

In his own country Bildt has, from time to time, voiced sharp criticism of the democratic government's security policy because of its excessive softness, even though Sweden has a wide consensus on the basic policy. In the Paasikivi Association, Bildt did not directly attack the familiar policy lines presented by Carlsson in Helsinki. However, he painted a threatening picture which somewhat deviated from what we have been used to and questioned several operational policies cherished in Sweden and Finland, beginning with the nuclear-free zone in the Nordic countries.

Basically, Bildt agreed with President Koivisto, who had paid particular attention to the superpowers' arms race on the northern maritime frontier. However, Koivisto's starting point was that the basic situation of the Nordic countries has not changed in any way and is not shaking due to the most recent development.

In Bildt's opinion, it is time to realize that the current security policy of the Nordic countries was developed in a situation quite different from the situation today.

Wishes about the diminishing share of the strategic importance of the Nordic countries have turned into an awareness of opposite development. Earlier, it was assumed that the tension between the superpowers would be culminated mainly in Central Europe and Berlin. Today this area seems more and more stable. The crossing points of the superpower race and opposing interests have moved to the northern maritime frontier.

According to Bildt, instead of Berlin, the most sensitive place is beginning to be the Norwegian Sea. The worldwide maritime strategies of the two superpowers have developed in such a direction that a conflict in any corner of the world can easily lead to a race, a concentration of forces and demonstrations of power in the North Atlantic.

What about the nuclear-free zone in the Nordic countries? Bildt passes the whole issue as an obsolete idea. The superpowers no longer have a sensible need to place nuclear weapons on the territory of the Nordic countries. That thinking belonged to the 1960's which was when Kekkonen presented his original plan. Obviously for the same reason, Bildt fails to refer to the measures listed by Ligachev in Helsinki with which the Soviet Union is trying to keep up the zone discussion.

Even though the new kind of a threatening picture which Bildt paints is not alien to Koivisto or Carlsson, the conclusions differ. Koivisto tried to avoid the dramatization of the views on development and sought solutions in different activities to increase trust. There is currently a desire to see the nuclear-free zone in the Nordic countries from this perspective. The Prime Minister of Sweden followed the same lines.

Bildt acknowledges a certain political significance to the activities which increase security and trust. However, he does not rely too much on them. On the contrary, he is concerned about how the needs for military security of the non-aligned countries will be guaranteed in the CSCE follow-up discussions.

Bildt does not directly ask the other Nordic countries to increase their defense spending. However, as far as Sweden is concerned, his policy is clear: Sweden has to strengthen both its air and maritime defense to continue guaranteeing the credibility of its neutrality policy. The prescription is not very original, and neither is it inexpensive, but in this regard, however, it conforms to Sweden's traditional policy.

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CSO: 3617/34

EXISTENCE OF DEFENSE POLICY DEBATED

Lisbon EXPRESSO in Portuguese 6 Dec 86 pp 17R-19R

[Article by Teresa de Sousa: "A Country Without Defense?"]

[Excerpt] Does Portugal have a national defense policy? What purpose do the Portuguese Armed Forces serve today?

Normalized as the post 25 April democratic process is, the problem that is posed by these two questions only sees the light of day with greater emphasis when the Parliament debates the millions of contos the budget allocates annually to the military. Even so, it is not a question that occupies the hard-working minds of the politicians very much, unless it is in a more or less consistent manner to recall that the country does not have a national defense policy or to comment (still not excessively) on the usual protests of the military hierarchy about a "mere subsistence budget," granted to them annually.

More detailed analyses are consensually reserved for the group of the "initiated," normally one or two leaders from each party, who devote themselves to discussing missiles, aircraft and frigates in a language which is sufficiently occult to discourage even the most well-intentioned...

Poor Relative of the Political Game

Actually, unlike that which happens in any European democracy, national defense is the poor relative of the great party political game and only appears to come into public view during the most common discussions of "the should and must" of state funds.

This year the national budget allocates the Ministry of Defense a little more than 130 million contos. This means nearly 7.2 percent of the total budgetary funds, an amount only exceeded by that for the Ministries of Finance (46.5 percent), Education (10.5 percent) and Health (nearly 9 percent).

In percentage terms, and keeping in mind that the funds this year already include the "seizure" destined for payment of the new frigates for the navy, it is observed that there is not only a relatively normal development but a reasonable similarity with the amounts recorded in European countries of similar size, such as Holland and Denmark.

The question that is never discussed, however, is that of knowing whether Portugal is in a condition to support this expense, because it is the one who has to support it, and what armed forces it needs to maintain.

Jaime Gama, the shadow minister of the PS [Socialist Party] for defense matters, recalls that "since the beginning of the wars in Africa, there were no investments in defense in the European Theater." The Socialist leader continued: "The early years after 1974, with the direct involvement of the armed forces in the political process, did not allow a suitable solution of the problems of defense, which means that during practically 15 years there were no decisions made, no reforms were undertaken, nor was there any acquisition of equipment."

Today, with the Portuguese Armed Forces destined to operate within the European sector of NATO, the problem of their complete refurbishing has to be resolved. It is a problem which is even more complicated, since technological developments permanently makes war materiel more expensive and in the Portuguese case creates an even greater gap between the needs of armament for defense and the financial capabilities of the country.

"Lisbon: Absolutely Defenseless Capital"

Up to what point does this problem affect national sovereignty or the capability for international assertion by the country?

Once more, in the words of a politician--again Jaime Gama--we hear this surprising explanation:

"At this moment Lisbon is an absolutely defenseless capital without an aerial defense system, without interceptors, without medium and long-range missiles and without adequate artillery.

"Two long-range fighter-bombers," and on hearing Jaime Gama there is the instant memory of Libya, "can place the Portuguese political government at the mercy of any international blackmail."

The socialist shadow minister believes it is inadmissible that "Portugal does not have its own defense and that its protection from threats coming from the Atlantic falls upon the United States or if they come from south it is the exclusive responsibility of Spain..."

Today, with peripheral conflicts and collateral threats threatening to turn into crises or armed conflicts, "The fact that Portugal is the European country farthest from the Warsaw Pact (and because of that from the front of central Europe) does not provide it with an added assurance of safety."

On the other hand, Jaime Gama believes that "Portugal cannot ignore the gigantic effort at military modernization undertaken by Spain." Rejecting, however, the idea that the subject should be faced in a "provincial" manner "with unfounded fears," the socialist leader asserts that the relationships

of defense between the two countries cannot continue to be ignored, particularly in a perspective of the "establishment of responsibilities and influences."

Angelo Correia, in turn says: "Without at least minimal armed forces, there is no credible deterrence in a world where multipolarity causes the friends of yesterday to become the enemies of tomorrow." The PSD [Social Democratic Party] deputy adds: "It would be well to remember always that countries without credible armed forces undermine their own independence or even encourage the outbreak of internal civil wars, as in the case of Lebanon."

Basically, Angelo Correia assumed the positions advocated as his own, saying that "most of the doctrines appearing in Portugal on this subject have not been sufficiently assumed by the political forces yet." These doctrines show, in his opinion, "much more the personal effort of groups, many times of an inter or suprapartisan nature, than the views held by a party itself on the subject."

Angelo Correia cites another example of the lack of a national defense policy that continues to exist in the country: "There could be no sector that is more lacking in objectives and organization than the defense industry of the country," which barely survives "thanks to regional and peripheral conflicts for which it supplies munitions and some light material." However, Portugal does not participate in any multilateral research and development program for defense equipment, while within the framework of the Atlantic Alliance, Turkey, for example, participates in two programs; Greece in another two and Spain in five programs.

"Recovery" of the Azores

In short, it is not difficult to detect in the positions repeatedly defended by these "initiated" in military affairs, the common idea that today the policy of defense of the country is nothing much more than the geometric space possible between the concepts and demands of the armed forces (of their staffs) and the finances available to the state, with the Ministry of Defense being little more than the "transmission belt" between those two levels of power.

Only this situation can explain the surprising fact that the formal request made this week by the Portuguese minister of defense to the NATO Planning Committee for the transfer of the Azores from Westlant to Iberlant has gone unnoticed.

Up to now the Azores were always maintained a part of the American Command at Norfolk (Westlant), while the remaining national territory--continental and Madeira--are under the Iberlant Command located in Oeiras (and for some years headed by a Portuguese military man). The defense of the Azores--important in case of a threat of armed conflict--was, and is, entrusted to the United States or Holland, and not, as would be logical, to Portugal.

