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FDP'S MOELLEMANN COMPARES PERSHING 2, SS-20 MISSILES

Donn DIE WELT in German 14 May 83 p 5

[Article by Juergen Moellemann: "Pershing 2 No Wonder Weapon"]

In their propaganda barrage against the NATO rearmament agreement of 12 December 1979, the Soviets are increasingly targeting the planned rearming with ballistic rockets of the Pershing 2 type. In this connection with concentrated misinformation, they ascribe to the still not fully tested characteristics which make it appear that they regard it as a true super-weapon in order to put the German populace in a position of self-deterrence so that they will impede its installation. In order to amplify current insecurity and fear, they are propagating the spurious argument that the Pershing 2 is suitable as a first-strike weapon and couple with this the subtle threat that they could be compelled to react with a preventative strike. At this point I would like to disarm this Soviet attempt at intimidation with hard facts and to present a clear picture which will help dispel the confusion in the minds of many of our citizens.

As is well known, the NATO rearmament agreement is an answer to the uninterrupted build-up of SS-20 medium-range rockets. With a deployment which has not slowed or stopped at any point, the Soviet Union has built up the threat-enint potential of 350 rockets with about 1,050 warheads. The SS-20 with its 5,000 km range is capable of reaching all points in Western Europe. To date, NATO has no counterbalancing weapon.

Even the Pershing 2 rocket which is at the center of Soviet criticism cannot by itself reestablish equilibrium let alone move ahead of the Soviet threat, as a comparison of quality and quantity will show.

The Pershing 2 is not technically superior to the SS-20. The facts are

- The SS-20 carries 3 warheads, the Pershing 2 only 1.
- The SS-20 has a range of 5,000 km, the Pershing 2 only 1,800 km.
- The SS-20 is mobile; so is the Pershing 2.
- The Pershing 2 is not faster than the SS-20. The maximum flight time for both rockets is 14 minutes with the specific difference that during this period the SS-20 goes 5,000 km while the Pershing 2 travels only 1,800 km.
- The Pershing 2 cannot presently be intercepted in flight; neither can the SS-20.

Since the Soviets claim the Pershing 2 has greater accuracy, it must be made clear that it has never been tested over its full flight range. On the other hand, the claimed relative accuracy of the SS-20 will be more than compensated by the excess kilotonnage of the warhead. A look at the ratios-- 108 Pershing 2's to about 350 SS-20's and 108 warheads to 1050 warheads-- speaks for itself.

A look at the numerical ratios just given shows, in addition to the obvious imbalance against NATO, a further very important reason why the Soviet claims have to be countered:

With the installation of the Pershing 2, Nato is not creating for itself a first-strike capability. Such a capability would only be present if NATO were to see itself in a position to knock out the enemy's second-strike capacity with the Pershing 2. The claim that NATO will be put in this position by the Pershing 2 is nonsense because it is impossible to knock out about 2,000 Soviet land-based rockets of medium and long range with just 108 rockets. Since, in addition, the Pershing 2, due to its limited range of 1,800 km, can cover only about 10 percent of the deployed Soviet rockets, the threat role of the Pershing 2, even in combination with the strategic intercontinental potential of the United States, is held within narrow limits.

Also the pretended worry of the Soviets that the short warning time would make it possible for the Pershing 2 to deliver a crippling blow to them by destroying the central command and communication structures in and around Moscow is rehearsed. Such a crippling blow is precluded since the P 2 was consciously designed to have a range insufficient to reach Moscow. The P 2 is not a first-strike weapon from the standpoint of both quantity and quality.

I would like to say one other thing in this regard. The partial similarity with the SS-20 and the technical inferiority of the P 2, both mentioned earlier, are not defects or minuses which have to be remedied within the scope of the alliance. The P 2 was consciously designed so that it could not be used as a first-strike weapon. It fulfills its function inside the peace-keeping deterrent strategy of NATO as a coupling agent between the nuclear potentials in Europe and the United States and in the "flexible-response" defensive doctrine of the alliance.

And another word about the alleged Soviet threat fear: If their worry were real that NATO will create a first-strike potential by installing the Pershing 2 due to the Pershing-2's technical superiority, then the null option offered to the Soviets by the West would have to be in the direct and most basic interest of the Soviet Union. This comprehensive proposal which if realized could relieve all of the Soviet Union's fears at once has been rejected in every case. This is not really their worry. It is still a matter of unilaterally defeating at the conference table the alliance's "Two-Track" agreement and of perpetuating the Soviet Union's monopoly in medium-range rockets.

This target serves propaganda for whose ends misinformation and lies are spread. Pershing 2 is not a super weapon; it does not have the characteristics ascribed to it by the Soviets for the purpose of intimidating our people, and the Soviets know it.

FORMER LABOR FOREIGN MINISTER FRYDENLUND DEFENDS INF STAND

Oslo AFTENPOSTEN in Norwegian 11 Jun 83 p 2

[Article by Knut Frydenlund, Labor Party Storting representative and former foreign minister: "Do Not Apologize"]

[Text] The unanimous resolution on the missile issue which the Labor Party Congress passed in April of this year has brought criticism from different sources. From the Conservatives we hear that we are putting party unity before Norwegian foreign policy and before cooperation with NATO. From the Socialist Left it is said that we are putting considerations of party unity before the fight against nuclear weapons.

In reply to that it is necessary to say that a split in the Labor Party would neither serve Norwegian foreign policy nor make it easier to meet the threat from a continued nuclear weapons race. But the lengthy and difficult process which the Labor Party has now been through has also involved something more than holding the party together. When both supporters and opponents of the double resolution supported the congress' resolution, it was because this resolution concentrated on that which all considered to be the main issue, namely that the negotiations taking place in Geneva must lead to reduction of missiles in the East and no deployment in West Europe. In the resolution it says also that the Labor Party, against the background of the resolution passed by the congress, will undertake an independent judgment of the matter before NATO considers it, before the end of the year.

The negotiating goal named above is consistent with the position always held by the Labor Party on this issue. When Odvar Nordli in December 1979 went to Washington, it was not to tell the American president that it was now important to deploy American missiles. It was to say that first it was necessary to do everything possible to solve the problem through negotiations, and that this would be a precondition for Norway before supporting the double resolution.

When we look at the developments now taking place, it is both a necessary and a legitimate process that the Labor Party has been through. Let me establish a firmer foundation for that by a couple of comments on the current negotiations and on the negotiating subject which now appears to be under consideration. In July last year the two chief negotiators came together in Geneva--following an initiative from the American side--and agreed on a draft of an agreement. The draft contained a very limited deployment of medium range missiles on both sides. As I have previously said in the Storting, that draft would have been consistent with the double resolution. But that draft was repudiated, also in Washington. That incident, which happened at the same time as the dismissal of the then head of the American disarmament office, influenced my own attitude. For as it states in a report prepared for the Senate Foreign Affairs Committee, the parties let "a significant opportunity for a mutually advantageous agreement" get away.

I am also apprehensive of that negotiating proposal which now appears to be under consideration, namely that deployment will take place while the negotiations go on. The basis for that will be to get the Soviet Union to make the necessary concessions. There must be other ways to accomplish that. West Germany plays an entirely central role in that connection, both for the United States and for the Soviet Union. A proposal which will split the West Germans would give the Soviet Union new maneuvering power which they would be quick to utilize.

It is no secret that there has been close cooperation between the Labor Party and the West German Social Democratic Party on attitudes toward the double resolution. That was the situation in 1979, and it still is today. That cooperation has naturally fallen off because SPD both in the government and in the opposition is among the most consistent fighters for NATO's double goal of the necessary military defense combined with reduction of tensions.

Thereby we arrive at what I regard as the underlying problem in NATO today. Strong forces appear to be moving away from the other part of this approved goal/policy of reduction of tensions. That is again the main cause for the polarization which is happening today--not only between the individual member countries, but also within the individual countries. That is a deplorable development. The double goal, as it was approved in 1967 based on the Harmel report, is a precondition for the broad approval of cooperation in NATO. But it is also the best basis for a long term strategy toward the Soviet Union. A lengthy confrontation policy or a retreat to the cold war is not in the best interests of the West. The Soviet Union, with its totalitarian system, is in much better condition to handle such a situation than are the open democracies of the West.

I was present with the double resolution in NATO in December 1979. I still stand by the standpoint which I took at that time. Neither have I apologized

for the role which the Norwegian Government played on that occasion. But I know what pressure was put on Norway's part in the negotiations. We also know how difficult this issue is in many NATO member countries. Therefore it is, as former Chancellor Helmut Schmidt emphasized, decisive that there be no doubt about the will to achieve results through negotiations.

9287

CS0: 3639/125

IMPENDING DEPORTATION OF ARAB EXTREMISTS REPORTED

Athens ELEVETHEROTYPIA in Greek 29 May 83 p 1

/Article by G. Anagnostopoulos/

/Text/ The government is determined to proceed with deportations and other necessary measures in order to avert the danger of the country becoming a field of clashes or a place for the solution of disputes between feuding groups and secret services of Middle East countries. Already, according to ELEVETHEROTYPIA exclusive reports, a Greek minister in private meetings with most of the Middle East ambassadors has made known to them the position of the Greek government and requested that their governments take all necessary measures to leave any disputes or conflicts outside the Greek area.

The Greek note to the governments of the Middle East countries was dictated following the investigation of the Psykhiko bombings which have led the authorities nearer to the culprits.

As reported exclusively by ELEVETHEROTYPIA on Sunday, the Suburbs Security Forces, which are in charge of the case, have in their possession data proving that Arabs (extremist elements of Palestinian organizations) and Greeks used by the former are responsible for the Psykhiko explosions.

The two Psykhiko explosions (the first had as target a Saudi Arabian diplomat and the second Syrian interests) are closely connected with the assassination in Lisbon of the moderate Palestinian leader Sartawi.

The Greek authorities are handling very cautiously the whole affair which is considered "very delicate" in an effort to stop any repetition or any terrorist actions of pressure or revenge.

The progress of the investigation on the Psykhiko explosions is based on important information given to officers of the Piraeus security forces by a prisoner.

7520

CS0: 3521/342

PRODUCTION OF HIGH-GRADE GASOLINE BEGINS

Athens TA NEA in Greek 3 Jun 83 p 1

/Text/ Energy and Natural Resources Minister E. Kouloumbis announced yesterday that it is estimated that within 3 months consumption will absorb all reserves of super-grade gasoline having a lead content of .40 grams per liter and that they will be replaced with gasoline of .15 grams' lead content. As of yesterday the state refinery at Aspropyrgos started producing super-grade gasoline having .15 grams of lead content per liter in implementation of the governmental decision (September 1982) "on anti-pollution measures" in the Attiki basin.

It was specifically announced that the quantity needed of this high-grade gasoline to supply the broader area served by the Attiki Nome will be about 500,000 tons annually. The state budget will be burdened--mainly in foreign exchange--from the sale of the new super-grade gasoline with about 1 billion drachmas.

The lack of sufficient and proper infrastructure (storage tanks, piping, loading platforms for gasoline tank trucks, etc.) in both the areas of the refineries and the marketing companies at present do not allow for extending the measure of low-lead gasoline to the regular gasoline and force the government to permit the sale of the super gasoline (.15 lead) outside the boundaries of the Attiki Nome also.

As of 1 January 1985 it will be possible to transport super gasoline and regular .15 from the Aspropyrgos state refinery and the stations of marketing companies.

7520

CSO: 3520/341

IMPORTANT OIL AGREEMENT SIGNED WITH IRAN

Athens ETHNOS in Greek 5 Jun 83 p 15

/Article by Giannis Zografos: "Mammoth Agreement With Iran for Oil"7

/Text A mammoth agreement which provides, among other things, the supply of 1 million tons of oil by Iran was signed in Teheran last Thursday by National Economy Alternate Minister Giannis Pottakis.

According to ETHNOS' exclusive information the agreement is multi-dimensional and covers a broad spectrum of Greek-Persian commercial exchanges. Specifically, Iran has undertaken the obligation to provide Greece in 1983-84 with 1 million tons of oil at a price less than the international price of 28 dollars per barrel.

Three-fourths of the total cost of this purchase, which is estimated at about 200 million dollars, will be covered by exports of Greek products.

What Iran Will Buy

Specifically, Iran undertakes the obligation to buy from Greece agricultural products (mainly fruit and vegetables) as well as industrial products (textiles, etc.). Also, Greek construction companies will assume the construction of large infrastructure projects.

In addition to its favorable terms, this agreement is of particular importance because it signals the first opening to the Persian market since the war between Iraq and Iran started. Until now the Greek governments were very cautious in developing privileged relations with one of the two warring countries despite the existing inter-state agreement with Iraq.

7520

CSO: 3521/341

BRIEFS

LIGNITE-COAL ENERGY--Following the verification of low-cost production in the Aliverion stations I, II and III in Ptolemais where the new technology of mixed combustion was tested, the production of electric energy by the Public Power Corporation /DEI/ stations will be speeded up. The stations will use as fuel lignite--instead of oil--reinforced by coal at a percentage of 5 to 15 percent. DEI announced that the total increase of the lignite stations of Aliverion, Ptolemais and Kardia from the mixed combustion is estimated at about 230 MW and that the total annual foreign exchange gain as a result of the difference in the cost of the coal and oil will be about 4 billion drachmas. The new technology will be applied also to the Amyndaio station where, during its first 2 years of operation, it will be necessary to enrich the lignite with oil due to its poor quality. /Text/ /Athens I KATHIMERINI in Greek 10 Jun 83 p 13/ 7520

CS0: 3521/341

BRIEFS

OIL IMPORTS IN 1982--Portuguese imports of crude oil amounted to 206.1 million contos last year, representing an increase of 57.5 percent, as compared with 1981. For their part, exported products amounted to 18 million contos, which represents a negative balance of 188.1 million contos (this represents 54.1 percent of deficit in our trade balance). In spite of the fact that the price of petroleum went down on the world markets, the revaluation of the dollar (about 20 percent as compared with the escudo in 1982)--currency used to pay for the majority of our fuel imports--prevented Portugal, contrary to what occurred in other countries, from benefitting from lower prices. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 23 May 83 p 11] 11635

CSO: 3542/139

EMPLOYER'S SPOKESMAN ON UNEMPLOYMENT, SHORTER WORK HOURS

Hamburg DER SPIEGEL in German 6 Jun 83 pp 58-68

[Interview with Otto Esser, employers' association president, by DER SPIEGEL editors Wolfgang Kaden and Stephan Burgdorff at the Cologne Employers' Center]

[Text] SPIEGEL: Mr Esser, not only the trade unions but also political parties and independent experts consider a reduction in working hours to be a suitable method of alleviating unemployment. Only the employers are balking as much as ever. How long can you continue to hold this position?

Esser: There are a number of renowned institutions which share our view. I will mention here only the Bundesbank, most of the economic research institutes, or the scientific advisory board of the Federal Ministry of Economics, all of which make skeptical to disapproving comments on this. Our standpoint is also supported by remarks from the government camp, to the effect that a reduction in working hours must not adversely affect either the pension insurance fund or the production costs.

SPIEGEL: Has it not bothered you that Federal Economics Minister Otto Graf Lambsdorff of all people has asked you to climb out of your trenches of anathema against this and negotiate with the trade unions on shorter working hours?

Esser: No, this has not bothered me. In complete agreement with us, the federal economics minister has expressed the view that production costs must not be raised because of a reduction in working hours. And after all the ceterum censeo in all these questions having to do with shorter working hours is most undoubtedly the question of costs. But this cost question is frequently suppressed, and thus it wrongly appears as if unemployment could be done away with solely through reductions in working hours.

SPIEGEL: And that is small wonder, since all the other methods which have been touted by your side as a solution have been to no avail. Neither stationary real wages, nor falling interest rates, nor the changing of the basic conditions sworn to by you have brought any change in direction in the labor market.

Esser: But it is a downright fantastic notion that after such a sustained process of weakening for the economy, fundamental changes could take place overnight.

SPIEGEL: There have been business upswings in earlier years which always improved the employment situation as well. Recently there has been no more sign of this, and unemployment is climbing almost inexorably. So, is it not reasonable to consider other possible solutions, and not only to hope over and over again for growth?

Esser: I would like to know which recent business upswing you are talking about. I have never been one of those who are euphoric about growth. But I also am not one of the pessimists about growth. The majority of those who argue for reductions in working hours start from assumptions which are completely unconsidered. They simply extrapolate trends. Then the result of these calculations is presented to the public as if an uncontrovertible truth were being uttered here.

SPIEGEL: Is not the expectation of the employers equally unconsidered that someday the old growth rates will again appear and the problem of unemployment will solve itself?

Esser: To a degree which appalls me, we are seeing how defensive thinking is gaining ground. The offensive strategy--and I am speaking now of the policy of growth and its possibilities--plays almost no role among those favoring shorter working hours.

SPIEGEL: What then can be said for an offensive policy of growth?

Esser: Everything. Because we will not solve any of our problems without growth. Therefore it is also very important that the chances for growth are not spoiled through additional costs from reductions in working hours. I absolutely cannot see why we will not achieve again higher rates of increase for the real gross social product. Nowhere is it written that, for example, our share of world trade must remain at the level where it is now. We have had to put up with a downward development in recent years. But how come and why should this remain the case?

SPIEGEL: Relative to the per-capita product, the Germans are more export-intensive than the Japanese. So how is the FRG to enlarge even more its share of world trade?

Esser: In essence you are substantiating the thesis which I have made. Because at one time we had a deficit in our balance of payments, and we were able to convert this into a plus result. But this proves that resignation cannot and must not be for us. A country in which every fourth job is dependent on exporting simply must have an exporting mentality. Beyond that it is important of course that within the country as well the prerequisites must exist for an upturn.

SPIEGEL: Even if the Germans could release new forces of growth within the country and could export more, unemployment could not be eliminated. According to calculations of the Nuernberg Federal Institute for Labor, that will be possible only with a growth of 6 to 7 percent.

Esser: These are numbers which we disputed even years ago.

SPIEGEL: Then how much growth do you regard as necessary for decreasing unemployment?

Esser: I am not one of the soothsayers. But I believe that we can achieve an economic growth of about 3 percent, while the productivity could increase by about 2 to 2.5 percent per year. So this would mean that workers would have to be taken on.

SPIEGEL: There would be so few of them that the number of unemployed people would drop very little because of this.

Esser: I must contest that strongly. When you consider that a 1-percent spread between growth and productivity per year means about 200,000 jobs, from that you can also infer that the development suggested by me would be associated with a considerable gain in employment in the course of the ensuing years. This shows just how important growth is for the labor market.

SPIEGEL: Your example also shows that an extremely high growth would be needed to lower unemployment appreciably. From where is this growth to come?

Esser: We have lower interest rates. The inflation rate has been reduced to an astonishing extent. We are feeling very distinctly the effects of the home-building program which the new Federal Government has launched. And above all: The wage settlements of the last few years have been considerably lower each time than in previous years.

SPIEGEL: Are falling real wages a condition for the reduction of unemployment?

Esser: But surely it cannot be disputed that labor has become too expensive. Let me mention an example which illustrates this thesis particularly clearly. You know that in past years the lower wage groups have been boosted more strongly than the intermediate and the upper wage groups. The result is that these jobs have been eliminated through rationalization measures, because the costs to the businesses were no longer bearable.

SPIEGEL: Would not the employers have practiced rationalization just as drastically if wages had not risen? In Japan, for example, where the labor costs are very much lower than in the FRG, there are nevertheless more robots within the factories.

Esser: Japan is a broad subject. The impressions which I have gained from there time and again differ considerably from those which are portrayed in the press here. In that country, nowhere have I seen deserted factory buildings. The true lead enjoyed by the Japanese lies instead in the fact that they are endowed with an excellence in manufacturing technology. Here one can venture the assertion that at the same time this requires a certain amount of labor intensity.

SPIEGEL: This does not refute our argument that the Japanese are practicing rationalization despite lower labor costs.

Esser: According to our criteria, Japan has full employment.

SPIEGEL: We would like to ask you for now to just attend to our argument, Mr Esser.

Esser: I have just done that. That upsets you a bit, perhaps.