The need for the integration of the Azores into the same Iberian Command--felt and advocated for some time now by different political and military sectors--is the only response that Portugal has other than the probable integration of Spain into the NATO military structure and the subsequent request for a unified Iberian Command with headquarters in Madrid and covering Portuguese continental territory.

A Trump Against Spain

In this play of forces that Portugal has been waging with Spain since early in the 80's, when the hypothesis was posed of membership of that neighboring country in the Atlantic Alliance, Lisbon cannot give up the only trump it has for establishing the specific value of its mission in the NATO defensive system, which is the strategic position of the Azores in the Atlantic defense. With the archipelago integrated into the American Norfolk Command, the Portuguese negotiating power with respect to the United States would emerge clearly diminished before Spain, whose armed forces today reach notable levels of equipment.

Moreover, some observers believe that sooner or later Spain will have to negotiate with the United States the removal of American bases located on its territory (very probably granting in exchange its integration into the military structure of the Alliance). That is why the question of a unified Iberian Command--today temporarily set aside--will conclude by being posed to Portugal. It is strange to note how the few reports published in Portuguese newspapers during the week on this national decision never forgot to mention that from the point of view of the Portuguese Government, Spanish interests--that are focused on the Balearic Islands-Gibraltar-Canary Island axis, today under the Iberian-Atlantic Command--will not be affected by the possible transfer of the Azores. Such a move would in fact mean that in a future reorganization of the defensive system of the Alliance in the zone of the Iberian Peninsula Portugal would have to emphasize its Atlantic dimension (strategic Continent-Azores-Madeira triangle), with Spain being responsible for the southern part.

The simple fact that Portugal requests the integration of the Azores into the Iberian Command has significant implications within the framework of the military capabilities of the country, since this means that it will have to have the means for insuring their defense.

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CSO: 3542/27

MISSION, FUTURE DEVELOPMENT OF SUBMARINE FLEET DISCUSSED

Introductory Comments

Stockholm MARIN NYTT in Swedish No 5, 1986 p 2

[Text] A lot has happened since Sweden got its first submarine, the Hajen 1, in 1904. Development has progressed with giant strides, bringing with it new designs resulting in technically sophisticated weapon systems. Swedish submarine technology is absolutely top-notch in the world today. Proof of the high standard of Swedish submarine technology can be seen in the latest addition: the Vastergotland class. These vessels have a length of 48.5 meters and a displacement of about 1,100 metric tons. Besides a 20-man crew, this class of submarine carries technically advanced surveillance equipment and is armed with torpedoes and mines.

Our submarine force performs an essential function in our invasion defense today. Materiel and crew form a system of the highest international class.

That situation has been created thanks to continuity in production and the fact that it has been possible to develop and produce the system almost entirely within Sweden. The result is that it has been possible to design our submarines in accordance with our special requirements, especially in terms of striking power and endurance. Water conditions in our home waters also help the performance of our submarines.

It has been possible to increase the striking power of our submarines considerably by using long-range wire-guided homing torpedoes, the performance of which may be further developed in the future.

This favorable development has come about as a result of efforts by designers, builders, and submarine personnel.

The special spirit that has always permeated submarine personnel has contributed to favorable development.

The standards in today's submarine force provide a good foundation on which to build. Our studies in the Armed Forces show that the submarine force will also have a definite place in our invasion defense in the future. As far as

the future is concerned, the Navy commander in chief has mentioned the following in the program plan with respect to our submarines:

1. There are to be at least 12 submarines.
2. A series of four Vastergotland class submarines is under construction, with delivery to take place during the 1987-1992 program plan period.
3. Submarine-90 will be developed and designed during the period covered by the program plan, with delivery planned for the mid-1990's. The main priority here will be increased ASW capability.
4. Anaerobic auxiliary machinery (TILLMA) based on the Stirling engine is in development. A prototype will be tested early in the program period on a Nacken class submarine, and subsequent installation on Submarine-90 is planned.
5. The passive range of the submarines will be increased by the introduction of a new type of hydrophone.
6. A new heavy torpedo intended primarily for Submarine-90 will be developed during the program period. Plans call for procurement beginning in the early 1990's.

7. The minelaying capability of these modern submarines is to be increased by procuring mine belts with F-80 mines during the middle of the program period.

In an address to the defense forces, General Bengt Gustafsson, our new supreme commander since 1 October, mentions three important issues for the future:

1. Improved antisubmarine protection.
2. Improved personnel management.
3. Improved training conditions.

All those issues are also of the highest priority for our own branch!

ASW Role New Emphasis

Stockholm MARIN NYTT in Swedish No 5, 1986 p 5

[Article by Sten Swedlund, flotilla commander]

[Text] The submarine flotilla currently consists of the following:

1. First Submarine Division, Hars Bay.
2. Second Submarine Division, Karlskrona.
3. Diving and Submarine Rescue Division, Hars Bay.

The flotilla staff is stationed on the minelayer Alvsborg, which also operates as a depot ship for submarine crews.

Antisubmarine Defense

Activity in the submarine flotilla has changed markedly as a result of the emphasis on antisubmarine defense. Our submarines are well suited to the task of guarding our territorial sea against intruding submarines. Surveillance is carried out silently and persistently--in other words, we meet the intruder on his own terms. Another important advantage is that surveillance is constant: a submerged submarine's hydrophones are monitored continuously.

As a result of the need for underwater surveillance, our submarines now remain at sea for long consecutive periods--for weeks. During those "stretches," the submarines cooperate with the other ASW units.

This new mission has influenced the hydrophone function on our submarines in a favorable direction. A maximum effort has been made in the areas of training and the development of new hydrophones. Today we can say that great progress has been made. Decisions have been made to procure new hydrophones quickly for our submarines.

It is worth noting that the concentration on new hydrophones also means that the wartime capability of our submarines is being improved considerably. Armed action can be taken in complete secrecy and at very great distances.

An important condition for achieving the expected result is, naturally, that our advanced submarines be manned. A submarine sitting in reserve is of no use in antisubmarine defense! Great efforts are now being made to increase the manning level. And we have already made a lot of progress. To ensure that we succeed, immediate and energetic measures in the personnel area are needed: additional sea pay with compensation for the fixed time spent on board, adaptation of the existing training systems, and so on.

Other Development

Although antisubmarine defense has the highest priority, intensive development is also underway in other areas. The Sjoormen submarine class is undergoing large-scale modernization. A new weapon system--the Type 613 torpedo--is being installed, and snorkeling capacity is being increased.

A completely new minelaying system is being tested on one of the Nackel class submarines: it consists of a mine belt making it possible to carry a large load of mines without having to reduce the number of torpedoes.

The Vastergotland class submarine is now on the way. Training and trial runs are an important new activity program. The first crew is already in Malmo.

The new pace of activity means an increased workload for the submarine team. When a submarine returns to base, it must be prepared quickly for a new mission.

Diving--and Submarine Rescue

After a lengthy "running-in" period, advanced diving is now in a forward-looking phase. The deep-diving system on the Belos is operational to a depth of 300 meters. Along with that, the submarine rescue vessel (URF) is in good trim for its missions.

To ensure the organization's full effectiveness, the Navy Diving Center (MDC) has been transferred to the submarine flotilla. The result is an effective Diving Division, and it is now being marketed on the civilian market as well.

Conclusion

The submarine flotilla's activities have changed markedly in character. Antisubmarine defense and trial runs are key words. Great progress has been made--in the case of ASW, it can be said that there has been a breakthrough. The favorable results are due to a maximum effort by the submarine flotilla's personnel. Will and know-how are an excellent combination!

Vastergotland Class Entering Fleet

Stockholm MARIN NYTT in Swedish No 5, 1986 pp 6-9

[Text] The hull shape is a development of modern submarine hydrodynamics that began in Sweden with the Sjoormen submarine. Hull lines are optimized to provide the best characteristics during underwater operation.

The submarine is built according to the single-hull principle, with two pressurized sections. Each section is divided into two decks.