SPIEGEL: Even full employment in Japan does not refute our thesis that nowadays the using of computers is cheaper for the most part than the employment of people, and that consequently even when real incomes remain stationary still more jobs are being eliminated through rationalization.

Esser: Your thesis ignores the experience that despite rationalization workers will always be needed even in an automated economy. The businesses in the FRG have been suffering an alarming decline in their equity capital ratio. In the mid-1960's this was still 30 percent, but in 1982 it ended up at around 20 percent. This shows that profits have fallen off dramatically, so that the businesses are lacking the funds for investments.

SPIEGEL: We question that. Is the shortage not rather that of a demand for industrial goods, instead of capital for investments?

Esser: There are no needs which are satisfied once and for all. New needs arise again and again. I will add: There are needs which to some extent we do not even know about at all at present. By no means am I alone in this view, but am in agreement with very thoughtful people, as a matter of fact even with those from the ecclesiastical camp.

SPIEGEL: Certainly you cannot be referring to the dean of Catholic social doctrine, the Jesuit priest Oswald von Nell-Breuning. Because he says that two hours of work per day would be enough to satisfy peoples' needs.

Esser: I had a long talk with Nell-Breuning quite recently. The gist of what Nell-Breuning says is: We have what we need, and we can also produce it with shorter working hours. But behind this stands the view of the theologian on what the human being needs. But most people will not embrace this view. I still insist that there will always be new needs.

SPIEGEL: It can be observed that on the average over the long term the gross social product has increased always by the same amount--by about DM 28 billion per year. Do you believe that the Germans now can produce annually even more incrementally than this 28 billion?

Esser: I cannot agree with the ultimate view which underlies your question. And in fact for the reason that I do not believe that people will discontinue research and development work.

SPIEGEL: First of all, even without growth a great deal is being produced, and secondly the question can be asked concerning what really is being produced. But at present all the progress going on is in computer technology, in communications technology, and in office systems engineering. Where do you see the growth which is to create jobs?

Esser: Excuse me please. I have been connected professionally with data processing over a long period of time, from the Hollerith system to electronic

data processing. It has simply not been the case that we have had fewer people in our firms after the introduction of these systems. But of course there are switches in occupation.

SPIEGEL: Only when the growth is high.

Esser: It is true that for a certain period of time now growth has no longer been like it was once in the 1960's.

SPIEGEL: Just for that reason we now have unemployment.

Esser: But this shows how important growth is and how great a role is played by the decline in growth compared to other factors.

SPIEGEL: On the average, the plants in German industry have been used to only 75 percent to 80 percent of capacity in recent years. Why then should a businessman now make new expansion investments and place new people on the machinery?

Esser: That is a very interesting question in view of the question of shorter working hours. What reasons would the employers then have for hiring additional workers, if the working hours were to be shortened?

SPIEGEL: Surely it would even be an achievement if additional lay-offs did not occur.

Esser: That is true, in fact. But the crucial question, sirs, nevertheless is: Who is to assume the costs associated with a reduction in working hours? The trade unions must say how they envisage this being done.

SPIEGEL: Have you not then taken note of the numerous comments from the trade unions, according to which the employees are prepared to share the costs of reductions in working hours?

Esser: There is the verbal acknowledgment that shorter working hours cost money. But this does not change the fact that the Metalworkers Union recently declared that it wants to push through the 35-hour week next year--and in fact along with a full wage equalization.

SPIEGEL: But the responsible wage-scale policy maker on the Metalworkers Union executive committee added something very interesting. Namely, he said that the Metalworkers Union is sticking with its demand for a full wage equalization "in the sense that after an effected reduction, wages and salaries must not be lower than before."

Esser: But that is the demand for full wage equalization. After all, he is not thinking about the people unemployed, but about the employees.

SPIEGEL: We have the impression that you are constructing a bogey here. Surely what the Metalworkers Union is saying is: The trade unions are prepared to relinquish wage increases for the sake of shorter working hours. They are just not prepared to accept a lowering of nominal wages.

Esser: According to a report by the news agency dpa [German Press Agency], the Metalworkers Union has demanded that the weekly working hours must be shortened at least in accordance with the increase in productivity, so that the number of jobs does not decrease further. But this means: For one thing, the working hours are to decrease to the same degree as productivity rises. On the other hand, wages are to increase just as they have hitherto.

SPIEGEL: We are mystified as to what the remarks are from which you are deducing this. In any case such a thing has not been said by any trade unionist. On the contrary: The DFB [German Labor Union Federation] chief Ernst Breit has declared: "We know that every reduction in working hours must be financed." Period. Stop.

Esser: This means: Wanting to teach an old hand at wage negotiations how to drink booze. After all there is no predetermined magnitude for wage increases recognized by all, but the trade unions are decreeing it. And then they say to us kindly: Originally we intended to demand 8 percent, but in consideration of a reduction in working hours of 1 hour we are deducting 2.6 percent, and we now place the remainder at the disposal of the negotiations.

SPIEGEL: The facts show that the trade unions have been very restrained in their wage policy in recent years. How far then should they still go to accommodate you?

Esser: I do not know of a single statement which unequivocally says: As job-holders we are giving up this bit of work, and we are also giving up the wages apportionable to it. I will definitely not be put off with having them state to me that we will surely consider this in the collective bargaining. That is a position which cannot be taken, in our opinion.

SPIEGEL: Are you not even impressed that the trade unions have not ignored this in earlier reductions in working hours, but rather have always accounted for it in the wage settlements?

Esser: In the past the level of labor costs was very much lower, and in particular the supplementary personnel costs were a great deal lower than is the case today. We have made a calculation, with the result that nevertheless just the wage increases alone have eroded away the productivity advances, and that everything which has occurred in terms of reductions in working hours and other matters has gone beyond this.

SPIEGEL: We do not wish to get bogged down in the past. We would only like to learn from you why you so obstinately refuse to negotiate over reductions in working hours.

Esser: We are convinced that reductions in working hours will be seriously detrimental to our economy and society. You must bear in mind that even if there are reductions in working hours without wage equalization, additional costs will arise. They range between 0.7 and 1.5 percent per hour, so that we arrive at an overall adverse effect of 3.5 to 4 percent per man-hour.

SPIEGEL: It seems to us that you are overestimating when for 2.5 percent less hours of work you assume a cost burden of 4 percent and do not take into

account that also a gain in productivity is present. As is known, many people do almost as much work in 39 hours as in 40 hours.

Esser: Practically no more can be expected from gains in productivity from shorter working hours. The hours of work have become too short for this.

SPIEGEL: Mr Esser, let us just assume that a reduction in working hours does not lead to excessive cost increases. Would you still be against it even then?

Esser: Under present conditions, and the conditions which I expect for a foreseeable period of time, it is certain that no new jobs will be created through a general reduction of working hours.

SPIEGEL: Why not?

Esser: There will be businesses which will respond to shorter working hours with rationalization measures, because generally speaking the hiring of people is the most expensive alternative which can possibly be imagined. Secondly, there will be businesses which have held available more personnel than they need. Thus they do not need any new people. Then there remains the third group, which can still expand. These businesses will switch to overtime hours until the rationalizations take effect. They will hire some few people at most.

SPIEGEL: Do you dispute the rule of thumb of the experts that about 50 percent of the theoretical effect of a reduction in working time will translate into employment?

Esser: Yes, I unreservedly dispute this. And in fact for the reason that here also a perfunctory thinking about magnitudes is at work again. Innumerable factors are involved in this. There are costs and prices, there is expenditure and profit, and in giving these factors I am by no means finished with the enumeration of all the things which one could mention.

SPIEGEL: Now that is also only a rule of thumb, of course.

Esser: You should know that such calculations inspire hopes and notions which cannot be materialized.

SPIEGEL: In 1977, the Ifo Institute surveyed 4,600 businesses on what effect would be produced by a reduction in the work week by 2 hours. It emerged that about 50 percent would react with new hirings. Does that not have any impression on you at all?

Esser: I know about these formulations. They have not been able to change my viewpoint on this question. When the discussion is about questions of working hours, most people think only of large firms. But only a third of all employees are employed in these. Two thirds work in small and medium-sized outfits. And these cannot immediately hire a new man when a few people work somewhat less. We have new surveys which come to quite different and far less favorable results.

SPIEGEL: The master painter who does not hire any new hand will perhaps accept fewer orders. Then possibly more work will be received instead by another master painter who is able to hire a new journeyman.

Esser: But all the same every business must concern itself with the effect of costs.

SPIEGEL: When at some point you cannot think of anything else, then you always come back to the cost aspect. We have set as a premise that the reduction in working hours is managed in such a way as to not effect costs.

Esser: I do not engage in "as-if" discussions. That is not my office, that is not my job, and that is not in my nature.

SPIEGEL: Is it not the duty of such an important association as yours to deliberate on whether there are other approaches to solutions, instead of always counting only on an economic growth which does not arrive?

Esser: That goes without saying, but you will agree with me that the question must be made clear: Who bears the costs? After all, we are speaking here about sums in the billions. Who should pay them? The trade unions are not prepared to do this.

SPIEGEL: Let us assume that they would be so prepared. Would you then be prepared to be open to discussions about reductions in working hours?

Esser: Since the trade unions are not prepared to talk it over, there is no sense in my commenting on this.

SPIEGEL: Mr Esser, is your tough negative position, which you have kept to in this talk as well, not in the last analysis influenced by tactical considerations, so as to have a good starting position for the negotiations with the trade unions which are on the agenda for next year?

Esser: What I have declared on the subject of a general reduction in working hours is the standpoint of all the associations of the Federal Employers' Union, and it is the result of a long consideration.

SPIEGEL: Would you let things go so far that the trade unions have to strike for shorter working hours?

Esser: The decision on whether there will be strikes lies with the team of collective wage agreement negotiators.

SPIEGEL: It depends also on your accommodating attitude.

Esser: Our answer to the trade unions certainly cannot lie in accommodation, according to the arguments put forward by me. But I hope that my wish for a recognition of economic good sense will prevail, in the interests of the economy and the people working in it.

SPIEGEL: Mr Esser, we thank you for this talk.

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FABIUS DECLARES INDUSTRIAL MODERNIZATION TO BE PRIORITY

Paris LE MONDE in French 28 May 83 pp 1,7

/Article by Minister of Industry and Research Laurent Fabius: "The Modernization of Industry: An Absolute Priority"

/Text/ Industrial policy is the one field in which the otherwise contested notion of inheritance is quite irrefutable. The reason is simple: The timespan in industry is long. It takes time to transform structures, realize investments, assemble personnel, train people and start up production. We inherited the industrial action of the preceding presidency. Our successors will inherit from us.

Our heritage is full of contrast. On the positive side are some remarkable successes, incidentally often based on public funds: Telecommunications, the aerospace sector, electronuclear technology. On the debit side four serious weaknesses: Inadequate training, inadequate investment, inadequate research, inadequate marketing. In the years 1974-1981 France lost 680,000 industrial jobs. Investment declined by more than 10 percent. The rate of penetration of the French market by foreign competitors rose from 26 percent to 35 percent. It was time to respond.

For the past 2 years we have been engaged in a considerable effort. The majority of reforms were directed at modernization: Updating social legislation, the establishment of centers for public development, a notable growth in research and training efforts, an increase in the means of financing industrial reconstruction. Still, much remains to be done with regard to an industrial strategy, and that will be the subject of an extremely important debate in the National Assembly this fall.

Without wishing to anticipate this debate, I would like here and now to answer some main questions. To begin with this one: Why did we maintain the industrial modernization of France as the first priority of the Ninth Plan? The answer is simple. France gained its status as a great nation in the course of the first two industrial revolutions. The third such revolution turns around the new technologies and will redistribute the deck. Nothing can be taken for granted. The nations that modernize in time will keep or increase their role through the end of this century. Those that are not preparing nor mobilizing themselves, will fall by the wayside. At stake, therefore, with regard to the modernization of the production apparatus is the future of our young people, the ranking, weight and independence of France in the next 20 years. Another, more short-term reason is linked with the current austerity plan. What, basically, is the meaning of our policy? To avoid effort?

That is impossible. No nation can afford to do that, France no more than any other. But we can and must contribute two distinct qualities, two "pluses" to the country: First of all an equitable distribution of effort, followed by the demonstration of that effort's usefulness. It is here that we again come across industrial modernization. It is one of the major justifications for the effort demanded of the French people.

How are we to implement this modernization? I may arouse some astonishment by saying that this involves first of all a cultural change. Yes, indeed, one of the worst obstacles to industrial modernization is a matter of culture. Quite simply because the French are not fond of their industry and often do not know it well. This is a matter of historical tradition, the sociology of a people primarily attached to land values; it is a matter of education, religion and, maybe, politics, certainly of working conditions and wages. All this serves to explain why modern children visualizing their future (and their parents for them) do so in terms of the liberal professions and the civil service rather than industry. A state of mind cannot be altered by decree. It will take time, energy, education and the support of the media. Yet this change is vital. It should represent an excellent rallying point for the social partners and the public agencies. Business generally and industry in particular must regain first place in the hearts and minds of the French.

It is also necessary not to denigrate them constantly. Always to wring our hands and talk of disaster is not the way to make friends for our production apparatus or get our products purchased. Nor is it just. The present situation of our companies varies quite considerably.

A recent study by the National Credit (Bank) shows that, luckily, the crisis has not eroded the situation as a whole but has mainly had the effect of widening the gap between the firms that are successful--often outstandingly so, because they knew how to adapt in time--and those that are struggling and going down. The crisis is primarily the accelerator of inequality.

The fact remains that the average situation of our businesses is not good. The savings of the non-financial companies are at a very low level in relation to added value; prospects for investments are dismal, international exchanges contracting, internal demand slowing down. In view of this, the first condition for a dynamic industrial policy and some growth is once again cultural: To clearly define the rules of the game and stick to them. I maintain that industrial policy is not entirely a matter of spectacular albeit necessary aspects (restructuring, sectoral plans, decisions on European or world links), but at least as much of related measures: Education, labor legislation, motivation, research, budgetary and credit policy, administrative simplification. Finally, and above all, the reduction of inflation to the level of that of our competitors. These are the principal rules of the game.

The Reorientation of Financing

One of the most crucial of the rules concerns financing. As the relative development of prices or credits demonstrates, industry has not been favored in the past. A progressive reorientation is essential. We have already taken various steps with regard to savings. The same orientation must apply to the banking institutes and

the reexamination of budgetary aids. That is precisely the intention behind the establishment of the industrial modernization fund; without excluding other methods, this will offer the advantage of putting cheap savings at the disposal of companies wishing to modernize. Of course low interest loans will not be enough if sales prospects are too depressed or costs too high. But accommodating financing combined with a diminution in costs represents an absolute necessity to allow investments to take off again. Finally, risk capital should receive more encouragement, inspired by arrangements such as already exist abroad.

Financing, yes. But to finance what? The first question I was asked when I assumed my new office was whether I was...a man of the market sector or a man of the market gap. A market gap policy may suit a company, not a country like ours. As we have seen in the past, it eventually leaves for France only that which the others either do not want to or cannot make. The result is an excessive and unacceptable external dependence. The sectors, on the other hand, represent a useful process, for example for electronics or wood-paper.

However, if adopted everywhere and for everything, they would be unrealistic to the extent that France must exercise financial choices and an exclusive sector policy would prevent the realization of those technological leaps that are a must of modern industry. Our country, therefore, needs at one and the same time to modernize its basic industries, improve the competitiveness of processing industries, upgrade its agricultural and energy trump cards and massively develop new technologies.

Incidentally, this bias toward innovative and versatile technologies is the specific features of the third industrial revolution. This revolution does not touch only upon one or two sectors; it is likely to affect the total of industry. Besides, the notions of sector and branch, as now used in economics, do not really lend themselves to the realities of the new technologies. The tremendous effort required in any case excludes sprinkling--a recipe that is appropriate to the kitchen but not to industry. Our strategy will involve choices, and sometimes they will be brutal. Nevertheless, without such a reorientation France will most certainly miss out on the transformation undergone by the democracies with a high technology.

The Place of the Private Sector

Despite our explanations, one of the questions most frequently asked continues to be that of nationalization. People keep on asking whether we want to nationalize everything. Actually that is out of the question and another rule of the game, that we need to settle. How heavy is the burden of mythology! One side essentially ascribes all virtue to public enterprises. The other side, also on principle, considers them doomed to disaster. This black-and-white approach cannot produce anything good.

Our national enterprises, immersed in the market economy and international competition, could not stay afloat for any length of time if they avoided the necessities of management. In its relation with them, the state must therefore act the role of the stockholder. A stockholder who requires these enterprises to present at least balanced accounts within a reasonable period of time.

At the same time, as set out in their operating contracts, these enterprises have a preeminent responsibility in the field of new workers' rights, training, research, balanced foreign trade, support for investment and employment. Once the legal reforms are realized, the nationalized firms--being living organisms--must evidently move forward and act as the decisive corner posts of development.

Does this mean that the large private companies or medium and small firms have no role to play? Not at all. We live in a mixed economy, and the private sector holds a decisive place. In fact I believe that in future jobs will be created more easily in medium or small size units, including arts and crafts, than by large firms. Nevertheless, the large companies can fill a useful function by sending out shoots, encouraging the establishment and consolidation of new firms. Several of them are already doing just that. The meshing of companies of all sizes and status represents an essential element in the strength of France's industrial fabric.

The Ministry of Industry and Research must be the ministry of all industry and all research. Let us beware of bureaucracy, exclusive models and standard solutions. That is not how innovation proceeds; it happens by way of diversification and leaps forward. Our industrial ambition needs a backbone. It also needs flexibility.

From the aspect of the future, innovation as such is at stake here. Not only do we not fear it, we actually demand it. The French economy must become the economy of innovation. Recent measures are contributing: The massive development of research and its compartmentalization; the confirmation of the national agency's role in the establishment of enterprises; the exemption of new firms from direct taxes; the increased role of ANVAR /expansion unknown/. Other steps will also have to be taken, notably the amendment of the statute of company establishment, the forceful encouragement of patent applications, an increase in the numbers of engineers and technicians. Innovation may not be confined to the economic sector either but should extend to the social plane, because these two fields go together. The most productive companies are those where economic innovation and social democracy are joined together.

We must strive for this junction. The wealth of our country consists above all in its men and women. Our appeal to the spirit of creativity, initiative and responsibility offers the best chance for our industry. The education and training of workers and the dissemination of information become the major prerequisites for the competitiveness of an industry. Such developments confront managers and foremen in particular with new and greater responsibilities. Each one of them must measure up to the crucial role they are called upon to play--in future even more so--in the development of our industry.

The Function of Marketing

The last point to be made: Marketing. It is unthinkable that a nation such as ours, presenting a structural problem of foreign trade, should not place marketing in the foreground of its considerations. To better exports requires a series of concrete steps that we have begun to take: The development of international trading companies, closer contacts between manufacture and distribution, the recapture of some markets, more assiduous trade follow-up, and so on. Still, involved here too--thus

completing the cycle--is a cultural problem. For all too long the French hierarchy of merit has been divided into a superior level--the conception--, the intermediate level--production--, and the inferior level--marketing. And, moreover, there has been a minimum of bridges between these three levels!

Those times are gone for good. Decompartmentalization is the first commandment, and it applies to research just as much as to industry. The marketing function must begin to be taught in school; penetrate more deeply in professional life and be included in our culture generally. The National School of Exportation should be a symbol of this new trend.

These are some of the conditions for an appropriate industrial strategy. Reviewing our priority objectives, I cannot see anything that is more important for France. The modernization of our industry is not a matter for one party or one moment in time. It is the absolute priority of the decade. It is the ambition of the entire country.

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LABOR, LEGISLATION BLAMED FOR AUTO INDUSTRY DECLINE

Paris L'EXPANSION in French 20 May-2 Jun 83 pp 65-71

[Article by Herve Jannic: "The French Automobile Industry in Danger"]

[Text] Of the total of 692,937 private vehicles registered in France in the first quarter of 1983, Renault accounted for 34.7 percent, the Peugeot group 32.5 percent, and finally, importers 32.8 percent. One-third, one-third and one-third--what a beautiful balance! These harmonious statistics, unfortunately, reveal three worrisome phenomena.