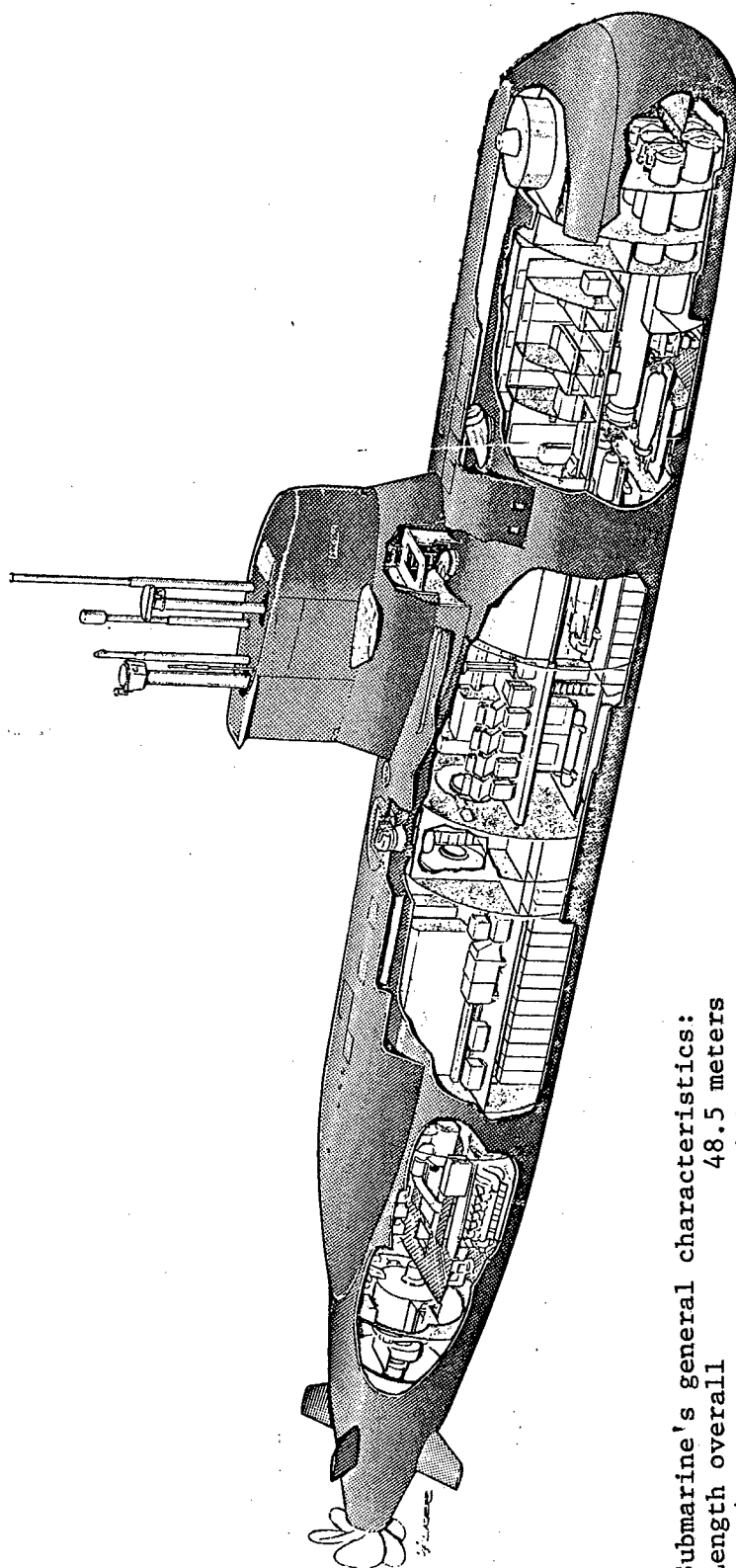
The pressure hull is designed as a circular cylinder with a truncated cone at each end. Ballast tanks are fitted into the unpressurized outer hull in the forward and aft extensions of the pressure hull.

The upper deck of the forward pressurized section contains cabin quarters, supply rooms, the radio room, and the maneuvering room. On the lower deck are the torpedo room with torpedo tubes, the forward battery section, and the auxiliary machinery room.

Aft of the pressurized bulkhead is a cylindrical tank section with a passageway and lock through which the crew can escape to a rescue submarine or rescue chamber. The upper deck of the aft section contains the electrical power plant, while the lower deck contains an aft battery section and an engine room with a diesel generator set and the propelling machinery.

The outer hull forward of the conning tower contains the hydrophone. Torpedoes are loaded into the submarine through a hatch on the foredeck. The hatch is so situated that activity in the maneuvering room is not disturbed.

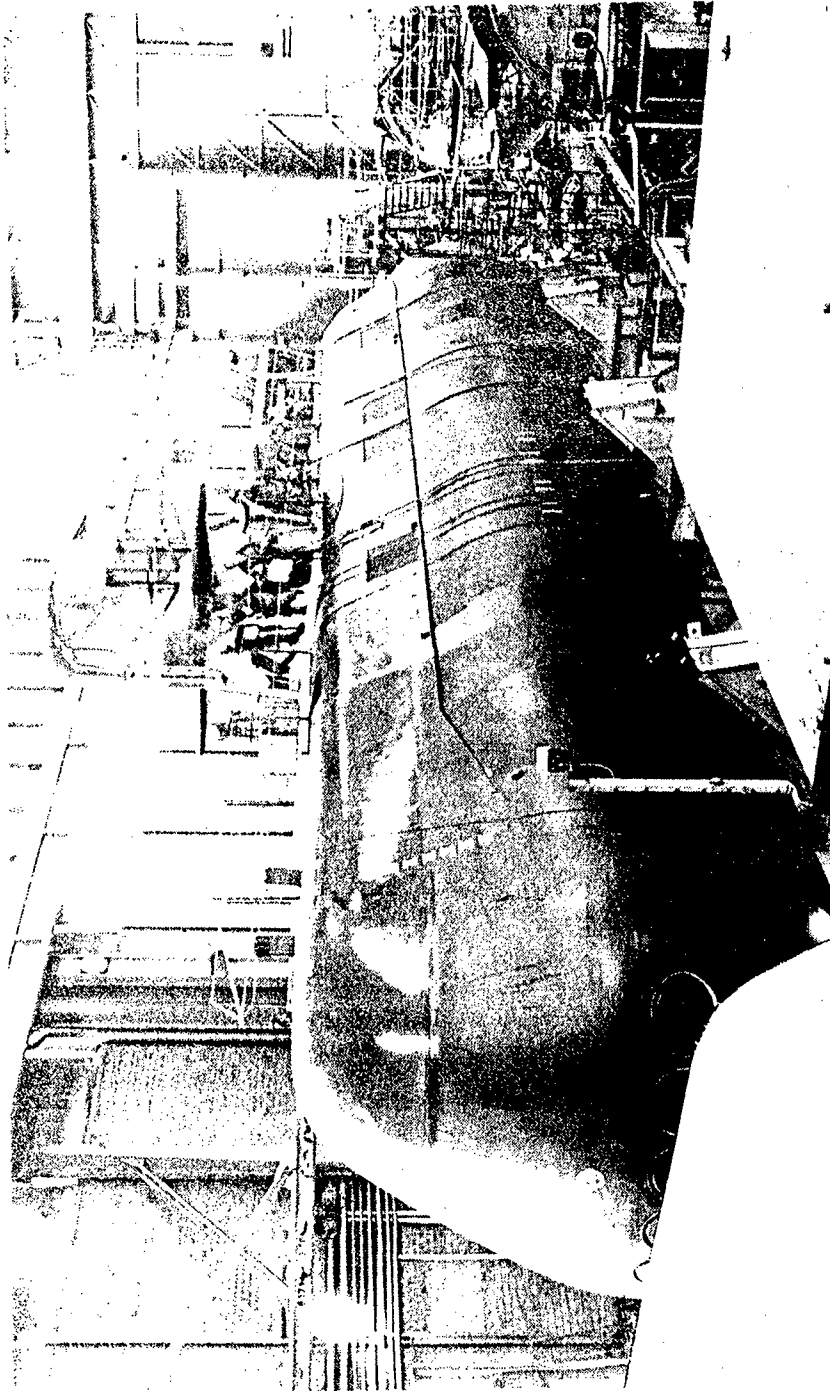
The conning tower contains the following masts: radar mast, shortwave mast, VHF mast, periscope, special masts, and air intake. Only the periscope



Submarine's general characteristics:

Length overall	48.5 meters
Beam/diameter	6.1 meters
Surfaced displacement	1,070 tons
Surfaced speed (maximum)	11 knots
Crew	20

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penetrates the hull. The other masts, with their hoisting mechanisms, are located in the conning tower.

Personnel quarters are arranged into six cabins: one private cabin for the commanding officer and five cabins with space for two, four, or five men each. In addition, six extra bunks are provided for trainees or personnel on temporary duty.

Weapon System

The submarine's weapon system comprises the following:

1. Weapons.
2. Navigation equipment.
3. Surveillance equipment.
4. Combat information and fire control.

Weapons

The weapons which the submarine can carry are primarily the Type 613 torpedo--a 7-meter-long, wire-guided homing torpedo with very good performance--and the shorter, electrically propelled Type 423, which is also a wire-guided homing torpedo.

The torpedoes are launched from torpedo tubes. Behind the torpedo tubes is space for a number of spare torpedoes. The submarine can carry mines instead of torpedoes.

A large number of mines can be laid in secret using a so-called mine belt that can be mounted on the submarine. The advantage of the mine belt is that the submarine's regular weapon load is not affected.

Navigation Equipment

The submarine's navigation equipment comprises the following:

1. Gyro compass.
2. Log.
3. Echo sounder.

Besides being used for navigation, the readings from the navigation equipment can be used for guiding the submarine, directing combat and fire control operations, and regulating the antimagnetic mine system.

Surveillance

The submarine's main sensor (surveillance equipment) is the passive integrated hydrophone system, consisting of:

1. Passive hydrophone.
2. Ping indicator.
3. Analyzing equipment for classification and identification.

Thanks to the passive hydrophone, hydrophone effects from vessels on and under the surface can often be detected at great distances, depending on sound propagation conditions and the strength of the noise from the source.

Active transmissions due to ASW operations are shown by the ping indicator at even greater distances--also depending on noise propagation conditions.

The hydrophone makes it possible to track a large number of hydrophone effects in all directions simultaneously.

Other means of surveillance are the periscope, radar, and the radar warning receiver.

Combat Information and Fire Control

The submarine is equipped with a sophisticated combat information and fire control system known as the IBS (Information Processing System), which is manufactured in Sweden.

The system represents a further development of the Nacken class submarine's combat information and fire control system.

A large number of individual torpedoes launched against several different targets can be guided simultaneously.

The combination of equipment making up the submarine's weapon system permits massive, instantaneous, and silent armed action with a high strike probability for each individual weapon.

Propulsion

Most of the aft pressurized section is occupied by the diesel-electric propulsion machinery. For a conventional submarine, the best engine for underwater propulsion is an electric propulsion engine powered by current from lead batteries.

The propulsion system is controlled by computer, and most of the monitoring apparatus is automated.

The officer in charge of sea trials is Commander Curt Lundgren, and the submarine's first commanding officer will be Lieutenant Commander Fredrik Hallstrom.

First Submarine With ASW Capability

Our submarines are intended primarily for attack operations using torpedoes, but minelaying, surveillance, ASW, and raid operations are also possible. For those purposes, the submarines make use of their excellent and unique characteristics, which are quiet operation, great endurance, and the ability to carry out surprise attacks.

Vastergotland class submarines will be delivered in a series of at least four units. They will be the first of our submarines to have genuine ASW capability. They will offer good endurance, quiet operation, and very good surveillance performance.

Scheduled deliveries:

HMS Vastergotland: 1987.

HMS Halsingland: 1988.

HMS Sodermanland: 1989.

HMS Ostergotland: 1990.

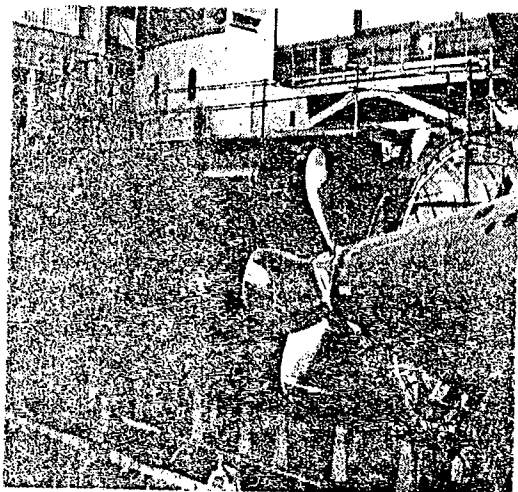


Photo 1: After body with a large five-bladed propeller. In the background is the next submarine: HMS Halsingland.

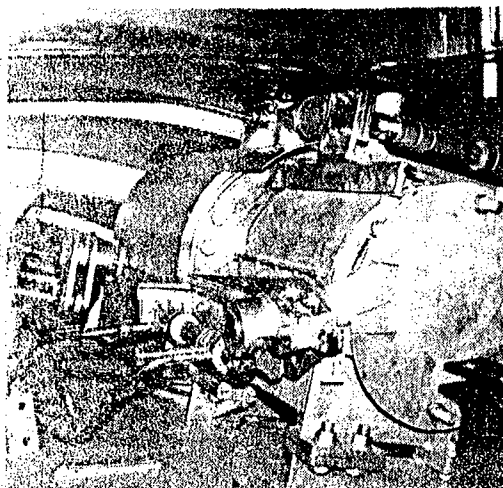


Photo 2: Plenty of space between the pressure hull and the outer hull.

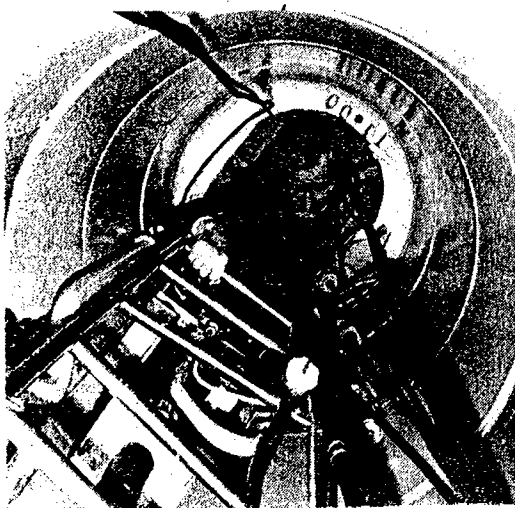


Photo 3: Tight quarters in the escape hatch--only the well-trained need apply!

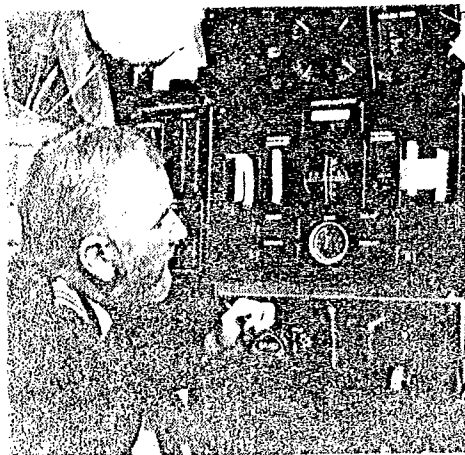


Photo 4: The control panel in the maneuvering room is Swedish made and well known.

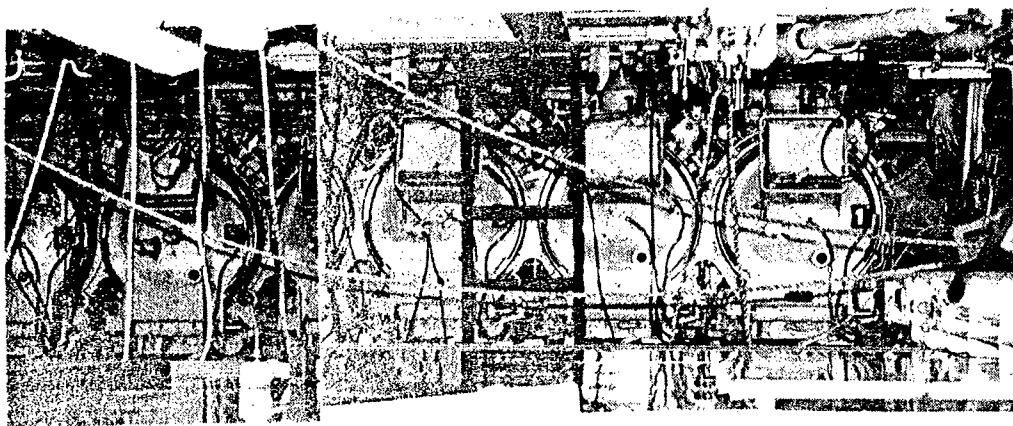


Photo 5: Torpedo room with nine tubes for torpedoes and mines.