The market sagged noticeably (minus 2.5 percent) in comparison to the first quarter of 1982. This is an unpleasant development if we realize that the French manufacturers suffered heavy losses last year (2.3 billion francs for PSA, doubtless nearly 1.5 billion for Renault), despite a record number of registrations. What will the situation be this year, if the consumption figure declines?

The rate of foreign penetration continues to increase. As of the present, one vehicle out of every three is imported, as compared to one of every 3.3 in 1982, one of every 3.6 in 1981, and of every 4.3 in 1980. This increasing vulnerability would not be dramatic if to counterbalance it French manufacturers were exporting more. This is not, alas, the case, since the balance (positive) of our trade in new vehicles has for 4 years been dropping rapidly: 19.7 billion francs in 1979, 16.1 in 1980, 13.8 in 1981, and 6.7 in 1982. At that rate, we will soon be in the red.

The decline for Renault, which saw a drastic drop from almost 40 percent of the market to less than 35 percent, demonstrates that not even the government administration is protected against social disturbances. In fact, this 5 point drop corresponds exactly to the production decline (45,000 vehicles) following the strike of the immigrant workers last January. Thus an enterprise noted for its openness to dialogue has fallen into the same category as Talbot and Citroen, the unfortunate heirs to a burdensome past.

Firms losing money even when the domestic market is holding up, products vulnerable to foreign pressure, a particularly unhealthy social climate--these are the current characteristics of the French automobile industry. For the time being, only the competitive capacity of this industry is threatened. In

the long run, if there is no correction, it is its very existence which could be at issue. The British example is close at hand.

A Long and Costly Transformation

Is this excessive doomsaying? Perhaps. After all, giants like Ford and General Motors have also fallen upon difficult times and are heading toward recovery again. Even Chrysler, thought to be done for 2 years ago, moved out of the red last year. And no one would dare bury Volkswagen, which did, however, lose 300 million marks in 1982. Why couldn't the French manufacturers, in turn, correct their navigational errors? Which leads to the basic question: Are the specific handicaps of Renault and PSA of the kind which can be overcome?

A first handicap is found with regard to manpower, immigrant labor in particular. Some tens of thousands of foreigners are working at Aulnay, Poissy, Billancourt and Flins. If properly manipulated (or what is worse, badly manipulated), they can at any time shut down a workshop or halt an assembly line. A key strike, carefully placed, will mean 50,000 fewer vehicles, not to mention the indirect consequences: indignation on the part of the supervisory staff, lassitude among the cadres, discouragement throughout the whole of the network, and the deterioration of the firm's image.

The actions of the immigrants are unpredictable. They stop and start at the whim of the concepts of this or that trade union leader or the impulses of this or that sorcerer's apprentice. With full impunity. According to a comment overheard at Citroen, "These people now have a sense of triumph. They think they are beyond reproof, and the facts bear out this belief." For example, in Aulnay, Akka Ghazi, the CGT [General Confederation of Labor] delegate, continues to blow hot and cold, although he has been charged with responsibility for beatings and injuries and interfering with labor freedom. The labor inspector refused to approve his dismissal, and his file is now in the hands of Minister of Social Affairs Pierre Beregovoy, who has been in no hurry to hand down a decision.

An effort is made in the state-owned company to remain objective. "We have not really integrated the immigrant phenomenon. We still have a colonialist mentality. For example, our foremen use the familiar form of address with the people from the Maghreb, but not with the French workers. In this matter, we have not entirely done our duty, and we were not very smart. The Germans have been more successful with their Turks. They were wise enough to concern themselves when it was necessary, and when the time came, they did not hesitate to send them home. That having been said, we will need immigrant workers for as long as we have assembly lines, that is to say for 10, 15 and even 20 years. These fellows know that: they sense their strength and our weakness. In conclusion, this is a burning subject, there are few clear ideas, and the solutions are not always respectable."

The two manufacturers agree on one point: this is a national problem. Put in another way, no effective solution is possible unless the government involves itself. But it is precisely the government which does not want to be involved,

both for diplomatic reasons and due to domestic political considerations. Thus in order to reduce the number of immigrants, it is necessary to conceive of formulas acceptable to the interested parties themselves--accelerated training which will allow them to find skilled jobs in their native countries, or the granting of a substantial compensation on departure. But all of this does not go very far. Of the 17,000 immigrants working for the state-owned company, only 2,000 are scheduled to leave France between now and 1985-86. Where the public authorities are concerned, only routine measures are pursued (surveillance of the frontiers and checking of residence permits), which produces little result, since the individuals whose situations are irregular are rarely bothered.

Unless there is a general disruption of the assembly lines which would force the government out of its conservative attitude, the manufacturers will do no more than hope that, as time passes, the relative weight of the establishments located in the Paris region--where the immigrants are legion--will gradually shrink. If necessary, this development will be speeded up. For example, Citroen will soon close the foundry in Clichy, and the Aulnay plant, which was scheduled for major expansion (1,600 vehicles per day as compared to the present 800), will be left as is.

But this transformation in the industrial map is a long and costly process. In some cases, strategic impossibilities have even been encountered. For example, the Poissy factory (Talbot) will benefit from major investments, despite its high proportion of immigrants. The Peugeot group, in fact, wants to make it "compatible" with the plants in Mulhouse and Sochaux, such that a given model--this will soon be the case with the 104--can be produced equally well at all three establishments. As Jean Boillot, the head of Peugeot-Talbot, explains: "The integration of Talbot in Peugeot is a priority where the immigrant problem is concerned."

Absenteeism, a Typically French Problem

In short, given the present state of affairs, and whatever the responsibility on one side or another may be, the presence of numerous, turbulent and uncontrollable immigrants is a real millstone for the French automobile manufacturing industry. And still more serious, it is a specifically French handicap, because no foreign manufacturer is faced with difficulties of this nature.

There is another manpower problem which does not involve the immigrants alone, and that is what one might term the lack of labor enthusiasm. Its visible portion is seen in the rate of absenteeism. It varies greatly from one establishment to another, but on the average, it is clearly higher than the German rate--about 12 percent as compared to 4--and it is on the rise. "Yet another typically French evil," Jean Boillot observes. What are the reasons? Lumped together, agitation in the factories, general unrest, the permissiveness of society, and rejection of the work ethic.

The solutions are not obvious. Should we alert the board of the physicians' association about the practice of issuing routine work excuses pursued by some doctors? Hardly effective. Should we intensify the hunt for malingerers?

Open season ended in 1981. An effort will be made to start up again, it is said at Renault. Should we provide the workers with new motivation? This is doubtless the most serious issue. In this connection, there is no shortage of methods, both new and old, at least on paper: making tasks more rewarding, establishing quality groups, breaking down the line into modules of human size. It should be noted, however, that the trade unions suspect these measures of being efforts to regain ground lost.

A Serious Handicap

"In enthusiasm for work," as Citroen official Jacques Lombard explains, "there are two factors: professional pride, more or less based on a certain life ideal, and the energy expended in quantity of work and in skill. On these two levels, the comparisons which can be made with Japan are very worrisome. Fortunately, the difference is not so great where the Germans are concerned." A government company expert explains further: "In fact, the French workers are weak where the foreigners are strong. We must succeed in perfecting a labor organization system and supervisory methods which leave the workers a certain freedom to maneuver, and then we will be unbeatable. On the other hand, when it is necessary to work like a machine--and this is still the case in the automotive industry, the Germans and the Japanese are marvelous." An engineer comments: "Having had the opportunity to see the French and the Flemish work on the same product, I took the trouble to compare the two quality curves. The result is sad to see!"

Some will say that the French allergy to discipline is not a recent phenomenon. It did not prevent Renault and PSA from experiencing fantastic development, at least until these recent years. "That is true," they say at Renault, "but what was a simple weakness during the period of general expansion has with the crisis become a serious handicap."

The low level of achievement by French manpower in the realm of productivity is aggravated by more rapid wage increases here than abroad. How is it possible to compete on an equal basis with a manufacturer like Volkswagen, which signed a contract calling for a 4 percent increase over 15 months, when the norm in France is 10 percent per year? Jacques Lombard gives this answer: "The situation is only tenable because of the continuing devaluation of the franc. I say continuing because, from one official adjustment to the next, the franc is sliding gradually from its top rate to its bottom rate. It is a little like Portugal, which is devaluating its currency at 0.75 percent per month. I am forced to accept my part of the responsibility, but I am perfectly well aware that inflation is a cancer in enterprise management."

The list of the "social" handicaps with which the French manufacturers must deal would not be complete if we failed to mention the conduct of the trade unions, and in particular that of the CGT. This is a real problem to the extent that it does not truly exist except in France. In Japan, the issue does not even arise. In the United States, the UAW is the recipient of reorganization plans determined by the officials at Ford, Chrysler and General Motors. In Germany, there is dead calm. In Italy, the "conflittualita permanente" is a thing of the past, while in Great Britain, the shop stewards are gradually losing importance, thanks to the intransigent Mrs. Thatcher.

Favorite Trade Union Target

A Peugeot manager comments: "It is true that discussion is more difficult in France than in other countries, because here political motivations are intermingled with professional demands." A further explanation from Citroen: "The CGT blows alternately hot and cold. It wants to prove that it is as good at reestablishing calm as in creating a storm." The government automotive administration strikes the same note: "The trade unions are motivated by a revolutionary ideology. They want to change society. Now Renault operates on a market economy, and this is the reason for one basic antagonism. Currently, however, the CGT and the CFDT [French Democratic Confederation of Labor] are trying to avoid irritating the government. The same with Renault. Thus there is, at least temporarily, an overlay of goals."

Here again, the specific nature of French trade unionism is no novelty. The automotive industry has always been a favorite target for the large trade union federations. The fact nonetheless remains that this handicap becomes the more important when international competition becomes tougher, on the one hand, while on the other, the present political and economic situation is not moving in the direction of normalization of social relations.

Agitation in immigrant circles, increasing absenteeism, lack of exigency in labor, slippage in wages, unpredictable trade union conduct--French manufacturers suffer from no shortage of hindrances, all of which directly or indirectly swell their production costs, interfere with their activity and reduce their competitive capacity. Do they at least have the satisfaction of doing as well as their competitors on the level of conceptual and production techniques? Overall, the answer is yes. For example, a vehicle like the R9 is as economical to produce as the latest Japanese models. As to planning for the future--data processing, automation and robotization, or in short, computer-integrated manufacturing--the programs launched at Renault and PSA stand up under comparison with what is being done elsewhere, Japan included. "We are in the race," Jean Boillot confirms.

But robotization will not resolve the labor problems, at least in the short run. Robots are already in routine use in iron-fitting, painting and mechanical workshops, but not on assembly lines. "In addition," Jacques Lombard adds, "we must not move too fast, because technologies are developing so rapidly that hasty investments may result in equipment soon obsolete. Now this equipment is costly. A robot which can replace a man costs between 700,000 and 800,000 francs. This is difficult to amortize when the money must be borrowed at 14 percent, not to mention the risk of finding ourselves with a tool which is obsolete before it has been amortized."

Currently, on the international level, manufacturers can only keep up their effort in the computer-integrated manufacturing sector (1 percent of the turnover for PSA, or nearly 1 billion francs annually) if their profitability so allows. They all say that this is an absolute priority. But updating the product range is also an absolute priority, and one more costly still. The financing of this double priority depends upon a speedy and lasting return to financial balance, which in turn depends in large part on what is happening in the factories on a daily basis.

"The result of our social handicaps is that we are more costly than our colleagues," a Renault director states forthrightly. It is, however, impossible to pass this excessive cost on in vehicle prices. These prices are strictly regulated in France, and abroad, one must adapt to the market.

For the French manufacturers, price regulation is a major constraint. First of all, it prevents them from increasing their margins at a time when they greatly need to do so. This disadvantage is, however, limited to the extent that competitive pressure prohibits any overly noticeable price spiral. But above all, it prevents them from playing the price marketing card, a trump at least as important as model marketing.

Unlike a regulation pertaining to a price average, which would permit a certain freedom of maneuvering within the range allowed, the current system of "model by model" control excludes any flexibility. There could be no question, for example, of establishing an attractive price for a new vehicle, in the expectation of catching up some months later if it meets with success. There could be no question of using the current technique of advertising an exceptionally inexpensive model in order to bring in clients who, once in the hands of skillful salesmen, will be exposed to more profitable models. Nor could there be any question of integrating the options on a basic model, because the manufacturers do not have the right to impose the corresponding increase. The people at Citroen had to work like dogs with the administration in order to obtain a 3,000 franc increase to compensate for the inclusion of the power steering option on the CX 20. Even so it was only a partial victory, because this option cost 6,000 francs. Renault, disliking complications, preferred to drop its policy of adding options. Nor, finally, could there be any question of adjustment within the range by pushing a given trailing model or holding back another successful one. The importers, of course, have no such restrictions! Yet another damnable handicap!

Paradoxically, despite the rate increases grudgingly granted by the government (plus 4 percent in October 1982, plus 2 percent last February), the French public believes that French vehicles are more expensive than foreign ones. They are perhaps not entirely wrong, but above all, this is based on the recollection of the major increases effected prior to the blockage in June of 1982. Between the beginning of 1980 and the beginning of 1982, the prices of domestic models did in fact increase decidedly more than the prices of imported models. The following are some examples: plus 34 percent for the Citroen CX 2400 GTI, plus 30 percent for the Peugeot 305 GR, and plus 28 percent for the Renault 18 TL, but only plus 23 percent for the Volkswagen Golf GTI, plus 19 percent for the BMW 320, and plus 14 percent for the Fiat Ritmo 60 L.

For a year now, the phenomenon has been reversed: plus 21 percent for the BMW 320, plus 15 percent for the Golf, and plus 12 percent for the Ritmo, while the increase for French models has been less than 10 percent. Only the foreign models in little demand, such as the Fiat 127 or the Ford Fiesta, increased by less. Put in another way, the French manufacturers are penalized three ways: their gross profits are sagging, an essential component (schedule flexibility) is lopped off of their marketing policy, and the customers continue to regard their models as expensive.

The existence of competitive prices partly explains the spectacular penetration of the French markets by foreign manufacturers in 1981 and 1982. As is known, the other reason has to do with the success of such attractive models as the Golf GTI, the Ritmo, the Escort and the Sierra. Thus to the price effect is added the impact of a seller's market, the more so since in recent years the only French vehicle which has really sold well has been the R5, a model launched in 1972. No PSA model has done very well. Today, with the R9, the R11, the BX and the 205, the French manufacturers feel less vulnerable. It is their turn to benefit from the impact of a seller's market domestically and abroad.

This effect operates forcefully and speedily. Since last year, the R9 has pulled ahead of imported models in the FRG. This success has contributed, although, alas, tardily, to limiting the decline being experienced by the government company on the other side of the Rhine: 4.7 percent of the market in 1980, 4.3 percent in 1981, and 3.9 percent in 1982. It was high time! If we study the development of Franco-German trade in private vehicles, we will see that the balance (in constant 1982 francs) went from plus 2.6 billion in 1978 to minus 7.8 billion last year.

Henceforth, out of four French brands, two have several "leaders." There is of course Renault, with the R5, R9 and R11, and also Peugeot, with the 205, 305 and 505. Despite the addition of the BX, the situation at Citroen remains worrisome: the GX is 13 years old, and the 2CV, replacement of which is constantly being postponed, appears to enjoy the greatest seniority. Talbot is still worse off, idling continually at 5 percent of the French market. In 1982, its best-selling vehicle, the Samba, which is moreover a new model, ranked below the Fiesta. Where the Horizon and the Solara are concerned, they rank only 16th and 26th in number of French registrations, respectively. We will not even mention the Tagora, with its pitiful 67th place, ranking between the Honda Accord and the Nissan Stanza, both Japanese!

No Room for a Defeat in the Automotive Sector

Overall, French manufacturers have succeeded in substantially updating their product range. The fact remains that they must deal with competitors who are henceforth firmly established. The fact also remains that they no longer have a monopoly (as they did for a long time) on sensible and attractive vehicle models. A Fiat Uno or a 205? A Ford Escort or an R9? Panda or Samba? The purchaser is hard put to it to choose. At the upper end of the range, German vehicles dominate. In 1982, more Mercedes 200/280s were sold than Renault 30s, and more in the BMW series 5 than Peugeot 604s. The Renault 20 and the Citroen CX saw their sales drop 19 percent and 14 percent, respectively. It will be more and more difficult for France to carve itself a place in the large middle class 4-door sedan market. In this slot, the quality reputation enjoyed by Mercedes and BMW is now irreversible, or almost so, and it is also shared to some extent by the other smaller German vehicles.

Under these conditions, the level of foreign penetration in France, involving one-third of the market, is not likely to weaken. "In August of 1969," Jacques Lombard recalls, "I had made a study predicting that this rate, which was at

the level of about 20 percent at the time, would reach 30 percent in the next 3 years. A number of factors justified this estimate: the interpenetration of economies, the development of French thinking, the improvement in foreign creativity. My colleagues thought at the time that I was out of my head! When I see that this 30 percent rate was not finally reached until 1982, I am not at all surprised that it stands at 33 percent today." A similar reaction is seen at Renault. "There is nothing abnormal in the penetration by importers. The worrisome aspect is that it has occurred at record speed and at a bad moment."

To count on any future ebb is not realistic, unless one nurtures protectionist intentions. This is certainly not the case for the French manufacturers, because, good years and bad, they export half of what they produce. "A major defeat in the automotive sector would be a catastrophe," Jean Boillot warns. What about a "buy French" campaign, then? "We do not believe it would work," they say at Renault, "because collective urgings have little weight as compared to individual reactions, particularly where automobiles are concerned." Jacques Lombard does not favor such a campaign either. "Such an undertaking would serve only to inconvenience our neighbors, for example the Germans. They would then be likely to take countermeasures which, for their part, would probably be effective, given their dedication to discipline."

In reality, the only way to check the offensive campaign of the importers in France is by means of a parallel counteroffensive by France abroad. In the government automotive administration, the process is under way. Since 1982, Renault has been the leading European brand, with 14.5 percent of the market, outdoing Fiat (14 percent), PSA and Volkswagen (12.7 percent) and Ford (12.4 percent). The launching of the Alliance in the United States can be regarded as a total success. The Peugeot group has had less success with exports, first of all because the Peugeot automotive company as such has long neglected the European market, and also because the merger of the Peugeot and Talbot networks is still making waves abroad, although it has been practically accepted now in France. For both, winning back foreign markets (a more realistic hope than recovery of the domestic market) depends on the problem of competitive capacity.

Fortunately, the French automobile industry still retains some solid trumps: one of the healthiest domestic markets in the world, two groups on an international scale, the weakest of which--PSA--will in the end harvest the fruits of a difficult integration, product ranges in the process of being updated, and a rather flattering image (even abroad), and frontiers which are practically sealed under the very noses of the Japanese.

Still On the Edge of Imbalance

But its specific handicaps--that is to say those from which its most dangerous competitors do not suffer--are impressive. The unfortunate aspect, the manufacturers say, is that the majority of them are not under the control of the enterprise management. They are imposed by the French political-economic environment. "The 39-hour week and the 5th week of paid vacation increase our costs by 5 percent, that is to say several billion francs. What can we do about

that?" "With a snap of his fingers, the CGT delegate Rachid Laouchine shut down the Aulnay plant for 48 hours. Result--7,000 fewer vehicles. And Laouchine cannot be fired. What can we do?" "The development of the monetary parity-inflation differential pairing is eating away our export margin. Are we responsible for that?" "Price freezing cost us a net 600 million francs in 1982, and the regulation extending it is draining our commercial efficiency away. Whose fault is this?" These are some of the complaints we heard from leaders of the state-owned company and the PSA.

In the automotive industry, the sums in question are tremendous and the margins very narrow. A grain of sand suffices to cause considerable damage. Always on the edge of imbalance, even when everything is going well, the French manufacturers do not need their task complicated further. It is for them to carry out their obligations as managers, but the government, which claims it attaches such importance to enterprise renewal, should not spoil the chances of the businesses which are still on their feet.

5157

CSO: 3519/528

GREEK-BULGARIAN COOPERATION COMMISSION ISSUES COMMUNIQUE

Athens I KATHIMERINI in Greek 17 Jun 83 p 8

[Text] The signing of a protocol brought to an end the work of the 10th Joint Interministerial Conference of the Greek-Bulgarian Cooperation Commission, which took place in Athens from June 13 to June 16, to examine the progress made in the realization and implementation of the agreements signed in June 1982 by Messrs. Papandreou and Zhivkov. The Interministerial Conference was headed, on the Greek side, by the Alternate Minister of National Economy Mr. Ioan. Pattakis, and on the Bulgarian side by the Deputy Chairman of the Council of Ministers and Minister of Internal Trade and Public Services.

The commission reached the following conclusions:

- 1 - The volume of exchanges between the two countries has increased but their level does not correspond yet to the two countries' potential. An agreement was reached on prolonging the bilateral banking agreement between the two countries and on the study of the possibilities for expansion and modernization of the port of Nafplion as well as the installation of a biological purification station in that same town. Payment will be made in the form of exports of Greek products.
- 2 - It was agreed to study specific possibilities for each case of establishing joint industrial operations both in Greece and in Bulgaria.
- 3 - Before the end of July, the Greek side will send to Bulgaria a working group to discuss cooperation between the ETVA [Hellenic Industrial Development Bank] and Bulgaria to establish a unit for the joint production of metal-cutting machines.
- 4 - It has been agreed to send to Bulgaria Greek representatives of the Ministry of Agriculture, the ATE [Agricultural Bank of Greece] and Cooperative Organizations to study the operating and organizing of industrial installations for agricultural products.
- 5 - Studies which had been made on establishing a joint unit for citrus processing, on founding a joint venture to fatten meat-producing animals in Greece, for sale in domestic markets and other countries, on creating a joint Greek-Bulgarian undertaking for fishing, on processing and marketing canned fish, on a fruit-packing and canning plant, on cooperation in the field of tobacco processing and cigarette manufacturing by both countries for export to third countries, were examined and promoted.

6 - Both sides noted with satisfaction the successful completion of the first phase of building a connection between the Greek-Bulgarian electrical networks and recommended a Joint Working Group which will study the cooperation problems.

7 - During the 1983 Summer season, a sleeping-car will be added to the train on the Athens-Sofia- Athens line, while during the first week of September 1983 a Joint Working Group will meet in Sofia to draft a long term agreement for the cooperation of the two countries in the field of transportation.

12278

CSO:3521/354

ECONOMIC

GREECE

PRIVATE ARAB INVESTMENTS EXPECTED

Athens TO VIMA TIS KYRIAKIS in Greek 12 Jun 83 p 9

[Text] Officials of the Arab League who visited the prime minister, brought with them 150 projects for private investments by various Arab countries and they will have contacts with economic ministers of the government.

This is the first time that the conjectured favorable intentions of Arab investors towards the Greek economy have taken a concrete form. The offers will be evaluated in accordance with existing criteria and the current priorities of the government's economic policy.

Within the same framework, it has been disclosed that it is viewed as probable that various Arab sources will invest approximately \$1.5 billion in Greek Banks.

12278

CSO: 3521/354

DETAILS ON PLANNED COOPERATION WITH IRAN

Athens TO VIMA TIS KYRIAKIS in Greek 12 Jun 83 p 9

[Text] With the recent visit of the Alternate Minister of National Economy Mr. Ioannis Pattakis to Teheran an impressive opening of Greece towards Iran has been noted.

To begin with, a \$150 billion agreement was reached for the supply of 700 to 800 tons of oil in exchange for Greek products (industrial, agricultural etc.). Also, with oil as payment - in fact at a price lower than that of the OPEC by \$1 - it has been agreed that Greece will offer Iran various services, more precisely in the field of naval and technical training.

A third initial agreement was achieved on supplying Iranian ships with agricultural and other products when in Greek ports.

With the "package" of those initial agreements, it is assumed with certainty that commercial exchanges with the Khomeini regime (which were minimal up to this time) will exceed \$300,000,000 in the first phase with, in fact, exchanges of products (oil from Iran - yarn and textile and agricultural products, fruit, tools etc. from Greece).

Simultaneously, Iran is seriously discussing the Greek offer of a transfer of insurance funds from London to Greek banks, so as to create a special capital (with Greek participation) for insuring its ships. Conversely, the Greek Government, in cooperation with the Union of Greek Shipowners, is studying an offer from the Iranian government, to charter cargo ships from our country, on a long term basis, for the transport needs of Iran.

12278

CSO: 3521/354

BASIC GOALS OF 5-YEAR PLAN REVIEWED

Athens | KATHIMERINI in Greek 9 Jun 83 p 12

/Text/ The increase in the Gross Domestic Product /AEP/ during the 1983-1987 period is anticipated to be 3.5 to 4.0 percent. This rate may lead to the gradual drop in unemployment and underemployment in conjunction with other special measures for creating new employment conditions. The realization of a rate for real AEP rise by 4 percent preassumes, with a low investment level in 1982, that the real investments in the country should be increasing at an average percentage of 8.5 percent.

These are the basic goals of the 5-Year Plan whose preliminary data were introduced to the Chamber of Deputies on Monday. With regard to the annual 4 percent AEP rate of increase during 1983-88--with emphasis on construction and manufacturing--it is stated that the annual rate of increase in productivity in all branches is expected to be 2.9 percent and that of employment 1.1 percent. Thus, during the 1983-88 5-year period 270,000 new jobs (120,000 in the secondary and 150,000 in the tertiary sectors) will be created in non-agricultural sectors.

The preconditions for materializing the investment program which will bring about the 4 percent development rate are:

1. In 1983 the annual loan needs of the public sector will be limited to 16 percent of the AEP (compared to 17 percent in 1981) and will be reduced to 15 percent in 1984.
2. The annual percentage of the monetary circulation increase should be effectively controlled by the Bank of Greece so that on the average it will not exceed more than 2 percent of the rate of increase of the nominal AEP.
3. The annual variation in deposits should continue to correspond to about 15 percent /of the AEP/.
4. The public investments will represent about 25 percent of the total investments (depending on the progress of the private investments). At the same time the state will subsidize or will participate in "non-public investments."

5. The annual balancing loans from abroad will continue to fluctuate at low levels (about 6 percent of the AEP).

Social Benefits

With regard to the income policy it is expected that during the 5-year period the real income of those earning low wages will follow an upward trend so that the economic inequities existing in our country will be lessened. Toward this end, the social benefits, especially in the health, welfare and education areas, will be increased substantially. Also, the system of automatic cost-of-living increases will be maintained. Such increases will be proportional to the increase in productivity. Finally, the government will gradually promote measures of taxation equality in all categories of incomes and thus put an end to the existing unequal tax treatment of wage and salary earners. With regard to the tax policy the government has set the following goals:

- a. Elimination of certain, socially unacceptable, exemptions from income taxation.
- b. Consolidation and adjustment of the income taxation for legal entities with that of natural persons.
- c. Activation and improvement of the real estate taxation.
- d. Annual cost-of-living readjustment of income tax scales, especially those of the higher non-taxed limits.
- e. Imposition of stricter sanctions against tax evaders.

7520

CS0: 3521/338

NEW MEASURES SEEN INVOLVING PRIVATE ENTERPRISES

Athens | KATHIMERINI in Greek 4 Jun 83 p 1

/Text/ After nationalizing the public enterprises and organizations the government is now planning to invade the private enterprises. Indeed, the draft law on supervisory councils to be submitted Monday to the Chamber of Deputies and the draft law on problematical enterprises to be introduced /to the Chamber/ on Wednesday will institute provisions which in reality submit the whole private sector of economy to the PASOK party mechanism. Henceforth, decisions on investments, bank financing, production increase, productivity increase, etc., will be reached /by the private enterprises/ only with the concurrence of the party controlled supervisory councils. On the other hand, with the proposed procedure of purging and problematical enterprise, the government will nationalize all those who are ripe for such action.

After this drastic intervention and oppressive control of the PASOK-controlled state, it is natural that the prospects for investments by private citizens will be fewer.

The two draft laws will be submitted to the Chamber of Deputies by National Economy Minister G. Arsenis who will also introduce to the National Assembly on Monday the preliminaries of the 5-Year Plan. At the same time he will make announcements on the course and the prospects of the economy.

Asked during a press interview yesterday if he truly believed that the national economy could be developed with institutions such as, for example, the supervisory councils, Arsenis answered in the positive and added: "We would not have had the present situation of hundreds of problematical enterprises, nor the crisis in industries, the escape of capital, the low productivity, etc., if the supervisory councils existed."

The draft law to be introduced Monday provides for the formation of supervisory councils in the mines. Later other draft laws will provide for the establishment of such councils in other branches of industry.

Except, However...

Formally, the supervisory council which will consist of representatives of

the state, the working people, the enterprises, the municipalities and the communities, will have an advisory character while the enterprises' directors are supposed to keep their positions. Except, however, as Arsenis admitted, the council's positions on investments, financing, and other matters will bear heavily on the decisions of the state, banks, etc.

The draft law will not provide for the composition of the councils nor for objective criteria. But if one can judge from the example of the nationalized enterprises, their composition will be regulated by presidential decree. It is said that such procedures will assure that those selected as members of the councils will be friendly to PASOK.

On All Subjects

The supervisory councils will be formed first in the branch of mines because it is necessary to have a proper, long-term planning for exploiting the natural resources not on the basis of narrow private-economic criteria, but on national economy criteria. The councils in the mines will have a local branch character and will give advice and make recommendations on all subjects concerning the activities of the supervised enterprises.

The jurisdictions of the councils include evaluation of the natural resources, productivity increase, coordination of the enterprises' activities, financing and investments, environment protection, worker relations, broadening the commercial activities and the economic and management control. For this purpose, provision is made for the cooperation of the council with other appropriate state agencies and for its support by the corresponding ministry secretariats.

7520

CSO: 3521/338

DRAWBACKS, ADVANTAGES FROM EEC MEMBERSHIP ANALYZED

Athens TA NEA in Greek 3 Jun 83 p 4

/Article by Pandelis Kapsis: "Let Us Look Calmly at the EEC 'Cost'"

/Text As the third year comes to a close since joining EEC and as the negotiations on the /Greek/ Memorandum continue, the fact is surely startling that not a single official or unofficial, systematic and documented assessment exists about the impact the induction had on the Greek economy.

This lack is still another indication of the shortcoming of the state services. At the same time, it proves the low level of scientific investigation in our country and constitutes one more example of how far removed the Greek universities and the state research centers are from the social and economic reality. Because the question of whether the induction into the EEC was to our benefit or not occupies all those interested in public affairs and there has already developed a sufficiently extensive rhetoric around the Common Market among the political parties, the syndicated organizations and the press.

Two Opposing Views

If we want to somehow define the differences then we can say that as of this moment two opposing views have been advanced:

The first maintains that the genuine financial benefits of the country, the financing, that is, by the various Community funds less our contributions to EEC, are enough to offset any negative impact. This is a substantially apologetic view which in the name of some abstract and unrealistic "European idea" refuses to recognize the real problems deriving from our induction and which in the long run may decide our capability to co-exist on equal terms with the rest of the European countries.

The other--the opposite--recently developed view, maintains that the significant expansion of our trade balance with EEC after our induction proves its destructive impact and more than offsets any financial benefit. This view assumes more weight when using statistical data only to prove once more that statistics, when properly used, are the best method to distort the real picture.

Adverse "Debit-Credit"

Indeed, at first glance, the data appears to confirm that the "credit-debit" /columns/ are adverse at the expense of Greece. Thus, according to Bank of Greece data:

- a. Our trade balance with EEC in 1982 increased by 560 million dollars compared to 1980, the last year, that is, before our full induction into EEC.
- b. On the contrary, the real financial benefit reached just about 550 million dollars simply offsetting--not fully, moreover--the foreign exchange burdening due to the induction.

But such a comparison, as anyone who knows elementary economics can readily see, is misleading since the expansion of the deficit shows not only the increase of the EEC imports in Greece but also the substitution of imports from third countries in farms of the Community.

Let us cite an example: The expansion of the deficit and especially as concerns farm products is due to a large extent to the increase in meat imports from EEC. Indeed, while in 1980 we imported meats valued at 115 million dollars, the imports in 1982 reached 365 million dollars or they increased by 249 /sic/ million dollars!

During the same period the meat imports from the United States and European countries (socialist and non-socialist) decreased by 105 million dollars. Therefore, the "net" deficit increase (without considering the substitution of imports from third countries such as New Zealand, South America, et al.) is only a part of the 249 million dollars.

The same is true about a number of other products. In certain cases, moreover, we have an increase of the deficit with EEC but a drop in total imports. For example, the import of European-type cheese from EEC countries increased by 4 million dollars from 1980 until 1982. But during the same period the total imports of European cheese dropped by 87,000 dollars, a fact which proves that the increase in imports from EEC may be completely due to the substitution of imports from third countries.

Does Not Give the Answers

The comparison, however, of the trade balance deficit with the net financial benefit derived from EEC does not give the answers to a number of other crucial questions concerning the economic repercussions due to the induction, such as what would happen if our country stayed out of EEC.

According to Bank of Greece data our 1982 exports to EEC, compared to 1980, dropped by 6.3 percent or by 100 million dollars. (It should be noted that 1980 is considered as the year with the best exports' record.) But during

the same period our exports to the United States dropped by 8.8 percent, to the Middle East by 12.3 percent and to the socialist countries by 37.2 percent.

Decline in Exports

It is evident that in 1982 (as in 1981) there was a general decline of our exports in the international market which decline is linked with the competitiveness of our industry. This decline was smaller in EEC than in other countries, a fact which had a positive effect on our economy if we consider the fact that EEC absorbs more exports than the other three regions (USA, Eastern Europe and Middle East) together.

These developments do not negate the fact that our induction into EEC has created competition problems in certain branches and that during the negotiations concerning the Memorandum transitory protection measures should be included for sectors of the Greek economy. But they also indicate that today if we do not want to "force" reality, we cannot arrive at generalities and conclusions without additional scientific analysis of statistical data and that we must be doubly careful if we want to propose specific measures for coping with problems.

Let us not forget the recent observation National Economy Minister G. Arsenis made at the general meeting of the Association of Greek Industrialists, that the tariff protection in the past led to the inflation rise and the perpetration of the industry's structural problems. This, of course, is of no benefit to the economy nor to the working people.

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CSO: 3521/338

WORK STOPS AT NEW SPATA AIRPORT LOCATION

Athens ELEVTHEROTYPIA in Greek 25 May 83 p 1

/Article by D. Roussos: "Six Billion Drachmas Wasted, Problem for 350 Employees"/

/Text/ The earth filling and excavating works at the Spata airport have been halted and the whole project, which up to now has cost 6 billion drachmas, will be abandoned for at least 2 years.

The Governmental Council has taken the decision at one of its recent meetings and G. Papakonstandinou, chairman of the Athens Airport Administrative Council, announced it to the representatives of the companies constructing the earthworks. They were told that the contracts were cancelled, that the companies will be paid for work done and that they will be compensated as the law provides since the project was interrupted suddenly.

With the cancellation of the contracts the companies will, of course, release their 350 employees of various specialties. At the same time, the 60 Athens airport employees who were used as inspectors of the Spata earthworks may also be losing their jobs.

State Will Lose

The earthworks began on 1 April 1981 and during the period of more than 2 years 2 billion drachmas were spent for completing only 30 percent of such works over an area of 14,000 stemnas of the capital's new airport. Also, 3 years ago, the state had spent 4 billion drachmas more for compensating landowners whose land it had appropriated (14,000 stemnas).

If construction is resumed in 2 years, the state will have suffered a loss of at least another billion drachmas (workshops have to be reinstalled, new equipment acquired at higher prices, et al.) while the damage to the earthworks thus far finished from the elements cannot be determined. The state will also suffer an additional loss since it will have to pay the salaries of administrative and technical personnel who will remain with the Athens airport company until it finally resumes work at Spata.

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CS0: 3521/338

SUBSIDIES TO PUBLIC ENTERPRISES

Lisbon O DIA in Portuguese 21 May 83 p 2

[Text] The Council of Ministers has granted, by an order, 11 million contos of nonrefundable subsidies to public firms and compensatory indemnities to public transportation enterprises.

The largest amount (10 million contos) was granted to the transportation sector, the CP [Portuguese Railroad Company] being the enterprise most benefitted, with compensatory indemnities amounting to 6 million contos.

The Companhia de Carris de Ferro de Lisboa [Lisbon Railroad Company] received 935,000 contos, the Rodoviaria Nacional [National Highway] and Servicos de Transportes Colectivos do Porto [Porto Mass Transportation Services], 500,000 contos each.

The Metropolitano de Lisboa [Lisbon Metro] was given 200,000 contos, and the Transtejo, 143,000 contos.

The TAP [Portuguese Airline] and the CMT [expansion unknown] received 1,222,000 contos and 500,000 contos respectively as compensatory indemnities for setting up public service between the autonomous regions and the continent.

The Setenave (Setubal Shipyards) received 525,000 contos and the S. Carlos National Theater 180,000 contos, Quimigal, 2,200,000 contos, Brisa 1,368,800 contos, Siderurgia Nacional [National Steel] 1,170,000 contos, and the companhia Nacional de Petroquimica [National Petrochemical Company] and the EDP [Electricity of Portugal] both 1 million contos.

11635

CSO: 3542/139

OPPOSITION BLASTS DEFICIT, GOVERNMENT INSENSITIVITY

Madrid ABC in Spanish 8 Jun 83 p 13

[Text] Madrid--"Let us not be deceived about the public debt, because it is really a tax which we all pay. We suspect that the Socialist government, far from having a dread of the deficit, does not fear it; and so we are caught in a situation that makes the Socialist promises incompatible. If the government claims that it intends to create 800,000 jobs, it is in this context that it does not understand the mechanism which generates the financing of the excess public spending." This was the main portion of the address delivered by the Popular Group's deputy, Pedro Schwartz, at the opening of the plenary session of Congress that is debating the General State Budgets for 1983.

The defense of the amendments remaining alive in the Budget Commission was turned into a debate held by Pedro Schwartz with the minister of economy and finance, Miguel Boyer, in which the overall concepts regarding the specific details of the amendments prevailed, and in which the Popular Group's deputy aimed heavy attacks at the public deficit in a didactic, professorial tone which was followed with interest by the deputies.

Miguel Boyer gave assurance that not only did he not have a "dread of the deficit," but that he considers it a tool of economic policy and, of course, not a tax; if one takes into account how inflation is being curbed in the Spanish economy. The dialectical confrontation concluded with a reference to President Reagan's budget policy. Boyer accused the American president of the upheaval that is being caused to the international economy by the financing of a deficit which is by now 5 percent of the United States' domestic product. Pedro Schwartz applied this same argument to the Spanish situation, so as once again to oppose the public deficit, "which the Three Magi do not pay for on 6 January."

Cut Spending, Not Increase Taxes

The Popular Group's deputy noted that his group had submitted over 500 amendments for the purpose of showing the people that there is a different way of arranging the economy and that those amendments really constitute an alternate budget. He remarked that he was putting up responsible opposition, because his group is not asking for increased spending; rather, on the contrary, for a linear cut of 5 percent (except in the sections for public works and education); since it regards the cut announced by the minister of economy and finance as insufficient. He gave

a reminder of the PSOE's [Spanish Socialist Workers Party] position when it was the opposition, and of its liability for the amount and formation of the deficit.

The best way of reducing the deficit is not by increasing taxes; but rather by reducing spending. He commented that a distinction had to be made between indebtedness alone and a well handled public debt; because what is essential is contracting a debt for concrete projects related to capital charges. In his view, the total spending of the public administrations is equivalent to tax pressure; and he stressed that the deficit is a tax which we all pay.

As for the size of the public deficit, he said that it was not really 1.111 billion pesetas, as the government has indicated, but rather 1.35 billion: in other words, 6 percent of the GDP. And, if one adds to this the credit lines for RUMASA, the loans to RENFE and those in other areas, the deficit (he claimed) would amount to 1.8 billion pesetas. He concluded by saying: "The deficit submitted by Boyer is not the real one, and I regret that the Socialist government has not had sufficient courage to say so."