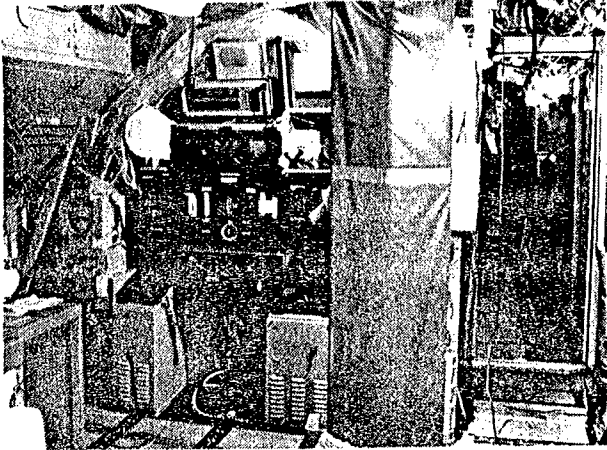


Photo 6: Maneuvering room with diving and control panel and the periscope--the only mast penetrating the hull.

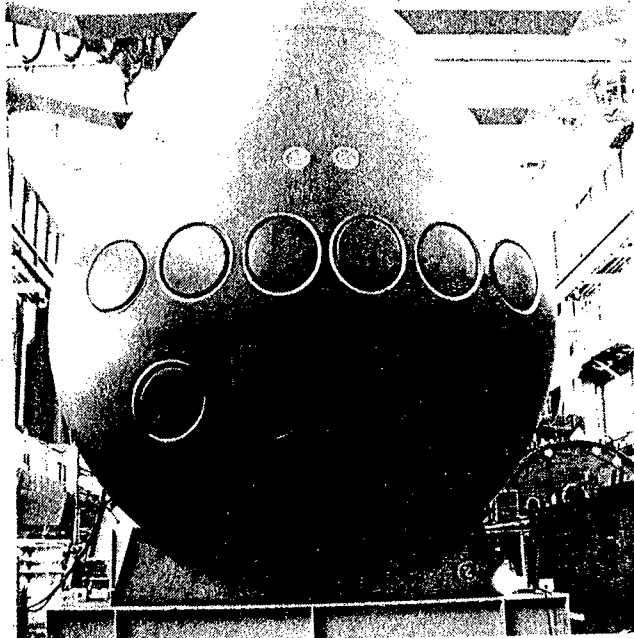


Photo 7: The imposing forebody with its torpedo tube shutters.

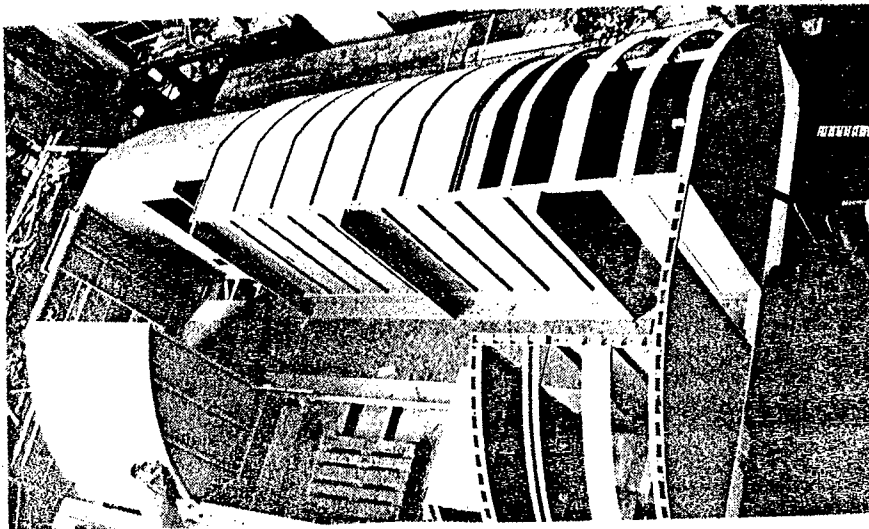
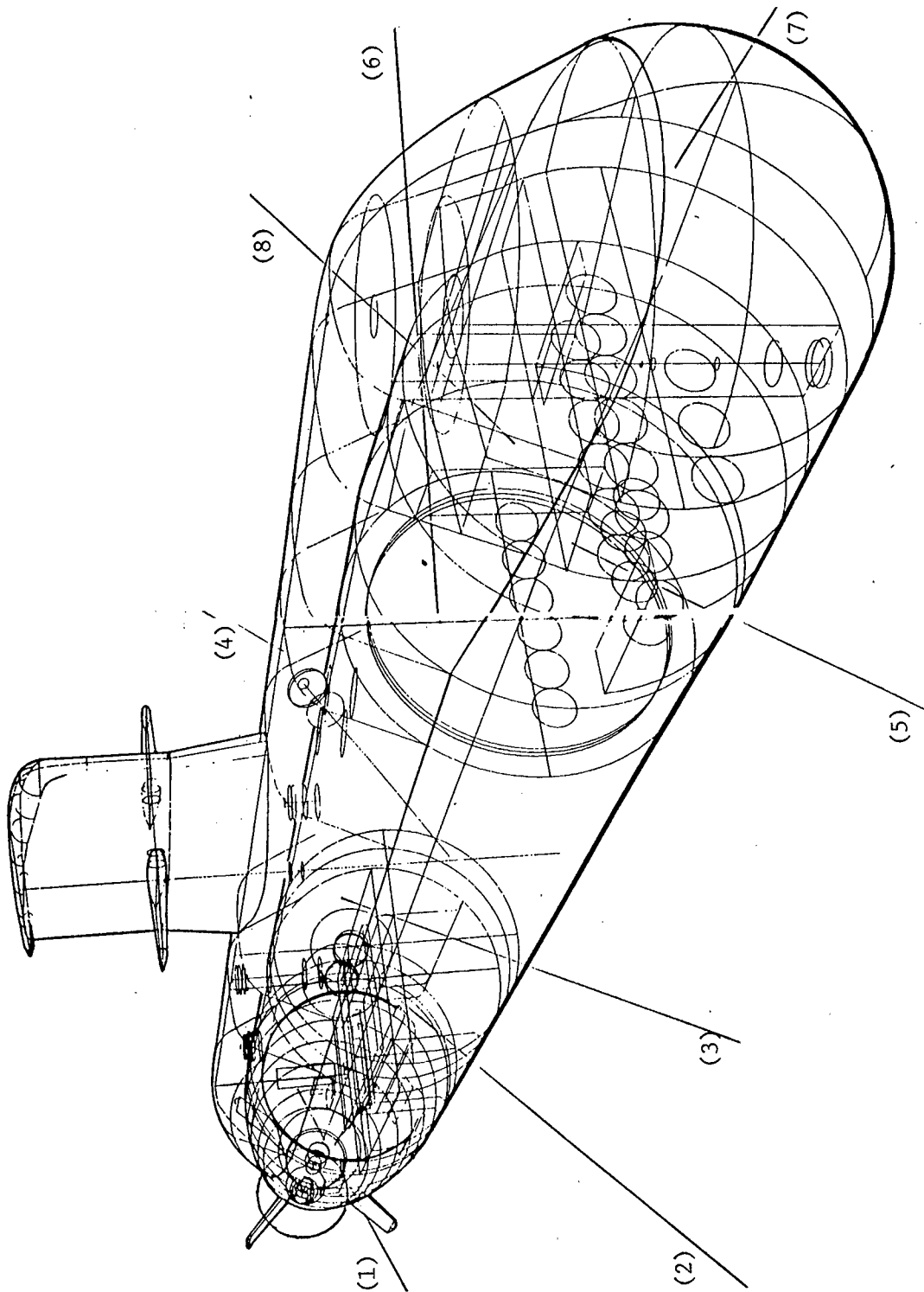


Photo 8: The mess, cabin quarters, and galley are roomy and are located in the foreship.



Key: [The numbers refer to the photographs on the preceding three pages.]

Attack Boat Under Development

Stockholm MARIN NYTT in Swedish No 5, 1986 p 10

[Article by Commander Nils Bruzelius]

[Excerpt] Our Swedish submarines are not equipped at present for carrying out effective ASW operations in the Baltic Sea.

ASW operations over the past few years have clearly demonstrated the need to get an idea of how foreign submarines move about in the Baltic Sea's international waters so that our ASW forces--consisting of coastal corvettes, helicopters, and so on--can be sent to the right place at the right time to repel intruders.

Interception, Attack, and Reconnaissance

Submarine-90, which will be our next submarine class, is being designed to carry out that type of ASW operation. At the same time, its ability to handle invasion defense missions will also be preserved. Submarine-90 will be a versatile and useful submarine that can be deployed on interception, attack, and reconnaissance missions.

The ability to follow submarines in international waters effectively and over a long period of time will require that the new submarine perform better in several respects--for example, it must have a more effective hydrophone system and engines that will increase its underwater endurance.