There Will Be More Inflation

He subsequently embarked on the mechanics of financing the public deficit, concluding that, in any event, there will be more inflation. If financing is done with an internal public debt, we are depriving the private sector of opportunities for procuring credit, interest rates are raised, and therefore those for investment, and in the long run the unemployment problem is not solved. If financing is done with an external debt, the peseta is strengthened, but that means that exporters cannot sell abroad; and this entails a contradiction with the goal of raising exports by 5 percent in real terms. Therefore, the Popular Group's deputy remarked, we are caught in a situation involving incompatibility between the public deficit and the Socialist Party's promises. And when this level of deficit is maintained for several years, the foreigner's confidence in our economy declines, doubts arise as to our ability to pay the debt contracted; and this would cause inflation to break out, becoming the final price that all of us would pay.

Pedro Schwartz emphasized that, if we continue with these deficit levels, neither the Socialist government nor any other government will be able to attain positive results in resolving the crisis. He added: "One cannot go into debt in order to take vacations. This is understood by housewives, but the legislators do not seem to understand it. This should be the last year with a deficit."

The minister of economy and finance refuted the calculations which served as the basis for Pedro's estimates. In some instances, such as that of RUMASA, they involve loans which need not have an effect on the budget, much less in a single year. He also stressed that the government has proposed for itself a deficit equivalent to 5 percent of the GDP, but that it has left a "cushion" of up to 1.35 billion, with the idea of not going beyond this; which represents a freeze in relation to previous years. He also stated that he considered the deficit a tool of economic policy, noting that there is a difference between speaking of "dread of the deficit" and the ability to curb the deficit. He added that the United States, for example, will reach a total of 5 percent of the GDP, for having made the mistake of cutting taxes and, therefore, unfortunately for everyone, it will delay in its recovery.

He emphasized the fact that the deficit is not a tool, and that it would be one only in the event of an increase in inflationary pressure, something which is not taking place at the present time.

SAAB-SCANIA CONCENTRATING ON DEVELOPING CIVIL AIRCRAFT

Stockholm DAGENS NYHETER in Swedish 3 Jun 83 p 10

[Text] Paris, Tuesday--Saab-Scania is going to concentrate heavily on the production of civilian aircraft over the next 10 years. The intention is to change the current ratio of 80-20 in favor of military aircraft to a ratio of 50-50.

That represents a big change in direction, and it is being dictated partly by the fact that military orders are becoming increasingly few and far between as well as more uncertain. The JAS-39 Gripen project is now assured, but no one knows what will come after that. A military training plane may enter the picture sometime around the start of the 1990's.

That is what DAGENS NYHETER learned during an interview with the newly installed head of Saab-Scania's Flight Division, manager Harald Schroder.

He says: "We need a leg to stand on."

Manager Schroder is currently visiting the International Air Show at Le Bourget Airport in Paris. His twofold mission is to talk up both the JAS and the new SF-340 commercial aircraft, which Saab-Scania designed and is producing in cooperation with the U.S. firm of Fairchild.

First Step

Manager Schroder says: "The SF-340 marks the first big step in our development toward a more pronounced element of civilian production. We have other projects in the works as well, although perhaps they are not as much in evidence. This includes the production of components for the American DC-9-80 commercial aircraft, which incidentally is the best-selling commercial aircraft in the world at the moment. Similarly, we are subcontractors for the new British BAe-146 airliner. That work is going very well, and we even have written proof that the Americans appreciate our high quality."

The upcoming production of the JAS will require only 65 percent of the work force presently employed in producing the Viggen aircraft. The "missing" 35 percent will gradually be filled in with civilian production. There are a total of 6,500 employees.

Manager Schroder says: "That 50-50 split between military and civilian production is as far as we intend to go in the 10-year plan that I am supposed to come up with as one of my main assignments."

Image

"There is a big advantage to having solid military projects in process--it gives us an image abroad and creates confidence in our technical know-how. Without that confidence, we undoubtedly would not have entered the civilian field as we have now done. Accepting too many civilian production orders is not a good idea--it would increase our dependence on others."

Although the civilian aircraft market is now characterized by recession and tough and almost desperate competition, manager Schroder and his colleagues on the SF-340 commercial aircraft project are "realistically optimistic" concerning the future.

"Building up a support organization for the SF-340 that can take care of the plane anywhere in the world is a challenge, but it is no reason for concern," says manager Schroder, and American manager Tom Turner, who heads the SF-340 project itself, agrees.

Ninety Orders

Saab-Fairchild currently has 90 firm orders for the SF-340 airliner. Critics say that is not an especially high figure.

"But it is still fantastically good to be that far along in a situation where the plane has not done much more than get into the air," say Harald Schroder and Tom Turner.

11798

CSO: 3650/208

DENKTAS STATEMENT ON UNILATERAL INDEPENDENCE DECLARATION

Istanbul CUMHURIYET in Turkish 8 Jun 83 pp 1,11

[Article by Izzet Riza Yalin "Denktas: There Is No Situation Requiring Independence"; passages enclosed in slantlines printed in boldface]

[Text] NICOSIA - President of the Turkish Cypriot Federated State /Rauf Denktas/ in the talk he gave yesterday before leaving for the capital of Sweden, Goteburg, said: /"Aside from the fact that the Turkish people of Cyprus, with very few exceptions, are in favor of taking the step for the recognition of its state, there is no situation requiring a declaration of independence."/

He disclosed that /"There will be a week's pause in the contacts he initiated eight days ago in order to determine the people's wishes, because of his decision to attend the conference on "The Realities of Islam" which has a strong influence on the political scene, while at the same time his contacts in Cyprus had been positive for all concerned."/ He said: /"Our people, with few exceptions, are in favor of taking the step which will win worldwide recognition for the state founded in 1975 with a majority of popular votes."/ Denktas also said: /"The question of whether we should or should not declare independence has been left behind in a sense."/ and he claimed that /"We are not in any situation that requires a declaration of independence. Because we have proven that we are a separate people, endowed with the right of separate self-determination."/

Meanwhile, yesterday TCFS Foreign Minister /Kenan Atakol/, who participated in the meetings of the Ministries of Foreign Affairs and of Defense and those of the Turkish Embassy at which /Prof.Turhan Feyzioglu/ was also present, said: /"We are thinking of submitting to the Assembly the draft bill related to the change of the Federated Assembly resolution dated 5 November 1976, at the next Assembly meeting which falls on Friday."/

Atakol pointed out that the draft bill would be prepared by speeding up the work for its completion and that he would meet with the party and all concerned, and he revealed that he "condemned the telegram sent by Chairman of the CTP [Republican Turkish Party (of Cyprus)] Ozker Ozgur to the UN General Secretary Perez de Cuellar."/

As for Ozgur, who sent a telegram to de Cuellar to the effect that /"He shared his hope that the intercommunal talks would begin in the near future on a basis acceptable to the parties," he also mentioned that /"his party followed its own policy of reconciliation and that while carrying out this policy which had been determined by its officials it kept in touch with the government."/ He also said that while the contacts with the government continued and parties' efforts for an evaluation went on, the government /"By making secret decisions without

consulting the Assembly had disrupted those contacts and that it was this kind of position that should be condemned."/

Lack of Dialogue Between Opposition and Government

Chairman of the TKP [Communal Liberation Party] Durduran also said: /"Since 1979 up to this day they had pointed out the necessity of establishing a dialogue and that of a cooperation but that such a dialogue had not been established and that no Turkish Cypriot policy could be decided on."/ He added: /"Those who hold talks on the one hand can, on the other hand, make secret decisions."/ Durduran emphasized that /"Under those circumstances they saw no possibility of a dialogue. That they would in no way accept being used as a tool and that it was necessary to have frank talks in order to determine a Turkish Cypriot policy."/

12278

CSO: 3554/322

FRENCH POSITION SEEN UNCHANGED DESPITE APPEARANCES

Nicosia I SIMERINI in Greek 6 May 83 p 3

[Text] Is the French position on the question of Cyprus changing again? This question is the result of two significant events during the past few days. First, the French government denied validating the passport of Turkish-Cypriot leader, Mr. Deuktas. Then, the Turkish Cypriot press launched a sharp and almost insulting attack against the French ambassador to Cyprus, Mr. Dimitri de Favitski. It may be a coincidence. However, in politics there are coincidences which can lead to great realignments or to great misunderstandings.

Mr. Deuktas was to have gone to Paris to attend an Islamic conference. The French government denied him a visa. This provoked the wrath of the Turkish leader who spoke about trampling on the rules of international diplomacy. As if this were not sufficient, KHALKIN SESI published a statement which it attributes to Mr. Favitski. The French ambassador is reported by the Turkish Cypriot newspaper to have stated that Greeks and Turks must make a new start and forget the past. Mr. Favitski is also reported to have stated that borders must fall and a return must be made to the accords reached in Zurich and London. If this be indeed true, then it means that France is adopting a new approach to the question of Cyprus, nearly diametrically opposed to the one formulated last September in Athens by Mr. Mitterrand.

Speaking at a press conference on 2 September 1982 at the "King George" Hotel, the French president made reference on two occasions to "self-government" for the two communities of Cyprus. These statements had caused surprise and displeasure in Athens and in Greece, where the French "alignment" on the side of Greece was taken for granted. At the same press conference, Mr. Mitterrand had curtly said that France did not desire to sever trade relations with Turkey no matter how much it supported the independence and sovereignty of Cyprus. The statements of the French premier had given the Turks cause to hope that the position of that country on the question of Cyprus had changed in their favor. Their hopes were based mainly on the fact that Mr. Mitterrand had skillfully avoided addressing the question of the withdrawal of the Turkish occupation troops. Today, the Turks accuse France of siding with the Greek positions.

The writer has before delved into the French position on the question of Cyprus and had strongly emphasized its loquacity and its inconsistency with regard to our problem. In fact, France did not hold a steady line, but followed a zigzag

approach which went well together with the French interests at that particular time, or according to whom the French were talking. In 1975, for example, then French president, Giscard d'Estaing, stated in Athens (19 September 1975) that France does not accept the accomplished fact on Cyprus. On 6 May 1976, Mr. Sauvaniarg stated in the French National Assembly that his country was working discreetly for the solution of the problem of Cyprus. In June 1978, the French-Cypriot relations are excellent, as Mr. Kyprianou stated after a meeting (12 June 1978) with Mr. D'Estaing. In February 1980, the situation changes completely with the untimely announcement (27 February 1980) of the French Council of Ministers about the "importance" that France gave its relations with Turkey. And when did all this take place? The day Mr. Kyprianou was visiting Paris and was being received with coolness by our former supporter, Giscard.

The accession of Socialist Mitterrand to power gave new hopes to Greece from the point of view that the "friend" of the Greek premier would give a new direction to French policy vis-a-vis the question of Cyprus. A mistake. As reported, last September Mr. Mitterrand spoke about the "self-government" of the two communities which must coexist in a "logical territorial base." Today, Mr. Favitski states and evidently formulates a new French position on our problem, if, of course, he speaks and expresses the official French positions and not his own personal views.

In the opinion of the writer there is no change in the French position vis-a-vis the problem of Cyprus. In order to have actually been a change, France should have officially stated that the Turkish occupation troops should be withdrawn and the problem of Cyprus be solved on the basis of the United Nations resolutions. The former was stated by neither France nor anyone else. The latter everyone says because it is meaningless. Even the Turks have said it. What must be understood by everyone is that no foreigner is going to change his position on our behalf unless there are serious contributing factors involving significant interests. And France's interests today are more with Turkey than with Cyprus. For easily explainable reasons.

9731

CSO: 3521/319

GREEK GOVERNMENT ACCUSED OF SUPERFICIALITY ON DOSSIER ISSUE

Nicosia I SIMERINI in Greek 5 May 83 p 3

[Text] Reports from Athens and certain statements of the president of the Greek Chamber of Deputies, Mr. Alevras, confirm the position which SIMERINI had expressed repeatedly and tediously months ago: That the notorious and famous dossier of the betrayal of Cyprus will be put on ice officially, as has been done unofficially to date. Now, the formerly most garrulous Mr. Alevras does not know when the dossier will be opened. He does not know what will happen. He mumbles. But to what purpose all this mockery of the intelligence and patience of the Greek Cypriots? To what purpose all these pompous and boastful statements that the dossier of betrayal will be opened so that the Greek Cypriots will be proven right? To what purpose the known Papandreou pronouncements that when he took over the government he would make public the dossier on the double betrayal against the nation, as he had said in 1975? Where did all this end? They were dumped into the well of oblivion and were remanded to never-never-land. As in other subjects, the superficiality and lack of touch with reality of those who guide the fate of the Greeks is demonstrated. We state and maintain that the dossier of betrayal should be made public so that the people who paid in blood and tears learn who betrayed them at the critical moment and abandoned them or neglected to do their duty. This request and this just demand of the Greek people no one can ignore, neither in Athens nor here.

9721

CSO: 3521/319

CENTER PARTY SHAKEN BY FIRING OF KARJALAINEN, VOTE RESULTS

Helsinki HELSINGIN SANOMAT in Finnish 29 May 83 p 21

[Article by Pekka Vuoristo: "Center Party Rank and File in Inactive State"]

[Text] The Center Party has lost its old leaders. The rank and file does not trust in Chairman Paavo Vayrynen, but they do not know of anyone else to support.

The Center Party's MP's and ministers will assemble at the Konigstedt Estate at 6:00 pm next Tuesday. The intent is to hold a straightforward discussion on the party's situation and the actions of its parliamentary faction. The various cliques are to be gradually eliminated from the parliamentary faction.

On Thursday representatives of the ten southern district organizations will meet in the parliament building. They will discuss the party's situation as well as its policies in Southern Finland. There is no actual rebellion in the making since Party Secretary Seppo Kaariainen has also been invited.

Later in June the party's ruling body will also hold a straightforward discussion on the party's situation and political future.

The Center Party's situation is confusing and uncertain. Since the presidential elections the party has rapidly lost key positions as a party holding the reins of government, positions which were stronger than party support would have warranted. The leadership position in foreign policy is rapidly being transferred to the Social Democrats. The Center Party can no longer use the influence of a parliamentary bourgeois majority in the government. It must share it with the Finnish Rural Party. In addition, after the elections the Conservative Party has made it known that it is not particularly inclined to be in agreement with the government.

The party has also lost such leaders as Urho Kekkonen, Johannes Virolainen, and Ahti Karjalainen. The party's top is narrow. The only visible individual is Chairman Paavo Vayrynen. In addition to him, power is shared by Seppo Kaariainen, Vice Chairman Pekkala, and Matti Ruokola, chairman of the parliamentary faction.

In the Center Party the rank and file is grouped around its leaders. Now that the leaders are gone they do not know what to think. As the leaders of the K- and V-lines have disappeared, the policy lines have also become more shallow. Events can no longer be predicted on the basis of the distribution of policy lines that existed during the Kekkonen era. For example, new positions came about in the election of ministers in the parliamentary faction.

According to the more daring evaluations, the majority of the rank and file is now outside of the old distribution of lines. It does not want to group itself around its formal leader, Paavo Vayrynen. The Jalasmokki controversy, the formation of the government, and the dismissal of Ahti Karjalainen have worked against the chairman.

The organs directing party actions have become inflamed. It is not possible to hold a joint discussion or even negotiate conciliatory solutions in the parliamentary faction or the party's governing body.

Between the holders of power and representatives of the rural population there is an open conflict, which was brought about by Matti Ruokola in April in the party's executive committee. He sharply criticized the Uusimaa District Organization for the fact that it had nominated older people and farmers as candidates to parliament. Sirkka-Liisa Anttila, district chairwoman of Etelä-Häme, received the impetus from Ruokola's speech to call together the southern district organizations on 2 June.

Signs of a Lack of Faith

Outwardly Paavo Vayrynen's positions appear to be strong. His reelection as chairman in the summer of 1984 is still considered to be very probable.

Paavo Vayrynen has not achieved his position by his deeds, but rather in spite of his deeds. He is criticized severely on the party's right as well as its left. Also the young people, who are considered to be advocates of Vayrynen, are presently adopting an especially critical attitude toward him.

Many members of the Center Party are of the opinion that too much was surrendered in the government negotiations. Indeed, the party leadership has explained that the party received all it could and that greater expectations were based on illusions resulting from the old power positions. However, the rumor continues to spread among the rank and file that the weakened position in the government was the price paid for the foreign minister's post, which Vayrynen wanted so badly.

In selecting ministers Vayrynen proposed to the parliamentary faction that the spectrum of opinions in the party should be taken into consideration. The conservative wing interpreted this to mean that it would get its representative into the government. However, when Vekko Pihlajamäki's name was brought up, Vayrynen was opposed. He referred to a "burden which he cannot talk about here, but which he will talk about with Veikko in privacy". Pihlajamäki was elected by a vote, but his supporters were left to fret about

swinging the old foreign policy axe. Vayrynen received the praise of the conservative wing only for taking the SMP [Finnish Rural Party] into the government.

The old K-line is not satisfied with Vayrynen's behavior. It is considered that he reached an agreement with too small of a clique on certain ministerial appointments without consulting with Ahti Pekkala, for example. The proponents of the K-line argue that the clique included MP Olavi Martikainen and Markku Kauppinen -- both trusted individuals of Vayrynen -- as well as government department head Juhani Perttunen.

The veterans of the K-line also do not approve of the entry of the Finnish Rural Party into the government since it is considered that it has not demonstrated an ability to bear this responsibility.

The events resulting in the dismissal of Ahti Karjalainen began from the Center Party delegation which went to urge Karjalainen to resign. The party leadership has let it be known that the dismissal was coming in any event and that the attempt at persuasion was the result of humane reasons and not the political situation. The head of the Vayrynen, Pekkala, Kaariainen, and Ruokola delegation was Pekkala, the champion of an orthodox K-line.

At the time that the delegation visited Karjalainen, the president had not made a decision on the immediate dismissal of Karjalainen. The cause and effect relationship was reversed: The president's decision came about quickly when he became aware of the statements of an irritated Karjalainen on the delegation's visit and the public accounts of it.

Ever since the presidential elections it has been suspected that Vayrynen would have wanted to move Pekkala into the Bank of Finland since his popularity in the party is greater than Vayrynen's. Pekkala has been mentioned as a candidate to the party chairmanship, and he has been the eye of the K-line watching Vayrynen in the party leadership.

Karjalainen was persuaded to resign at exactly the same time that the election of ministers was at its hottest. Pekkala still considered going into the Bank of Finland at the time of the controversy over Karjalainen's impending dismissal even though in April already he had told the representatives of his own district, Northern Pohjanmaa, that he did not want a position in the bank. Pekkala's final refusal was influenced by the fact that as a member of the delegation sent to persuade Karjalainen he would have been placed in a bad light.

Vayrynen's most zealous opponents have now spread the view that the effort to persuade Karjalainen was Vayrynen's intrigue.

But even in the Center Party's conservative wing many believe that there was no intrigue. In their opinion it is unreasonable to place the blame for Karjalainen's ignominious dismissal on Vayrynen. However many have done this. This says a lot about Vayrynen's reputation among the party's rank and file: it is easy to believe something bad about him.

Unfulfilled Hopes

Paavo Vayrynen has left many hopes unfulfilled.

The old V-line is expecting Vayrynen to ensure that the rural population making up the majority in the party machinery will receive a majority in the decisionmaking organs.

The old K-line, on the other hand, in particular is trying to make certain that such a development will not come about. Indeed, Vayrynen does not belong to the inner circle of the K-line of the Kekkonen era. It does not have complete trust in Vayrynen and considers that he has already made dangerous openings to the right.

In the opinion of the veterans of the K-line, the party's foreign policy credibility will be maintained only if the majority in the decisionmaking organs is comprised of strong supporters of the K-line. Thus the Soviets have clearly indicated their support for the party's "progressive" wing. It is expected that Vayrynen thinks the same and in addition is especially cautious for the reason that the Soviet attitude toward Vayrynen is ambiguous. Vayrynen lost some points when in the opinion of the Soviets he did not put all of his weight behind Ahti Karjalainen in selecting a presidential candidate.

Relations with the East in the Center Party are in the hands of many more people than Vayrynen. As Karjalainen retreats into the background, Ahti Pekala will become ever more important with respect to foreign policy.

When Paavo Vayrynen was reelected chairman a year ago, it was hoped that as an individual he would grow into his duties. These hopes have not been fulfilled. Vayrynen is being criticized regardless of policy lines and wings for the fact that he is making policy without consulting with others, understanding others, and riding roughshod over everyone to promote his own interests. If Vayrynen's career as chairman comes to an end for some reason, it will be for this very reason.

Vayrynen is attempting to copy Urho Kekkonen's method of using power. But Urho Kekkonen was unyielding only when the country's interests so demanded. Vayrynen is unyielding when his own interests so demand, estimated a long-time proponent of the K-line.

The proponents of the V-line, for their part, would not permit Vayrynen what was permitted Virolainen. Virolainen ruled for years by reaching an agreement on issues in advance and by pushing them through in the party organs. But Vayrynen would not be able to do this since he lacks the prestige and the support of the rank and file.

Vayrynen is also criticized for the fact that he is jealous of his position. He does not like to share his power with anyone. At least favored leaders even though the party's public image simply cries out for prestigious politicians who enjoy the support of the rank and file.

If Paavo Vayrynen is reelected after a year in Savonlinna, it will be primarily the result of a lack of suitable and willing opposing candidates. The right person could become chairman quite easily. Even the names are known: Ahti Pekkala, Seppo Kaariainen, and Esko Ollila.

It is doubtful that Pekkala and Kaariainen will mount a struggle against Vayrynen unless they consider that the interests of the country simply demand this. In other words, if Vayrynen commits a serious, primarily foreign policy blunder.

Esko Ollila, who is a favorite and is scrupulously independent of any factions and lines, is considered as a unifying compromise candidate even in the party's right wing. However, he is now taking a post in the Bank of Finland.

Many in the Center Party see even this move to be a self-protecting action on the part of Paavo Vayrynen.

In recent years the party has become such that party actions cannot dictate solutions any more than any other power groupings. An opposing candidate of Vayrynen must seek the real support of the rank and file by himself. Because there is no candidate to support among the rank and file, the chairman can be criticized even severely and there is still no fear that he will lose his position.

Future Challenges

Leaders are in demand in the Center Party. Only the orthodox K-line is now being effectively led. Ruokola and Pekkala are its key figures. In the opinion of the proponents of the V-line, Marjatta Vaananen has made herself the leader of this line with too much self-determination. Sirkka-Liisa Anttila, a new MP, is also aspiring to become an opposition leader. But in fact no one is now leading the V-line.

The rural wing, which is more moderate than the old supporters of Virolainen, is in the most dire need of a leader. Toivo Ylajarvi, the new minister of agriculture, or Martti Pura, former Agricultural Minister Taisto Tahkamaa's political secretary, for example, are being offered the position.

The urban wing, which is close to the K-line, is also in need of a leader. But it is difficult to become a leader since the party leader does not tolerate other leaders. For example, Chairman Matti Vanhanen of the Center Party's Youth League and MP Esko Aho have a long road ahead of them.

The Center Party is faced with a fateful question, will it find new leaders or not: how to prevent the party from slipping into a third class position with respect to wielding power?

The rank and file in the Center Party thinks that first it is most important to adapt to what has already happened: support has decreased and political supremacy no longer exists.

After that, consideration must be given to how the issues of supporters can be managed with the present power base. Those promoting the party's various lines consider that it is vital to continue cooperation with the left. Cooperation with the Conservative Party is considered to be open, but for the time being only as a trump card by which the Social Democrats can be kept in line.

When the various party organs assemble in the early part of summer, the central question will be party unity. The greatest problem in this will be to find such a majority for the party organs which will not endanger foreign policy credibility, but which the majority of the rank and file will approve.

The nonaligned younger generation has formulated one model for a solution. In it the rank and file of the Center Party will be divided into the traditional conservative wing supporting the rural population and the liberal wing of young farmers and urbanites. In the opinion of the younger generation, they are not as violently confrontational as the old lines, which have become bogged down in personality conflicts. With the help of rightwing leaders, they would be able to cooperate and distribute power, believe the youth.

Power would be distributed as follows:

The organizational machinery would remain with the conservative rural wing, to which the majority of the rank and file still belongs. The practical politics of the party in Helsinki would be directed by representatives of the liberal wing. In this way there would still also be a general party managing the affairs of farmers and the old K- and V-lines would become relics of history. They could shudder at world events in peace on a lake shore -- each in their own sauna.

10576

CSO: 3617/141

CONSERVATIVE CHAIRMANSHIP CHALLENGER WANTS TIES TO CENTER

Helsinki HELSINGIN SANOMAT in Finnish 30 May 83 p 10

[Article: "Salolainen Already Assembling Bourgeois Parties into New Government"]

[Text] MP Pertti Salolainen, who is aspiring to the chairmanship of the Conservative Party, would like to bring all the bourgeois parties together into cooperation "for repelling the supremacy of the Social Democrats in Finnish Society".

Salolainen stated in Kuopio on Sunday that he hopes the cooperative ventures of the parties of the political center would progress as rapidly as possible since after that a discussion on bourgeois cooperation could also be expanded in the direction of the Conservative Party.

One of the most important objectives of cooperation among all the bourgeois parties according to Salolainen would be "the preparation and creation of conditions for the accomplishment of bourgeois majority government in the event that the Social Democratic Party continues to be unwilling to cooperate with the Conservative Party as cooperation in the present government becomes eroded".

Perho Supports Suominen

Vice-Chairman Heikki Perho of the Conservative Party's parliamentary faction declared his own position on Sunday with respect to next weekend's chairmanship elections and stated that the Conservative Party should reelect Ilkka Suominen as chairman.

"If the Conservative Party were to change the party leadership in the present situation, we would be doing exactly what our political competitors want. A change would be interpreted as an indication that our policy has been incorrect," stated Perho at the Paasikivi Institute.

According to Perho, the Conservative Party's policy was correct before the elections. "Political opponents only succeeded in obscuring this fact during the election campaign and in preventing Conservative Party growth in the manner promised by the predictions."

Holvitie Suspected Officials

Conservative MP Tapio Holvitie suspected on Sunday in Turku that leftwing officials played a role in the fact that enactment of the new education bill is being delayed.

"Reasons other than just economic reasons must be associated with the attempt to water down this legislation, which has been under preparation and experimentation for more than 6 years," stated Holvitie.

"If the dissatisfaction of leftwing officials participating in the preparation of this legislation with the numerous changes that were made in this legislation has brought about a delay, we are seriously eroding the trust of citizens in our democratic decisionmaking system," stated Holvitie.

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CSO: 3617/141

SWEDISH PEOPLE'S PARTY CONGRESS REELECTS STENBACK AS CHIEF

Helsinki HELSINGIN SANOMAT in Finnish 6 Jun 83 p 9

[Article: "Swedish People's Party Chose Stenback Again"]

[Text] Par Stenback, foreign minister in the previous government, will continue in the leadership of the Swedish People's Party.

The congress of the RKP [Swedish People's Party], which concluded on Sunday in Kirkkonummi, reelected Stenback as party chairman as expected and nearly without notice.

The only excitement at this congress came on the second day in the election of the third vice-chairman, in which former Party Secretary Patrik Lilius narrowly defeated Assistant Judge Henrik Lax by a vote of 464--408.

The third vice-chairmanship, which has traditionally been under the control of the RKP's right wing, was turned over to Lilius of Helsinki from Ingvar S. Melin, who lost his seat in parliament and voluntarily resigned from the vice-chairmanship.

The party's two other vice-chairmen, Assistant Judge Paivi Hirsikangas, who represents Finnish-speaking members and the liberals, and MP Hakan Malm, who represents the rural wing, were reelected with a clear majority.

In the vice-chairmanship elections Hirsikangas received 1,192 votes and Malm 1,148 votes.

A third Channel Soon

In its policy platform the RKP demanded that the government's promise of a third television channel be fulfilled as soon as possible.

On the second day there was an animated discussion of church holidays. After a vote the congress decided to demand that church holidays be restored to their former place.

The RKP platform continues to express concern for balancing the state budget, the exploitation of domestic energy sources, and the enactment of legislation ensuring equality.

The congress also directed its attention to the lack of competent elementary school teachers in Central Uusimaa and demanded that the education faculty in Vaasa be increased.

In foreign policy the RKP congress expressed concern for the world situation. The congress also expressed satisfaction with the fact that the deteriorating international situation has not affected good neighborly relations with the Soviet Union.

The congress gave its undivided support to continuing the validity of the YYA [Friendship, Cooperation, and Mutual Aid] Pact during Mauno Koivisto's visit to the USSR beginning on Monday.

The RKP continues to emphasize the significance of Nordic cooperation and hopes for an impartial discussion on the realization of a Nordic nuclear-free zone.

Lilius Returned

Licentiate in Political Science Lilius, who was elected third vice-chairman, has made a return to the political limelight. He was party secretary of the RKP in 1957--71. He has been a member of the party's central governing body since 1974. In civilian life Lilius has been a leader of the Finnish Employers' Association.

The next congress of the RKP will be held next year in Korsholm.

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CSO: 3617/141

BRIEFS

SWEDISH, CONSERVATIVE PARTY COOPERATION--The Swedish People's Party and the Conservative Party are negotiating an election alliance in the forthcoming local municipal elections. These negotiations are connected with the discussions initiated between the leaders of these two parties. The purpose of these discussions is to improve relations at the leadership level. RKP [Swedish People's Party] Chairman Par Stenback announced in his opening speech to the party congress on Saturday that he and Conservative Party Chairman Ilkka Suominen have sought opportunities for regular meetings. According to Stenback, the purpose of these meetings is not to discuss government or opposition policy, but cooperation should be considered as normal. Stenback emphasizes that the Conservative Party is a significant partner in cooperation with the Swedes, particularly at the municipal level. These meetings can also improve the atmosphere of cooperation among all the bourgeois parties. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 5 Jun 83 p 3] 10576

HERZOG: PCF PROPOSALS ON EMPLOYMENT, FOREIGN TRADE DEFICIT

Paris HUMANITE DIMANCHE in French 1 Apr 83 p 5

/Interview with Philippe Herzog by Françoise Colpin/

/Text/ Colpin: The measures adopted by the government seem to take us by surprise. Reception varies. Those who wish the policy of May 10 to succeed are beginning to wonder; are not their anxieties justified to some extent?

Herzog: Unless we remember the dimension of the crisis, we cannot understand what is happening. The policy pursued for 2 years has realized a great deal, created new trump cards: Rights of workers, nationalizations, decentralization... But the fundamental causes of the crisis remain: The tremendous waste of the wealth and capital of the French bourgeoisie who seek profit in the rush to export, in financial investment and speculation, and who therefore abolish jobs and allow the tools of production to become obsolete. Added to all this are the formidable international pressures of the capitalist powers, intent on pushing France toward austerity and national decline so as to better be able to dominate and withdraw its resources.

Realizing the 1981 Objectives

Colpin: But what has been done about this in the past 2 years, and is it possible to advance further?

Herzog: Consumption has been stimulated, the industrial decline stopped, democratic capacities for progress created. The present problem is how best to use them. I tell you quite definitely that the French have more of an opportunity to progress with a left than with a right majority, with communists in the government than without them. It is possible to advance, but it is a struggle. Of course there are trials and tribulations and setbacks. That is hard. But the communists have chosen to join the majority to realize the objectives backed by the French in 1981. We will go on. That is our strategy. At the same time we are fighting for a definite prospect of ending the crisis; we have concrete and novel proposals that we must make known and promote in people's minds and in real life.

Colpin: What are the causes of the external deficits and the problems of the franc?

Herzog: The weakening of our industry has been expressed by a substantial surge in imports for more than 10 years. This is due in particular to the massive exports of capital, the squandering of resources created by French labor. Last

year, for example, Elf Aquitaine purchased Texas-Gulf, an American corporation, for Fr 14 billion. France paid. Currently Texas-Gulf is in trouble: France still pays. Renault purchased American Motors from the United States. We paid. American Motors incurs losses. Once again the wallets of French workers are called upon. These are not single instances. It is impossible to recount all the false invoices, the fictitious services, the loans in default and all other types of capital outflows. And why? For capitalist profits. Because the French bourgeoisie do not consider the national production profitable and extend priority to profits on the world market.

Colpin: So where do we go from here?

Herzog: The left has begun an effort for growth, but industry has not followed. This includes the new nationalized enterprises and the banks; there has been little change in managements. As a result excessive imports and capital flight have raised our debts. The communists are in complete agreement on the need to reduce the external deficits and the debt. But this must be done by improving employment and maintaining prices: only greater, not lesser production can reduce the "external constraints." In this spirit we are totally in favor of a great national effort, and that is why, on Monday, 21 March, we presented five major proposals to advance within the framework of the majority.

Colpin: What are we to think of the government's plan of action? Is it of a kind to cope with the serious concerns that preoccupy us?

Herzog: The objectives of the President of the Republic are ours also when he says that it is necessary at one and the same time to combat unemployment, inflation and the deficits. From the following aspects the government plan arouses reservations: It does not attack the causes of the problems. It reflects a decline in consumption due to taxes that reduce purchasing power. Lower income families will be particularly affected by the 1 percent surtax combined--for many of them--with the 10 percent in additional taxes in the form of a compulsory loan. The government expects the reduction in consumption by the French people, the reduction in investment spending of public enterprises such as EDF [French Electric Company], SNCF [French National Railroads], telecommunications and public works to be reflected in a decline of imports. However, this will also lower industrial output! Enterprises will sell and therefore manufacture less, and are therefore likely to pay off personnel. We cannot expect to compensate for the drop in domestic consumption with an increase in exports. The Germans, Americans, Japanese and others are waging a merciless war in world trade. Let us have no illusion about the "international recovery": Even if it happens, nobody will give us a present. Also, without adopting new measures, we risk provoking increased capital flight. All the money that in the past, made for great wealth, by speculation, which is not put into production is not affected by governmental measures. It is likely to be oriented even more toward other countries. Without new measures, banks and companies will turn even more toward exports to the detriment of the domestic market. These are my reservations: They arise from my concern for the left to advance and realize the very objectives of which we were reminded by Francois Mitterrand and Pierre Mauroy. The government plan cannot by itself permanently reduce the French debt and defend the French currency.

Colpin: If I understand you correctly, we must not fold our hands...

Herzog: Certainly not. In the immediate future the communists will come to the National Assembly with proposals for amendments to improve and supplement the government plan. Measures for controlling and taxing capital flight. Measures for developing our output by making the banks and nationalized enterprises play their part. Nothing is more urgent than to get under way efforts for achieving efficient high-quality and low price production, which will allow us also to reduce excessive imports. To provide professional training to the young, to all who do not have any. The money derived from the compulsory loan could be earmarked for these expenses, in the service of productive employment. As to taxes, they ought to fall heaviest on the wealthy. Those who get dividends, interest payments linked to the possession of inherited money, are not to my knowledge touched by taxes on taxable income. These earnings are not entered in the tax form. It is possible to have them estimated also to raise the wealth tax and revise scandalous earlier measures such as the 1973 Giscard loan. On the other hand we believe that the workers' purchasing power must be protected. We will submit proposals aimed at lowering the taxes planned to be levied on families.

Colpin: Is there nothing more than proposals?

Herzog: There are also struggles. It is imperative to acknowledge the seriousness of the crisis and the full extent of employers' pressure. We must not allow the right and the CNPF /National Council of French Employers/ to believe that the left has given up its objectives. It is up to the workers and all militants to prove the contrary. In the present circumstances we have real opportunities for moving toward our fixed objectives. We must not miss a single one. The employers are fighting. Those who defend the policy of the right and of wealth are fighting. We see them in the streets. Let us, for our part, utilize the trump cards of progress. France need not inevitably line up with the wishes of reaction and foreign capital. To join in the national effort to pursue the approach to social progress and growth today definitely calls for mobilization. Let us help the workers in the factories and banks to appreciate what is at stake. Let us help them be aware of the right they have to defend themselves, to carry weight with management. To protect the purchasing power of wages, act to develop output, research and training, exploit the possibilities for reconquering the domestic market, for launching new products.

To protect new jobs we want to manufacture more high-quality products and check prices by reducing material and financial costs and all inflationary profits.

We propose to wage a battle with financing. At the present time the bank finances real property, capital flight and international operations but virtually no production, training or employment. That is a considerable problem. The bank was nationalized precisely so that it may be useful and efficient! It will be necessary to redirect all bank management toward the creation and production of wealth. And it is in that enterprise, in the bank, that we must attack the flight of capital, all the causes of France's balance of payment deficits. To use the new rights everywhere, lean on decentralization, on the nationalizations. We can advance. At a time like this, faced with difficulties, we need to fight to advance.

Colpin: To mobilize. Everybody mobilizes. What does that mean for communists?

Herzog: The conservative forces are mobilizing to try and get the left off-track.

It is up to us to mobilize the forces of progress so that they should not sit idly by but grasp their trump cards. Let us not be obsessed by the trials and tribulations of the present. In any case we must do everything possible for the success of the action of the majority, we must fight for effective solutions to the real problems. That is indeed the national effort.

At the same time this will be the best way to defend the interests of the workers, prevent the employers from abolishing jobs, squandering our resources and endangering the very notion of future progress.

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The Account of the 1982 Troublemakers

Here is proof of the rough stuff dished out by the employers. Uninterested in anything except financial profits, they have deliberately abandoned entire sectors of the economy as demonstrated in the table published by the review ECONOMIE ET POLITIQUE in its April issue.

Lowering France's external trade deficit is one of the three objectives of the government of the left. Every family knows perfectly well that it cannot for long spend more than it earns. In 1982 the family that is France produced, consumed, bought and sold. However, the bills for what it bought abroad exceed its invoiced exports by Fr 104 billion.

Who is responsible for those poor figures, and what needs to be done so that they may not recur each year?

The only means of achieving this goal is to work and produce in France so that we can balance our exchanges with other countries. We must therefore begin with the needs of the French and first of all be concerned with satisfying them by producing in France whatever can be produced there. At the same time we must seek agreement with as many other countries as possible so as to exchange products with them to the best mutual advantage.

This is not the logic of capitalist management and multinational company executives on whose behalf the right has governed for several decades. Their sole motivation is that of developing production in the sectors considered more profitable in the short term, of investing abroad when they think that they can find cheaper manpower and other more profitable conditions for a return on their capital.

Every worker must say his piece, must exercise vigilance wherever waste is reflected in prices and thereby benefits the sale of foreign products, wherever imported tools or other items are used, that could be produced in France.

The workers at the Chapell-Darblay paper mill demonstrated this week in order to maintain operations at their firm, a producer of newsprint; those at Allinquant, who rose against orders placed abroad for shock absorbers that they could produce;

thousands of others, such as the workers laid off by the Gautier furniture factory, are taking action for the benefit of our external trade balance. They are fighting for France. The time for general mobilization has arrived.

Production Sector	Deficit in Billions	Damage Inflicted by the Right and the Employers	Enterprises and Groups
Coal, coking	9.7	28,000 jobs lost; net coal output - 18 percent	Charbonnages de France
Building materials	1.4	38,000 jobs lost; serious deficits for slate and ceramics	St Gobain, Lafarge
Implements, hardware	1.5		Peugeot
Oil refining	15.9	Refusal to invest in France by CFR and Elf	Elf, CFR
Heavy chemicals among which:		26,000 jobs lost in heavy chemicals, 10,000 in 1981;	Pechiney-Ugine-Kuhlmann Company, Rhone-Poulenc, Charbonnages de France-Chimie, Cofaz
fertilizers	3.1	4 million tons of fertilizer imported (27 percent of consumption), 60 percent of yarns and fibers imported	
yarn and manmade and synthetic fibers	1.0		
Paper-cardboard, paper pulp	8.7	25,000 jobs lost; half all pulp imported	St Gobain, Chapelle d'Arblay
Machine construction among which:		90,000 jobs lost in the industry. Heavy inroads by German and Italian products	Renault M.A., Massey-Fergusson, International Harvester, CGE, AMO, Carrel-Fouche, Renault MO-Ernault-Somua (Empain)
farm machines	2.5	--Closure of several factories, one in two machine tools is imported	
machine tools	2.8		
Precision tools	1.8		Jeager, Crouzet
Electronics	9.8	13,000 jobs lost; three quarters of telecommunication material is imported	CII-HB, Thomson, CGE
Household equipment	10.0	20,000 jobs lost; Thomson abandons home market; heavy losses in washers and dishwashers to the FRG, in refrigerators to Italy	Thomson-Brandt, CGE
Textiles, garments among which:		20,000 jobs lost in textiles-garments	Rhone-Poulenc, ARCT, Agache-Willot, Boussac, Saint Freres, Biderman
spun textiles	4.3		
hosiery	4.5		
garments	1.4		

/Table continued on following page/

Leather, footwear	3.8	30,000 jobs lost; 30 percent are import- ed, twice more than in 1974	Andre, Bata, Eram, Salaman- der, Bally
Wood of which: furniture	4.9	40,000 jobs lost; 25 percent of wood and furniture is imported	Dumestre-Parisot, Gautier, GIMM, Leroy et Rougier, Laffargue
sawmills and woodworking	2.6		

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CSO: 3519/489

FINANCE COMMITTEE PRESIDENT LEAVES CITY IN FINANCIAL CHAOS

Paris LE FIGARO in French 27 Apr 83 p 6

[Article by Daniel Seguin: "The Surprises of the Succession: Christian Goux (PS) Left Bandol Without a Treasury"]

[Text] A town under suspension of payments is rare enough to attract attention. In the case of Bandol (Var department), the interest is doubled because the man responsible for this situation is none other than Christian Goux, President of the Finance Committee of the House of Representatives, a man who calls himself "economic advisor of Francois Mitterrand."