New Hydrophone System

Hunting submarines passively in the Baltic Sea is difficult because that body of water is always layered, and major interference in the form of commercial and fishing vessels occurs on a large scale. The short distances mean that foreign submarines can move slowly, and therefore quietly, and still reach their destinations in a reasonable amount of time. In addition, foreign submarines are given ample time margins when carrying out their missions. This further increases their opportunities for operating quietly and cautiously within the given deadline for completing their mission.

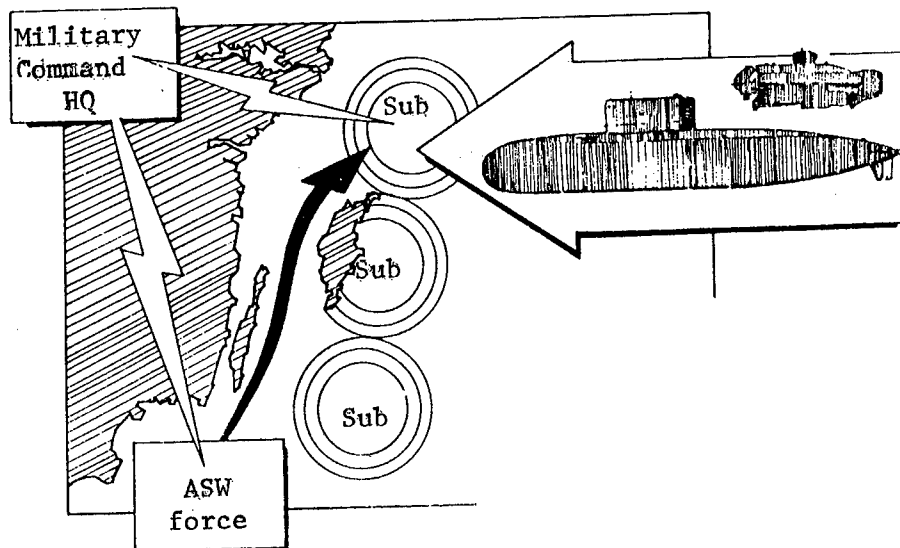
The hydrophone system for Submarine-90 is planned as a long array (antenna). This will improve the hydrophone's sensitivity, since a long array can pull in energy from more of the sound waves created as a submarine moves through the water.

A large array also provides narrow listening bands ("lobes"). This means that interference from noise sources next to the target can be reduced substantially. The narrow lobes are directed at the target by electronic lobe steering.

Processing of the incoming signal will be improved by the introduction of advanced technology (including LOFAR (Low Frequency Analysis and Recording)).

In simple terms, this means that incoming sounds are analyzed on a very narrow band to detect the characteristic sounds made by the target noise.

By using a large array and narrow bands to listen for the target on narrow lobes, it is possible to achieve considerably longer ranges than those available with existing hydrophone systems.



Contract for Submarine-90: The Defense Materiel Administration has signed a contract with Kockums of Malmo to do the design work for Submarine class A-19, known as Submarine-90. The contract is worth about 160 million kronor.

New Propulsion System

Effective submarine chasing requires that our submarines be capable of searching for and following detected submarines for a long period without being forced to stop to charge their batteries (snorkeling).

Currently under development is auxiliary machinery based on Stirling engines. The Stirling engine is powered by fuel oil, with liquid oxygen being used as the oxydant. The electric energy from that machinery is supplemented with the energy available in the submarine's batteries. This means that submarines can operate underwater for a longer time than at present without having to charge their batteries.

This auxiliary machinery will enable the submarine to continue its ASW operations for weeks at a time.

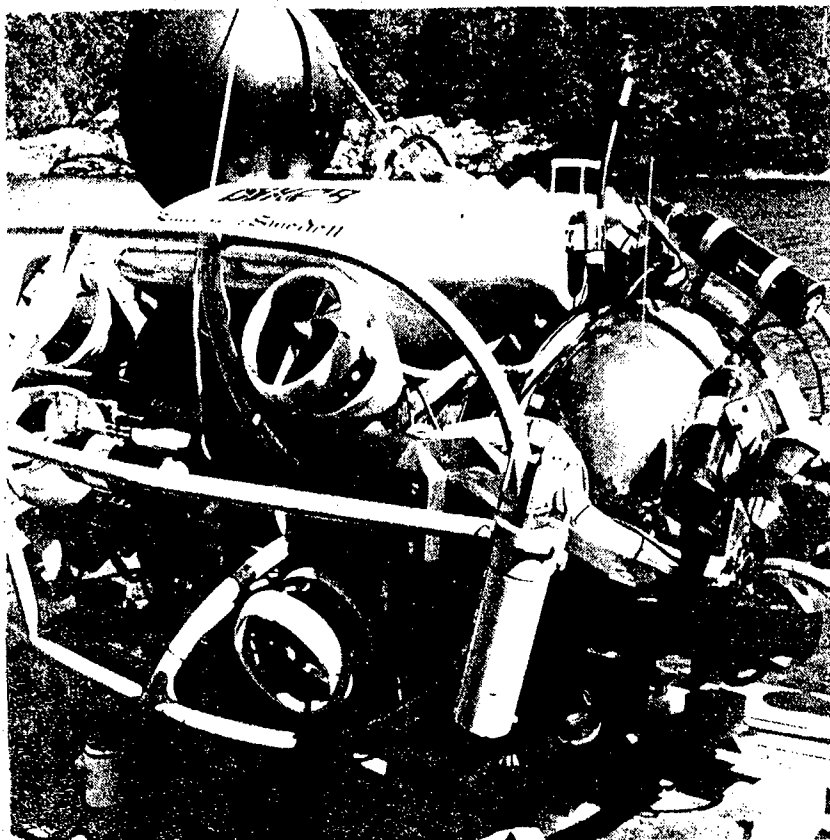
Our ASW capability is improving slowly, and we are gradually becoming more effective. Submarine-90 will be delivered to the Navy in the mid-1990's. These submarines will sharply increase the submarine system's effectiveness and simultaneously make a valuable addition to our ASW capability, since they

will be considerably better equipped than earlier submarine classes to discover and follow submarines in the open sea. By reporting the movements of foreign submarines, they will make it possible to direct coastal corvettes and helicopters properly so that they can carry out their ASW operations at the right place and at the right time.

Newest Diving Vessel

Stockholm MARIN NYTT in Swedish No 5, 1986, p 7

[Text]



A self-propelled one-man diving vessel of the Mantis class is being carried on our newest minelayer, the MUL-20 Furusund. The vessel will be used primarily for jobs with fixed installations, for underwater reconnaissance, and in controlled minefields.

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CSO: 3650/28

1987-1996 ENERGY PROGRAM SILENT ON NUCLEAR ENERGY

Athens I KATHIMERINI in Greek 3 Dec 86 p 9

[Article by G. Romanias, Public Power Corporation trade unionist]

[Excerpts] A striking turn in the electricity production in our country is being realized with the DEI's [Public Power Corporation] new, revised ten-year development program (1987-1996) which was submitted by the enterprise's new general manager to the DS [Administrative Council] for approval (meeting on 25 November 1986). The striking element in this new program is that it avoids referring to nuclear energy, in contrast to the 1985-1994 program in which the possibility of installing nuclear stations in the future was referred to at repeated points. In more detail:

2. In the new program (1987-1996), all references to nuclear energy are left out. It is distinctive that Paragraph 1-b is contained in the new program but the last word ("uranium") has been left out so that one wonders (after the deletion of Paragraph 1-a) why the exploration for uranium is stopping. It would not be an exaggeration to maintain that a phobia about referring to nuclear plants pervades the new program. And, of course, the Chernobyl accident is a strong reason justifying this phobia.

3. The new program states that "alternative solutions have been investigated, and an improved structure of the electricity-production system in the period up to 2010 has been designated." According to the new choices DEI has made for its program, our electricity production will be based on lignite and coal. Specifically, with the new program, two alternative scenarios are accepted:

In the first, "the development of the system is based on lignite--while coal plays a secondary role."

In the second, "the development of the system is based primarily on coal." We should hope that implementation of the first scenario can be made possible, not only because at present the cost of the KWL [as published] produced from coal (\$2.50) exceeds the corresponding cost of KWL produced from oil (\$1.65) but also because coal is imported from abroad and therefore eats up exchange.

DIESEL SHORTAGE, STATUS OF INDUSTRY

Shortage Denied

Istanbul TERCUMAN in Turkish 4 Nov 86 p 6

[Text] The diesel fuel shortage which has been experienced in Istanbul since Saturday and which has resulted in long lines at filling stations is reported to have been caused by the southwesterly storm in the Marmara Sea.