What might have been just a smudge indicative of the Socialist carelessness thus takes on an importance, in view of the importance that Goux tries to give himself. Never wanting for a definitive judgment in the halls or at the podium of the House, Christian Goux enjoys teaching others a lesson, his most recent target being Jacques Delors. In view of this personality, one can better understand why this situation, though it may not amuse the people of Bandol, doesn't fail to make his colleagues snicker, including those in the PS, many of whom are laughing at this flagrant abuse which is liable to leave a few indelible spots on the armor of certitudes out of which the Var representative has made his intellectual uniform.

Bandol: Daniel Seguin

No sooner was Arthur Paecht, former UDF representative, elected mayor of Bandol, succeeding Christian Goux, than he received, on 29 March, a letter from the tax collector of Cadere-d'Azur (Var) disclosing difficulties he never dreamed of:

"The funds available for your town are, for the time being, insufficient, and I am therefore obliged to suspend payments."

There followed the figures on which the "banker" of the town based himself: a balance of only Fr 951,461, while payments of Fr 1,394,454 had been made and bills for Fr 2,215,980 were pending payment, i.e., a "gap" of over Fr 2.6 million.

Arthur Paecht didn't believe his eyes. He had a new financial statement for the town as of 14 April drawn up. On that date, there was a shortage in the treasury of over Fr 3.3 million, to which figure it was necessary to add the April salaries (Fr 900,000), which had to be paid the same day. The new mayor then immediately called an extraordinary meeting of the town council.

Christian Goux, former mayor and councilman from the minority of the Left, did not attend, on the pretext of his participation in a radio program that evening, even though the council meeting took place in the morning. In a communique, he spoke of a "political operation." Without denying the difficulties of the treasury--before his defeat, he had met with one of the town's creditors to obtain an extension--he spoke of an excess over the 1982 budget, in an effort to belittle the criticism.

"It is not by delaying payments that one straightens out a financial situation. It is only a question of management and of bad management," retorted Arthur Paecht, who asked a councilman, Mr. Pouillot, honorary judge of appeal at the Audit Office, to draw up a report.

It was overwhelmingly damning.

Pre-electoral "Gluttony"

What does one discover in the management of the great lesson-teacher in Paris?

1. That expenditures for the preceding year were carried over to 1983 without being recorded in the budget, and Mr. Pouillot spoke, knowledgeable in his experience as a high official, of "actions contrary to financial orthodoxy."

2. The expenditures recorded in the budget were reduced by about Fr 3.7 million. The best example is that of water, since, as of 21 March, 9/10 of the Fr 2 million provided for the cost of water in 1983 had already been consumed, i.e., a "gap" of Fr 1.4 million.

3. A veritable "gluttony" in pre-electoral expenditures led Bandol into a financial impasse, for, out of Fr 10,405,000 of investment credits opened for the whole year, Fr 9,759,062 worth occurred before 14 March. However, the returns on loans and receipts follow a calendar insensitive to the electoral preoccupations of Goux.

Arthur Paecht was also amazed by his predecessor's lack of haste in collecting the rent from the casino. At the beginning of April, the casino owed Fr 666,000 to the town, i.e., over a year's rent, despite the fact that this rent is supposed to be paid monthly. But then, in Bandol, everyone knows that the managers of the casino are among the strongest supporters of Goux, and that it was on this same casino that the jammer of "Radio Signal" was discovered, a local radio station that favored Paecht--and one that, after being jammed, was the victim of a crime.

A casino which, decidedly, dogs Goux, for, by having forgotten to insure this town building, which suffered a fire last year, he may cost the town--and thus the taxpayers-- Fr 1 million.

Continuing his inventory, Arthur Paecht obtained from the Var chief treasurer and paymaster another report that compromises the image of the competent manager that Goux tries to give himself in Paris.

A Shoddy Economist

According to the TPG, the per-capita debt rose 83 percent in Bandol between 1978 and 1981, while it rose only 28 percent on a departmental average in towns of the same size. In the same period, household taxes increased 91 percent in Bandol, against 58 percent on a departmental average.

"Jacques Delors has just denounced shoddy economists, and I can certainly say that in Bandol I found a mess and an absence of order. It's a good illustration of Socialist management. What Goux did in Bandol his friends are doing on the national level," summarizes Arthur Paecht, who, to make ends meet in his town, is reduced to asking the TPG for treasury advances to be applied to the monthly endowment of the town.

It's hard to succeed a Socialist mayor, even if he is an economic advisor of Francois Mitterrand and a declared candidate for the succession of Jacques Delors.

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CSO: 3519/502

PASOK HARDLINERS SEEN RECONCILED TO EEC MEMBERSHIP

Athens I KATHIMERINI in Greek 20 May 83 p 11

[Excerpts] It appears that a serious crisis as well as an intense dispute have broken out in the administrative council of the General Confederation of Greek Agricultural Unions (GESASE) after the statements made by the president of the confederation and PASOK cadre, Mr. Stelios Mbalianas, to the newspaper ELEVTEROS TYPOS. According to the statements, "the EEC is convenient for the farmers" and "the Greek people have chosen--for its development--the way of the West."

The statements of Attorney Stelios Mbalianas created a great furor in political and economic circles because he is considered to be one of the leftwing cadres of the Movement--sometime ago there were rumors that he may leave PASOK and join the KKE--and because he was a firm supporter of the "disengagement from the EEC." Mr. Mbalianos stated day before yesterday that "even those who were against EEC--as he was, and still have certain reservations--today consider having joined a salvation." He adds, "What could we do to dispose of our products and to ensure the labor of our farmers outside the EEC?" Who could assure us of getting the prices we get at present? I believe," he continued, that our participation in the EEC is a salvation. It is sufficient for us to do a good job. The Greek people have chosen the way of the West. And in that area, they will struggle for the continued improvement of their standard of living. It is there that the virtues of the administration's policy will show up, in its ability to continuously improve the conditions of our affiliation."

Confrontation with the KKE

The statements of the president of GESASE are in opposition to those of GESASE's secretary general and KKE cadre, Mr. Desylas, who, yesterday noon in the press room of the Ministry of Agriculture, said that "the Agricultural Unions will do anything for us to leave the EEC."

Revision of Views

At the core of the administrative council of GESASE, therefore, two trends are beginning to become openly and apparently dynamically manifest: the first is dictated by the effort of the moderate cadres of PASOK to make the movement reconsider its posture with regard to the opportunities of our affiliation in view

of the fact that there are financial and other advantages to the Greek economy; the second by unchangeable--since the signing of the Rome treaty--views of the official KK on the "existence" and "operation" of the European communities.

Despite the fact that the argument by KKE cadres on the "negative" effects, which our affiliation with the Community has on our economy, has been weakened--because Greek farmers enjoy very satisfactory prices and the Community finances the construction of works to increase production and productivity in agriculture--it nevertheless influences young farmers who, with their energy, make their presence felt in mass mobilizations.

According to surveys, the majority of the farmers has become aware of the advantages from the Community despite the fact that almost all producers complain, as usual, of revenue developments.

It is to this majority of farmers that the moderate and parliamentary cadres of PASOK are trying to speak the truth, as Mr. Mbalianos did. This, of course, if there is no other delay in PASOK's date with history."

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CSO: 3521/318

GOVERNMENT SEEN STRAINING CREDIBILITY IN BASES ISSUE

Athens I KATHIMERINI in Greek 19-20 Jun 83 p 9

[Editorial: "Ballad of the Bases"

[Text] Among other consequences, this long drawn-out "ballad of the bases" has had one that is surely not at all to the liking of the keepers of the ideological intransigence of the PASOK. In most people's conscience, and even among the movement's followers, the carefully nurtured conviction that the "bases" embody our country's humiliating dependence on a foreign power has now unraveled. If that were the case, they believe, Mr Papandreou would not let almost the entire 4-year period of his mandate--because this is likely to happen with these negotiations that lead nowhere--has without any possibility of full independence in the handling of critical foreign and domestic matters. How can one speak of an independent, multidimensional, purely Greek policy in foreign relations, while at the same time living under the "dependence coercion" that the presence of the U.S. bases exercises?

No matter how much, henceforth, the government insists about its definitive and immovable decision to "get rid of the bases;" no matter how hard it attempts to organize mass demonstrations against the bases, the PASOK cannot obliterate the fact that it is living with the bases, and this does in no way prevent it from exercising its "nationalistically strong" policy. What, then, is the matter? Do the foreign bases restrict national independence or don't they? This is the question, to which--unfortunately for its demagogic sloganeering--the government is not compelled to provide an answer. The answer is given by every simple citizen with his simple logic!

The area in which the government must inform public opinion is why the negotiations for the bases have been interrupted. The Greek people had been prepared, with impressive "effects" like those used in the circus to prepare the spectators for the "death jump," to receive information about the results of the long negotiations. It is not possible to call the people to active participation in the political removal of the bases; to feel the need to bring the people up to date about the contents of the agreement that will replace the existing one--which favors the Americans--and to remain silent when everything has been left unresolved.

The PASOK government, however, has succeeded in being in complete contradiction with the PASOK when it was seeking power. Not because it used to proclaim, at the time, that as soon as it would acceded to power it would immediately close the bases, something it has not done. But because the issue of the bases has been downgraded from the most critical national issue then to a purely partisan problem now!

The dramatic confabulations (during usual "coup hours" after midnight) of the PASOK leadership without the prime minister and the minister of foreign affairs, which showed that it was not a government meeting but a partisan conference, prove that the decisive evaluations on which avenue to follow in the issue of the bases are derived from partisan goals. Whichever the final results of the negotiations are, it is not, then, a matter of exclusively governmental and national significance, but of partisan interests. Whoever doubts the correctness of this finding, must do it by necessarily invoking one argument alone: the reason for rejecting the results of the negotiations! Any other objection would only be a naive attempt at covering up reality.

It would indeed be very strange if, in the handling of the issue of U.S. bases on Greek soil, Mr Papandreou's government showed greater efficiency than what it has displayed, so far, in the handling of other more or less critical domestic and foreign matters. And as happens in all other cases, it is beyond a shadow of a doubt that the impossibility or the refusal for objectively seeking and implementing the most advantageous solution will result in a great deal of damage. Which, unfortunately, will not appear only in the ledger of the "movement"!

CSO: 3521/355

POLITICAL

GREECE

FINANCE MINISTER REPORTEDLY THREATENS TO RESIGN

Athens I VRADYNI in Greek 6 Jun 83 p 1

/Text/ Mr Dim. Koulourianos has up to now twice submitted his resignation as minister of finance, without, however, its being accepted. To the contrary, he has been advised to remain at his post until the expected government reshuffle.

However, according to I VRADYNI's reliable information, Mr Koulourianis, despite the recommendations and indications he is receiving not to resign, has informed the prime minister that if his replacement does not come about by the end of June he would be obliged to leave and he himself would announce his resignation.

On the basis of the same information, reasons for his resignation are his fatigue and his inability to get used to the pressures being exerted by other ministers, deputy ministers and a whole host of chairmen of organizations and public enterprises for an increase in their share of the budget.

In reality, however, according to I VRADYNI's information, Mr Koulourianos has decided to leave for other reasons. Among the more significant such reasons are the failure of PASOK's economic policy, his disagreement with Mr Arsenis which is continually growing over this policy, and the mental anguish that has come over him through the strong presence of and intervention by the "green guards" in his work

It is certain, at any rate, that Mr Koulourianos does not want to abandon the public affairs of the country. For that reason he has announced that he would not refuse an appointment to the board of the Bank of Greece.

Not to be excluded, however, is his being offered the position of director of the National Bank in case Mr St. Panagopoulos, the present director, should be offered a ministerial position.

The definite date of Mr Koulourianos' departure from the Ministry of Finance is being timed with the expected government reshuffle that, according to many, is a matter of only a few days off. His replacement is reportedly Mr Dim. Papanikas who has served as chairman of the Greek Aircraft Industry and Olympic Airlines.

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CSO: 3521/346

PEACE MOVEMENTS' PRESIDENTS, MEMBERS LISTED

Athens ELEVTHERTOTYPIA in Greek 22 May 83 p 4

/Excerpts/ Pluralism exists within the pro-peace movement. Prior to the dictatorship, "peace committees" and Bertrand Russell "leagues" were "of one soul and body." Now we have three pro-peace organizations, each formally independent but substantially well disposed --at least-- to some party or other. The oldest is EEDYE /Greek Committee for International Detente and Peace/ that is pro-KKE. This is followed by KEADEA /Movement for National Independence, Democracy, Peace and Disarmament/ that is pro-Pasok. Finally, there is AKE /Non-Aligned Peace Movement/ that was established by those in the KKE (Int.) The persons making up the administrative boards of these movements is indicative of the political identity of each movement.

AKE

The Non-Aligned Peace Movement was formed in Greece in 1981. According to its founders it is a continuation of the first peace movement organized by Bertrand Russell in the early 1960's. It supports the need for nuclear disarmament in both the East and West.

The president of the organization is Mr Khristoforos Argyropoulos. He was born in Lamia in 1937. He graduated from law school in 1960. He is a lawyer and was counsel for the defense in the trials involving the Gorgopotamos affair, the EFEE /National Student Union of Greece/ cadres, as well as the ASPIDA /Officers, Save Fatherland, Ideals of Democracy, and Meritocracy/ affair. During the dictatorship period he defended many fighters. He was a "Lambrakis Youth" cadre. He is a member of the Union of the Rights of Man, a member of the administrative board of the Greek Criminologists Union, as well as the Union of Greek Constitutionalists. He is also the chairman of the committee for the return of the Elgin marble.

The other members of the coordinating committee are the following: vice president, Mikhalis Peristerakis, lawyer and writer; secretary general, Dimitris Palios, private employee. Also, Babis Georgoulas, lawyer; Nikos Iliopoulos, merchant; Giorgos Mathianakis, doctor; Katerina Matsouki, retired official; Mairi Kritikou, journalist; Manolis Milinakis, doctor and ISA /Athens Medical Association/ vice president; Makis Papoulias, businessman; Vangelis Rologis, student; Nikos Solomos, architect; and Takis Tasopoulos, economist.

EEDYE

The Greek Committee for International Detente and Peace's president is Mr Alkis Argyriadis who has held that position since 1981. He was born in Athens. He is 53 years old and studied law at the University of Athens, in Paris and Hamburg. He is a professor of commercial law at the University of Athens and director of the Student, Commercial and Maritime Law. He is either a chairman or member of many Greek, international and foreign professional associations, etc. He has written quite a few professional works. He is a legal counsel of the National Bank and since 1982 vice president of the Commercial Bank. He has been chairman of the competition committee in the Ministry of Commerce since 1983 and chairman of the editorial board of the new commercial code. He has been involved mainly with matters dealing with peace and education. Since 1979, he has also been a member of the administrative board of the University Club.

EEDYE vice presidents are Savvas Agouridis, rector of the University of Athens and professor at the Theological School; Mikhalis Tombopoulos, retired brigadier general; Tasos Engolfopoulos, lawyer; Evangelos Makhairas, president of the Athens Lawyers Association; Vasilis Filias, prorector of the Pandeion School; Stavros Kanellopoulos, lawyer and president of the Pan-Athenean Peace Committee; and Giannis Katris, journalist. Secretary general is Panos Trigazis, an economist. The other members are: Konstandinos Tsiros, chemist; Giorgos Moustakis, theologian; Khristos Andakhopoulos, architect; Dimitris Aaron, geologist; Kostas Syrinidis, lawyer; Khristos Savakis, trade unionist; Eleni Khatzipetrou, president of Greek women lawyers; and Giorgos Tsapagas, journalist.

KEADEA

The president of KEADEA is Mr Khr. Markopoulos, well known for the consequences of both the peaceful uses of nuclear power as well as those of the military use of nuclear power. He was born and studied in Athens, was once a teacher and then a chemist. He has a doctorate in physics and has done post-graduate work in nuclear chemistry. He is a visiting professor at the University of Bologna and the Polytechnic School of Darmstadt. He is president of the Union of Greek Nuclear Scientists and member of the administrative board of the European Nuclear Association. He was first elected PASOK Euro-deputy in the 1981 elections.

KEADEA vice president is Konstandinos Papaspyridis, retired air force general. Secretary general is Thalys Mylonas, lawyer. The other members are: Georgios Voudouris, president of the National Research Foundation; Evangelos Giannopoulos, minister of labor; Georgios Kasimatis, the prime minister's legal counsel; Giorgos Koumanakos, retired general; Aris Sissouras, IKA /Social Insurance Foundation/ director; Nikos Andoniou, director in the Dimokritos Nuclear Research Center; Giannis Mortzos, actor; Theodoros Pangalos, deputy minister of commerce; Giannis Papadonikolakis, deputy from Irakleion; Giorgos Romaos, director of ERT /Greek Television and Radio/ 1; and Stefanos Kharalambou, professor at the University of Salonica.

5671

CSO: 3521/346

PASOK, KKE CHIDED FOR RECENT VERBAL EXCESSES

Athens ELEVTHEROTYPIA in Greek 6 Jun 83 p 4

/Editorial: "Let Us Not Forget..."

/Text/ Now that parliament has passed the socialization law and the indignation that prevailed last week has now abated, it would be proper to say certain verities in a cool and collected spirit:

Certainly the unheard of acrimony with which the parties fought in parliament, particularly PASOK and KKE, did not provide much for the cause of democracy or parliamentarianism.

Certainly it is outside reality that the KKE "is dynamiting democracy" and "undermining the nation and change," as the government side contends.

But also outside reality are the KKE's remarks made against the government, i.e. for its anti-popular activities, breaking of promises, submission to big capital and other such things.

It would be a historic perversion of events if we were to rub out from our memories all the PASOK government has succeeded in within the 19 months it has been in power.

- The recognition of the national resistance.
- Civil marriage.
- Equality of the sexes and more generally speaking the modernization of family law.
- The return of political refugees without any humiliating conditions.
- The framework law on the AEI /Supreme Educational Institutions/.
- The granting of substantial authority to local administrations.
- Measures taken on behalf of farmers.
- The demilitarization of YENED /Armed Forces Information Service/.

- The establishment of the ATA /Automatic Cost of Living Readjustment/.
- The establishment of demotic Greek (with one accent only) as the official language.
- The granting of the vote for 18-year olds and immigrants.
- The abolition of multi-positions in the public sector.
- The abolition of the anti-labor Law 330 and the civil war laws.

All of these things --and other important or those of secondary importance-- are courageous measures that will play a big role in the restructuring of our society that was built some 150 years ago on conservative and retrogressive foundations.

No one maintains that the PASOK government has succeeded in all of its goals for a big Change that we all dream about. Something like that is in every aspect impossible in such a short period of time.

And no one can misjudge the thousands of difficulties that the government faces at each step both from the inside and especially from the outside.