The Istanbul Regional Director of the Petroleum Office, Munir Kisakurek, said that the storm prevented a tanker laden with diesel fuel from docking and unloading at Ambarli last weekend and that deliveries made yesterday ended the diesel fuel shortage.

Kisakurek added:

"The incident that occurred last weekend resulted in a localized 2-day shortage in Istanbul. Since Monday morning, tankers of various companies docking at Ambarli have been given fuel, and the shortage has been ended. Filling stations or individuals who still have complaints should contact the Regional Directorate of the Petroleum Office in person or call 1484826, and their needs will be satisfied immediately."

Meanwhile, in a statement on the issue, the Petroleum Office Directorate General disclosed that 9,000 metric tons of diesel fuel is stockpiled in storage tanks in Haramidere and that a shortage is out of the question.

Shortage Examined

Istanbul CUMHURIYET in Turkish 5 Nov 86 p 10

[Text] The diesel fuel shortage that has affected the western and northern parts of the country has led to mutual recriminations between private and state-owned fuel producers and distributors. Also, the distribution of 91-octane blue gasoline is said to have indirectly affected the shortage. Speaking about the shortage of diesel fuel, Petroleum Office officials denied categorically rumors about a price hike and blamed the shortage on a "temporary interruption of deliveries." Meanwhile, some private corporations have blamed the Petroleum Office and Minister of State Kazim Oksay for the

shortage, charging that the unfair treatment of private corporations in the distribution of blue gasoline caused a conflict and that this had an effect on the distribution of diesel fuel.

It is reported that the shortage was felt in Istanbul--where diesel-powered vehicles are at a record level--last week and that small amounts of diesel fuel have delivered to filling stations since the weekend. Petroleum Office stations report that they have not received regular deliveries for the last 3 weeks, while Shell, BP and Mobil stations state that they are still experiencing a shortage.

Hasan Ali Goksoy, the secretary general of the Turkish Fuel Dealers' and Petroleum and Gas Companies Employers' Union (TABGIS), noted that the diesel fuel shortage has been particularly acute for private filling stations and raised the possibility that the shortage was caused by a dispute.

Stating that the delivery of 91-octane blue gasoline produced by the TUPRAS refinery exclusively to Petroleum Office stations put the private-sector filling stations in a difficult position, Goksoy said that this violated the gentlemen's agreement between the ATAS [Anatolian Refinery Corporation] refinery in Mersin--operated by private corporations such as Shell and BP--and the government-owned TUPRAS refinery in Izmit to the effect that "you supply my stations in southern and central Anatolia while I supply your dealers in the west and the north."

The TABGIS Secretary General stated that this dispute may have affected ATAS' gasoline deliveries to Petroleum Office stations and TUPRAS' diesel fuel deliveries to private-sector stations.

Diesel Conversion Criticized

Meanwhile, Ismail Oner, an official of the private-sector Tam Petroleum Corporation, confirmed that the private sector was more acutely affected by the diesel fuel shortage and said: "At a time when we have a diesel fuel shortage, the government is importing diesel engines. I think that the policy of dieselization is wrong. Dieselization is being encouraged at a time when the consumption of regular and high-octane gasoline must be stimulated. Had this shortage occurred 2 months ago, Turkey would return to the days of 1979. I heard that because of the diesel fuel shortage operators of commercial vans and taxis paid 230 Turkish lira for diesel fuel that is priced at 200 Turkish lira."

Petroleum Office: Interruption in Deliveries

The Istanbul Regional Director of the Petroleum Office, Munir Kisakurek, denied categorically that there is a diesel fuel shortage and claimed that ample supplies are available. He said: "The filling stations are steadily supplied with diesel fuel. The brief shortage that was experienced in the past few days was caused by interruptions in shipping schedules." Noting that the delivery ships were delayed by 4 to 5 hours because of foul weather, Kisakurek said: "Since we do not have a shortage of foreign currency we can also import diesel fuel."

No Shortages in the Aegean Region

Meanwhile, settlement areas in the Aegean region are reported to have experience no shortages. Cevdent Sahin, the regional director of the Petroleum Office, said: "There was a malfunction in the Izmir refinery, but that was repaired." PUIS President Kamuran Saglam said that the shortage was avoided in the Aegean region by reorganizing the distribution system.

Ozkan Menten, the director of the Izmir refinery of TPAO [Turkish Petroleum Corporation], disclosed that the refinery in Aliaga is producing 4,500 metric tons of diesel fuel daily and added: "We have a stockpile of 10,000 metric tons of diesel fuel. I do not understand how a shortage can develop under these conditions."

Shortage Ends in South and Southeast

The diesel fuel shortage experienced last week is reported to have ended in southern and southeastern provinces. Officials of the ATAS refinery in Mersin stated that there have been no cuts in the production of diesel fuel and added: "There were no interruptions on our part. The shortage experienced in some regions may have been caused by repair work on some of the units of another refinery."

Meanwhile, some filling station owners in Adana claimed that after the Central Anatolia refinery began operating and crude oil began to be pumped from BOTAS, the loading and unloading facility at Yumurtalik, to Kirikkale, ATAS cut its production and that the diesel fuel shortage was caused by that cut.

Overview of Diesel Situation

Istanbul MILLIYET in Turkish 30 Oct 86 p 9

[Report compiled by Necati Dogru]

[Extracts] [Article by Can Eren Kulahli: "Our 'Diesel Affair' Ended in Frustration"]

The "obsession to dieselize" has cost dearly to both our commercial vehicle operators and our country. More than 6,000 commercial vehicle operators who installed imported diesel engines on their vehicles with great hopes only a year ago are now thinking about "how to extricate themselves out of this problem."

Last year, when petroleum price were automatically increased monthly, operators of gasoline-powered vehicles looked enviously upon colleagues who had converted to diesel engines. Because while they spent between 25 and 28 Turkish lira per kilometer on gasoline, the operators of diesel-powered vehicles spent only 13 to 15 Turkish lira per kilometer. For a taxi driver, who spends all his life making car payments since he changes his vehicle every 2 years, reducing his fuel bill by half was a "major advantage."

Meanwhile, a lively "debate about diesel" had begun in public. There were those who said: "It is a waste. Such a conversion would also entail spare

part and maintenance problems. Then, the overall cost would be higher. Let us encourage domestic production rather than importing the engines."

Those who wanted "imports without delay" opposed that view. Their rationale was: "Domestic production is expensive. Moreover, the home industry does not have the capacity to meet demand. If we begin importing we can both save gasoline and help the commercial vehicle operators."

In the end, Minister of Industry and Trade Cahit Aral, who said "I know this matter best," ended the debate and the importation of diesel engines began.

Who Imported What?

The import permits were issued by the ministry in May 1985. The ministry made agreements with each firm. It authorized each firm to import 5,000 engines in 1 year. The firms and the number of engines they imported are as follows:

Anadolu Endustri Holding Corporation (Japanese-made Isuzu) 4,100 engines; Ciftciler Holding Corporation (FRG-made Audi) 1,000 engines; Agricultural Industry Machines (Spanish-made Perkins) 360 engines; Elmek Elektro Metal Industry Corporation (French-made Citroen) 1,700 engines. In addition, the Arsimidis firm, affiliated with the Demiroren Group, imported 600 Italian-made FNM engines.

At the beginning, conversion to diesel engines spread like a fad. Thousands of commercial vehicle operators installed diesel engines on their vehicles and scrapped or sold their gasoline engines.

Magic Wears Off

However, the honeymoon between the diesel engine and the commercial vehicle operators lasted only a short time. Firstly, diesel engines were more costly to maintain. Secondly and more importantly, finding spare parts was a problem. Either you could not find the part, or you had to pay four to five times the price of the domestically produced part. In addition, contrary to what was said at the beginning, the importation of diesel engines had not resulted in lower costs. Firms which realized their imports with long-term loans were faced with hefty bills as the value of the dollar rose. Eventually, the price of imported diesel engines exceeded that of domestic engines.

Because of all these reasons, the "infatuation with the diesel" which had engulfed the commercial vehicle operators was replaced with uncertainty. Because operators of gasoline-powered commercial vehicles had begun to hear from their colleagues not how much money they saved on diesel fuel, but how much they paid for a trigger belt and how long they had to wait for an oil pump.

So what is the conclusion? The importers who expected to import 20,000 diesel engines in 1 year could bring in only 7,760 engines because of slack demand in the market. That proved that the importers had misjudged the market. They had

thought that a major portion of the 50,000 to 60,000 commercial vehicles on the market would convert to diesel engines. However, their forecasts did not come true. Their sales were much below what was expected.

Meanwhile, nearly \$10 million was paid in foreign currency for these engines whose future is unknown. Nearly \$50 million is expected to be spent on these engines in the next 7 to 8 years.

["Diesel Fuel Gains Spent on Spare Parts"]

The problem of spare parts is the operators' foremost complaint. They describe the situation as follows: "We are spending our fuel savings on spare parts." Because spare parts for imported diesel engines are either impossible to find or several times more expensive than domestic parts for domestic engines.

We researched the prices of foreign-made spare parts which can only be found on the black market because they are not imported on a regular basis. We compared the prices of most frequently used imported and domestic spare parts. We found that imported spare parts are on the average 5 times more expensive than domestic parts.

["We Failed to Supply Ample Quantities of Spare Parts"]

We discussed the issue of spare parts with Osman Yazici, the president of the Anadolu Endustri Holding Automotive Group which imports Isuzu diesel engines.

Question: To what extent could you implement the agreement you reached with the Ministry of Industry and Trade with regard to the importation of diesel engines and domestic production of parts? What parts have you begun to manufacture?

Answer: I can say that we have fulfilled the terms of the ministry memorandum more than all the other importers. For example, the oil reservoir did not fit on domestic cars; we manufactured it. We also obtained licenses for other parts.

Question: We could not find virtually any domestically manufactured parts in spare parts stores.

Answer: We could not supply spare parts in abundant quantities. However, we have a patent agreement with Isuzu to manufacture their engine. We have a factory. We are about to assemble a new car model. We will install this engine on that car. The other importers do not even have manufacturing capabilities.

Question: We have noticed that many spare parts are being sold on the black market.

Answer: As I said, we failed to import ample quantities of spare parts. It takes too long to get permission from the ministry to import spare parts.

["Domestic Production Not Easy"]

However, there is another side to the issue. Turkey does not yet have a sufficiently large domestic market for diesel engines to justify domestic production. Millions of dollars of additional investments are needed to build a new diesel engine. In 1985, Ford spent \$35 million for this purpose.

Given the fact that the importing firms could sell only 6,000 diesel engines, it is obvious that sales of that magnitude cannot justify an investment of \$35 million.

["Import Restrictions Help Black Marketeers"]

The companies charge that the decision of the Ministry of Industry and Trade to restrict imports is the chief cause of the black market in diesel spare parts. According to the ministry's decision, the value of the spare parts the companies can import cannot exceed 3 percent of the value of the diesel engines they import. Since this amount cannot meet the demand, it leads to a black market.

Below we present a verbatim account of an interesting discussion we had with the service stations of two of the importing firms.

We called Oto Mert, the Isuzu dealer in the Aksaray area of Istanbul.

"Good day. I am looking for a diesel automatic for my Isuzu engine. Do you carry it?"

"A diesel automatic? There is no such part."

"There should be."

"What brand is your car?"

"Murat 131. We installed an Isuzu diesel engine on it."

"Let me ask around."

"Do you carry the crank case."

"We carry the crank case. It costs 32,500 Turkish lira. The gaskets cost 5,500 Turkish lira each."

"What about an oil pump?"

"We do not carry the oil pump. You should buy that from the importing firm."

"Do you know if they have it in stock? Is it being imported?"

"They do not import it as a spare part. They can take it out of an unsold engine and give it to you."

["Importers Did not Keep Promise"]

While preparing to import diesel engines, the firms promised the Ministry of Industry and Trade that they would manufacture 27 parts of the engines themselves and that they would build an infrastructure for domestic manufacturing. However, none of them kept their word.

Before starting to import diesel engines the firms signed an agreement with the Ministry of Industry and Trade. The agreement encompassed the following guidelines:

--The importing firms will manufacture domestically 13 spare parts of the engines they import within 6 months after they begin importing.

--They will increase the number of domestically-produced spare parts to 27 in the next 6 months. At the end of that period they will not be allowed to import the said spare parts.

--Between the 12th and 36th month after importation begins, the third phase will begin. In this phase, the firms will begin working on producing the diesel engines domestically. The number of domestically-manufactured parts will increase to 45.

None of the importing firms fulfilled the terms enumerated above. In other words, they did not keep their promises. This is the principal reason commercial vehicle operators are forced to buy imported spare parts at 5 to 6 times the price of domestically-manufactured parts.

Meanwhile, some firms put the engines they imported on the Sirkeci market through intermediary companies. These intermediaries sold the engines on long-term loans. That resulted in an increase in the price of the engines. The profit of the intermediary firms was added to the price of the engines. Engine prices rose to 2.5 to 3 million Turkish liras on the Sirkeci market.

As the importation of diesel engines continues, further increases in engine prices--paralleling the rise in the value of the dollar--is seen as inevitable.

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CSO: 3554/68

STATUS OF ELECTRICITY PRODUCTION

Targets for 1987

Istanbul TERCUMAN in Turkish 4 Nov 86 p 6

[Text] Ankara--Turkey's installed electricity generating capacity will increase to 12,200 megawatts next year.

With expansions planned for next year, Turkey's installed generating capacity will increase to nearly twice the capacity of 1982. The country's installed generating capacity will be 83.7 percent larger in 1987 than in 1982. Turkey's installed generating capacity in 1982 was 6,639 megawatts.

The 1987 program envisages to increase this year's installed generating capacity of 10,627 megawatts by 1,569 megawatts.

Thermal Power Plants

With the expansions planned for 1987, 61 percent of Turkey's electrical energy will be generated by thermal power plants and the remaining 39 percent will be generated by hydroelectric power plants. Thus, 7,437 megawatts of Turkey's installed generating capacity will consist of thermal power plants and the remaining 4,759 megawatts will be made up of hydroelectric power plants.

In terms of types of fuel used in generating electricity, lignite ranks first with 4,596 megawatts. Thus, lignite will be responsible for 37.6 percent of Turkey's installed generating capacity.

According to 1987 figures, lignite is followed by fuel oil, diesel oil and natural gas in fuels powering the installed generating capacity. Fuel oil will make up 1,375 megawatts of the installed generating capacity while diesel fuel will be responsible for 659 megawatts. Natural gas will generate 600 megawatts. In terms of fuel types in the country's installed generating capacity, no increases are planned in the use of geothermal energy, fuel oil and diesel oil over 1986 levels. The growth in installed generating capacity will come from a 200-megawatt increase in natural-gas-generated electricity and expanded use of lignite and hydroelectric resources.

Private Sector Production

Istanbul CUMHURİYET in Turkish 31 Oct 86 p 9

[Text] Ankara--The private sector's interest in electricity generation has grown. Projects prepared by private companies for the building of 15 power plants have been submitted to the Ministry of Energy and Natural Resources for evaluation.

According to information obtained from ministry officials, the private-sector projects envisage the generation of 2.7 billion kilowatt-hours of electricity per year. The officials said that these power stations, which will have a total generating capacity of 730 megawatts, will be built with the participation of the Turkish Electric Power Enterprise Directorate General (TEK) and that joint investment firms have been formed between TEK and the private companies for this purpose.

Turkey's current electricity generating capacity is 9,924 megawatts.

The firms that have proposed building power plants following the enactment of the law that allows the private sector to invest and operate in the energy area include, Koc, Alarko, Tekfen, Gama, Transturk and Kepez.

According to the information obtained, the Alarko-TEK partnership envisages to build in Hasanlar, Bolu, an 8-megawatt power plant which will generate 42 million kilowatt-hours of electricity a year. Another project which has been submitted to the Ministry of Energy and Natural Resources and which is at the contract stage is sponsored by Tekfen which is planning to build the Berdan Hydroelectric Power Plant in Mersin--once again in partnership with TEK--to generate 48.3 million kilowatt-hours of electricity a year. This power plant will have a generating capacity of 10 megawatts.

The Ministry of Energy and Natural Resources is evaluating a proposal by Koc Holding to build three power plants in Eskisehir. The power plants, which are proposed to be built on the Porsuk River in three-units blocks, are envisaged to have a total generating capacity of 11 megawatts.

The Gama corporation is planning to build power plants in Mersin, Lamas and Gulnar-Ilisu which will generate a total of 213 million kilowatt-hours of electricity a year. Kepez, which is currently operating two power plants in Antalya, is proposing to build two additional plants in Antalya.

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END