Even in the much discussed bill that was passed last Thursday, under the well known conditions, despite objections that one may have on Article 4, there are positive aspects with regard to socialization itself in the public sector, Aspects that will appear very useful in the immediate future when the participation of the workers in the administration of enterprises will begin to take shape.

Therefore, let us not rush to voice aphorisms and oversimplifications. And let not the more progressive elements of this country become exhausted through sterile mutual accusations and through exchanges of poisonous dart throwing that benefit only the enemies of democracy.

5671

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GOVERNMENT SPOKESMAN: PASOK ORGAN MAY DIFFER FROM GOVERNMENT

Athens I KATHIMERINI in Greek 20 May 83 p 1

[Text] In an unusually hard tone for a government party newspaper and with strange allusions to the freedom of the press, the government yesterday denied a report of ELEVTEROTYPIA that "the minister of Commerce, Mr. G. Moraitis, is most probably about to be replaced." The government spokesman, Mr. S. Kostopoulos, secretary general for press, characterized the news as inaccurate and spoke about the "special" freedom that the Greek press enjoys and which goes beyond the freedom of the press enjoyed in the other European countries.

The article in the afternoon newspaper reported that the replacement of Mr. Moriatis by the governor of the National Bank, Mr. St. Panagopoulos, was as imminent as the end of May because the minister is considered to have been a failure at the Ministry of Commerce while it is thought that he was successful as Minister of Agriculture.

The statement of the governmental spokesman is as follows:

"As is known, the press in our country enjoys special freedom and writes whatever it pleases. Naturally, the degree of reliability of every newspaper is judged by the news published and its readers can decide the credibility of the information. On other occasions, the same newspaper wrote "strange" things such as that it is possible that the government is pressured by London for the farms (meaning pressure for expropriation of the Baker properties in Evvoia).

"The credibility of today's report is equal to the previous one."

Clarifications

In answer to a question as to which European countries did the "special freedom" refer, he said that they were West European countries. Also, in answer to another question, "what did he mean by the word 'special' and if there is a chance of the government curtailing this freedom," he said that he meant no such thing.

When it was pointed out to him that there were attacks against Mr. Moraitis in EXORMISI as well, he answered that the latter is the PASOK party newspaper and can have a different view from that of the government.

AVEROF REPORTEDLY ATTEMPTS TO SECURE LEADERSHIP

Reported Stefanopoulos, Mitsotakis 'Undermining'

Athens TA NEA in Greek 8 Jun 83 p 1

[Passages enclosed in slantlines printed in boldface]

[Text] /Mr. Averof is trying to deal now with the self-promotion campaign of Messrs. Stefanopoulos and Mitsotakis, which has led to a steady undermining of his own position as a leader./

That is the reason why he made a declaration to the effect that in the future he would personally approve the speeches of the deputies of his party. And, starting from June 15, a monthly schedule of speeches will be published, after being personally checked by himself.

This decision was taken in order to calm the effervescence which prevails these days in the /"New Democracy"/ for the self-promotion -without the leaders' approval - of some of the party cadres who act with the intent to fulfill personal ambitions.

The conflict exploded chiefly between the group which moves to promote the candidacy of /Mr. Stefanopoulos/ and the group which attempts to promote and support the candidacy of /Mr. Mitsotakis/.

But, aside from the "fight" between the two groups, /Mr. Averof/ himself is seriously disturbed by the activities of the two heirs-apparent who, as he claims, are undermining the unity of the party in their attempts at promotion.

His decision to deal with the skillful undermining of his position by Messrs. Mitsotakis and Stefanopoulos was made apparent by his forbidding tours and speeches of cadres and deputies of the party without his prior approval. To quell the sensation which his sudden decision caused, Mr. Averof announced yesterday that the schedule of speeches for the month would be established by the Executive Committee of the party, which will subsequently submit it to him.

Propaganda Sector Control

Athens TA NEA in Greek 9 Jun 83 p 1

[Passages enclosed in slantlines printed in boldface]

[Text] / With "his own" men now, Mr. Averof takes under his direct control both the sector of information and that of propaganda in the party./

More precisely, on his instructions a committee was formed consisting of Messrs. /Ath.Kanellopoulos, Ath. Tsaldaris, Hatzidakis, Dimas and Bokovas/ which will be in charge of giving explanations, of publishing a bulletin of information and other propaganda material.

With his establishing this committee, it becomes apparent that the leader of the "ND" attempts to neutralize every move of the heirs-apparent aiming at their promotion inside or outside the party.

After the well-known ban on deputies' speeches without his prior personal approval, it is now clear that /Mr. Averof/ is taking another step to impose harsh and total control on the activities and initiatives of his rivals within the party.

As was announced last night, tomorrow at 9 pm Mr. Averof will attend the opening of the new party office in Metaxourgeion square. Mr. Stefanopoulos has been appointed to be the speaker. In the same announcement of the "ND" it is mentioned that Mr. Mitsotakis will speak in Argos at 8 pm on Saturday and in Khalkis at 8 pm on Sunday.

12278

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PASOK REJECTS KKE ACCUSATIONS

Athens EXORMISI TIS KYRIAKIS in Greek 11-12 June 83 p 32

[Text] The official press organ of the KKE did not answer - essentially - our two commentaries of last week. The only thing it was able to do was to resort to insults and threats in a front-page article and a commentary, such as "The government (of the PASOK) believes that it will be able to trample workers..." or "It is striving to show monopolies and imperialism that it can achieve more than the Right, implement with better results the anti-worker policy it pursues on the basis of their instructions" or "It (the government) believes that the noise made by governmental ministers was sufficient to chain hundreds of thousands of workers. This is naivete and a peculiar enthusiasm on the part of the neophytes who continue the work of Lascaris and are inebriated by the praises of the EEC, the oligarchy and the International Monetary Fund..."

We gave some excerpts from the sewage of insults directed against the government, for no other reason than to show how seemly and irreproachable are those who criticize us for not respecting the "more than sixty years" struggle and the countless sacrifices of their party. But we never denied the struggle and the sacrifices of those who followed the KKE. We, and not only we, spoke and still speak of the tragic mistakes of its leaders, which led to the massacre of the popular movement and to the domination of the Right, for the consequences of which - we repeat it - we pay dearly to this day. And, of course, it would not be up to us to discuss the mistakes of another party if they did not reflect on the whole of the Greek people. As also, their being acknowledged by its own leaders would have no other value than to prevent their being repeated in opposition to current realities.

And thus the "Radical" left unanswered a whole series of statements we made - for what could it have said?

Such as:

. In the 1981 elections the KKE was not content with reinforcing its position but fought us furiously with the aim of undermining our strength and at the possible risk of the Right springing back into power.

. That it views the Socialist Change as only a step in the direction of a "Popular Democracy."

. That, in order to get there, it does not rule out any means. (What was said about an armed struggle does not come from our own imagination but from texts of the "Radical").

. That the two declarations of Mr. Florakis (one in Germany and one in the Chamber of Deputies) signify that: either you included us in the government or we demand early elections, so that you can fall from power."

. That the significant overtures of the PASOK government in foreign affairs, with the aim to protect peace, diminish tensions and achieve atomic disarmament (particularly in the Balkans) are endangered by the KKE's war of attrition (regardless of whether it is conscious or by the way), intended to lead to the PASOK's loss of power.

Those and other points we made remained unanswered. Instead the "Radical" resorted to hurling insults at us and the government. Thus the question arises: who causes a "vertical split among the fighters for change?" Who offers the Right a heaven-sent gift, as the "Radical" claims? It is certain that it is not us. One look at the press of the Right and the furious anti-governmental speeches of its leaders, who attempt to uproot everything that we are painfully striving to build, reveal the war waged against us and which, doubtlessly, would not be waged if we served the interests of imperialism and the economic oligarchy, as the KKE abjectly accuses us. It can rest assured that if it attempts, by this mudslinging war, to keep its party members in line, the opposite will happen. Because we believe that among them there are fighters who would like to forestall the need for a useless, belated self-criticism.

12278

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PASOK ANTI-AMERICAN, NEUTRAL STANCE QUESTIONED

Athens POLITIKA THEMATA in Greek 10-16 Jun 83 pp 14-15

[Text] It is with a great deal of anxiety, indeed, that public opinion in our country has, for the past 20 months, been watching the government do all it can to shake the confidence our foreign friends and allies have in Greece. And this during a period of our history when we must face numerous, complex and critical national issues related to our existence and our integrity as a nation.

And this anxiety felt by public opinion mounts instead of diminishing as time goes by, as the various rationalizations the public attempted to find for its new government during the first months it came to power have vanished now. Meanwhile, the government continues its tactics. Without making any progress in a single one of the many and critical problems with which we have to deal, without any benefit to the country's international position; on the contrary, in fact Turkey's position is further consolidated, at Greece's expense, within the wider family of nations to which Greece belongs.

Today it is impossible to convince the average Greek that Turkey's position in the Western world has not been strengthened recently at Greece's expense, as a result of the incomprehensible policy followed by the government of Mr. A. Papandreou. How can we convince our people that Turkey is not getting support when American and Turkish airplanes trespass on the FIR [Flight Information Range] of Athens and Greece has systematically stayed away recently from allied maneuvers in a zone which, from the standpoint of our interests, is considered exceptionally sensitive. When the government bends over backward to facilitate the efforts of Turkey's friends and protectors to represent it as the good and well-behaved child of the Alliance and of the Western world.

What public opinion perceives as really dangerous, but also as totally incomprehensible, is the fact that those tactics are followed on all questions in general pertaining to our foreign policy.

No one in government has ever wanted or dared to explain to astounded public opinion what concrete benefits we derived from the course we have been following, for about two years, within NATO. What did we precisely gain by appearing systematically as those who promote "rebellion" - the only ones among the 16 NATO member-nations.

What did we gain, for instance, by our systematically dissenting stance, always alone from among our other allies - once about the measures against the Polish Junta of General Jaruzelski, once about the measures against the Soviet Union, another time about the basing of medium range rockets, especially since the countries which will accept them on their soil do not appear to be as unyielding and inflexible as we are.

No one ever volunteered to say to the amazed average Greek why we are the ones to appear as the champions of a Balkan [Alliance] without rockets, when the wider Alliance to which we belong disagrees, and Turkey as well refuses to accept it. With the direct result that: the entire scheme cannot make any progress, Turkey's negative stance is seriously taken into account by the other Western allies, while our own contrary attitude is viewed, once again, as provocation or undermining.

Of course, a Balkan zone without rockets is in fact totally meaningless today. Because it cannot possibly have rockets. For, even if all Balkan countries agreed to have them, to two superpowers are in a position to render them useless. The United States, on the one hand, with the presence of the 6th fleet in the South of Greece, and the Soviet Union, on the other hand, with atomic weapons based in countries of the Warsaw Pact which are neighbors of Balkan countries. Why then all the noise? In what way does it help us as a nation to solve our problems?

The latest conference of socialist economists, which took place last week in Athens, gave the public a new cause to wonder and to worry just as much about all that the prime minister said again, proving that he is not inclined ever to give up some of his highly dangerous habits. Only a few weeks before Greece officially takes over the chairmanship of the EEC and represents in the world the interests of the European Ten, Mr. Papandreou chose this time to publicize his anti-european philosophy. To emphasize that it is decidedly undesirable to belong to the EEC, however without explaining to what extent, by leaving the EEC, he would obtain the advantages he might have had, had he not become a member of the Community.

The stunned people who heard him on television wondered: how can Mr. Papandreou expect Europeans to take us seriously, when we ourselves do not know what we want? Because, if it is against our interests to remain in the EEC, why do we not leave it? As a matter of fact quickly, so as not to suffer, as we are told by Mr. Papandreou. No wonder our other European associates recommend that the chairmanship of the Community is never entrusted to us, or that a "troika" be appointed to keep us under a close-watch and tutelage for the duration of the chairmanship. Already a specific "troika", with the participation of West Germany and Denmark in the chairmanship, is promoted. And a logical question: where could we have obtained the funds the EEC offers us today to finance agriculture or various peripheral programs?

But that was not the only issue that disturbed public opinion. Mr. Papandreou also said other things on television two days ago.

He called the gathering of the 9 Western leaders in Williamsburg, Virginia, a "wolf-pack". Why? What did he stand to gain by such a characterization, when among them there are leaders to whom, yesterday as well as tomorrow, he will address himself to ask for help and understanding in order to solve national problems? How can those whom he calls today a "pack of wolves" take him then seriously?

But this time, however, Mr. Papandreou must have been in really top form - he did not even spare his friend and political ally, the French Socialist President Francois Mitterand; whom he characterized with the same ease with which he called the others "a pack of wolves", as no more nor less than "incompetent."

Since "he was unable to pass any of the socialist positions which had been agreed upon a few days before in Paris."

What should one admire most: the artlessness, the candor, the improvidence?

Would that these were the only occasions on which public opinion felt worry lately! A few weeks ago, while negotiations were in progress about American bases remaining in Greece, the government encouraged a demonstration against the bases. And with such a tactic, it conveyed the impression that as a government it wishes the bases to remain because, for one reason or another, they serve our national interests but that as a party it does not want them. And that is why it protests against the bases and against its own government...

Did such tactics, in fact, benefit the government? Did the Greek negotiating position improve in any way? On which of the two demonstrations should the Americans judge us to be more serious? When we negotiate around a table where discussions take place or when we yell for them to pack up and go? Simple, logical questions which, however, no official agreed to answer.

It is no secret that in diplomacy, as in politics, an error has to be paid for, sooner or later. As for the error itself, there is always the possibility to correct it or to limit its negative consequences. When, however, one systematically repeats the same error, the damage is incalculable. And only time can show this. But by then it is too late for amends or maneuvers. One becomes the victim of one's own errors.

12278

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POLITICAL

GREECE

BRIEFS

NO POLISH FIREFIGHTING AIRCRAFT--You will remember, of course, the impressive and mellifluous eight columns in PASOK newspapers about the purchase of the.. century that related to the acquisition of firefighting aircraft from Poland. The newspapers of PASOK and other forces were more or less ecstatic because with the Jaruzelski creations we would solve the problem of fires. And suddenly a pro-government publication TAKHYDROMOS came out with a small three-line cut and dry piece of information: "The purchase of firefighting aircraft from Poland has been cancelled and Canadian ones are now scheduled to be bought. /Text/ /Athens I VRADYNI in Greek 6 Jun 83 p 3/ 5671

CSO: 3521/346

MANY IN CONSERVATIVE PARTY SAID TO DOUBT STRAY'S ABILITY

Oslo DAGBLADET in Norwegian 1 Jun 83 p 7

[Commentary by Jahn Otto Johansen: "The Other Sverre Stray"]

[Text] When Kare Willoch and Jo Benkow try so hard to retain Sverre Stray as foreign minister in a coalition government, it is not because they believe he is the best foreign minister that Norway has had since World War II. Both the prime minister and the party chairman are sadly aware that Stray comes in relatively far down on the ranking list.

When we here in the newspaper criticized the choice of Sverre Stray as foreign minister, that was mostly based on skepticism from his fellow party members. Stray has not done much to change the image of himself as rather vague and confused in foreign affairs and as head of his ministry. Time after time in statements and hearings he has confirmed that impression. As one of his close political friends expresses it: Stray is his own worst enemy! But at the same time he adds that his sense of humor and calmness make it difficult not to like him.

Background

That Prime Minister Willoch and party chairman Benkow are so busy keeping Sverre Stray as foreign minister is due, however, to other values. We must go back to the reasons for Stray first being appointed foreign minister when the Conservatives formed their minority government. The rationale of both Benkow and Willoch--apart from Stray's own wishes--was that his solid parliamentary background and general political knowledge would be good to have in the government. Although we do not have that formal title in Norway, the thought was that Sverre Stray would be a sort of vice prime minister. Both Kare Willoch and Jo Benkow had worked with Stray for a number of years, and they had learned to value him as a solid team player, a good man to play ball with.

Neither the prime minister nor the party chairman have been disappointed in Sven Stray's input to the government as the de facto vice prime minister. Of course one can meet Conservatives who say that Stray "should have been vice prime minister, but became vice foreign minister." That is a reference to his relationship with permanent secretary Eivinn Berg, who holds a strong and very PR-exposed position in the Foreign Ministry. However that does not change the total impression that Stray has functioned better in the government as a political generalist than on the outside as foreign affairs politician.

Change

It has been alleged that it is necessary to retain Stray to assure security policy continuity. That can also be done very well without Stray in that position. If, for example, the foreign minister post should go to the chairman of the Center Party, Johan J. Jakobsen, that would not change one iota of the main security policy line, even though the style would be somewhat different. Jakobsen should have no problems with occupying that position in an acceptable manner.

On the other hand one thing seems entirely clear: Kare Kristiansen is not acceptable as foreign minister. That is due to his strong personal Middle East commitment, but not only that. Many leading Conservatives believe that the parliamentary leader of the Christian People's Party is generally too emotionally inclined for foreign and security policy. Neither Prime Minister Willoch nor party chairman Benkow have concealed their belief that Kare Kristiansen is entirely unacceptable as Norway's foreign minister.

9287

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POLL MEASURES VOTER LOYALTY TO POLITICAL PARTIES

Oslo AFTENPOSTEN in Norwegian 7 Jun 83 p 5

[Article by Thorleif Andreassen: "Christian People's Party Voters Most Stable"]

[Text] There is a relatively large floating mass of voters in Norway. Twenty percent of those who went to the ballot boxes in 1981 are unsure of which party they would give their votes to if the next Storting election were tomorrow. Sixty-four percent have already decided they will vote the same as the last time. Party loyalty increases with the age of the voters. Only 39 percent of the voters under 30 voted the same as in 1981, while 82 percent over 60 are loyal to their party. The Christian People's Party [KRF] has the most stable voting mass. Liberals have the most unstable.

This voter survey came from a poll that the Norwegian Opinion Institute [NOI] conducted for AFTENPOSTEN. It tells that the Labor Party could have counted on 81 percent of those who voted for that party in 1981 to do it again if a Storting election were held tomorrow. For the Conservative Party and the Center Party the figures are 79 percent, Christian People's Party 86 percent, Socialist Left Party 72 percent, Progressive Party 70 percent, while the Liberal Party must prepare to lose half of those who voted for the party at the last election. Only 49 percent of those voters say that they will vote for the Liberal Party again.

The Liberal Party is clearly on top when it comes to voters who today are sure that they will vote differently than the last time. Twenty-one percent of those who voted for the Liberal Party have decided to vote for another party. Then comes the Progressive Party with six percent, Conservatives with five percent, Christian People's Party three percent, while the Labor Party will lose two percent of those who voted for the party at the last Storting election.

Also among the voters who perhaps will vote differently than the last time, the Liberal Party is on the unenviable top with 23 percent. For the other

parties the situation is as follows: Socialist Left 22 percent, Center 14 percent, Progressive 11 percent, Labor 10 percent, Conservatives 10 percent and Christian People's Party 5 percent.

The list is quite a bit shorter for those who would not go to the ballot box if the Storting election were held tomorrow. Here only three parties are mentioned, namely the Labor Party which would lose one percent of those who voted for the party the last time, the Center Party two percent, while one percent of the Socialist Left voters would stay home on election day.

Uncertainty about choice of party is clearly greatest among those who voted for the Progressive Party in 1981. Fourteen percent of these voters are uncertain. As far as the other parties are concerned the percentage of those uncertain was as follows: Conservative Party, Christian People's Party and Liberal Party seven, Labor Party six and Center Party and Socialist Left Party five.

There is about the same opinion among men and women on this question. Sixty-three percent of the women would vote for the same party as the last time, 65 percent of the men would do it.

The NOI poll also tells about voter opinion among the union members and the nonunion members. Of those organized by LO [Federation of Trade Unions] 72 percent would vote the same as the last time, 9 percent would vote for another party, 3 percent have decided to vote differently than in 1981, 2 percent are not going to vote, while 15 percent are uncertain about their choice of a party.

For members of other unions than LO, 65 percent will remain with their old party, 15 percent will choose another, 6 percent have decided not to vote the same as the last time, and 14 percent are uncertain about their choice of a party.

9287

CSO: 3639/125

LOCAL LABOR PARTY OFFICIALS DISSATISFIED WITH BRUNDTLAND

Oslo DAGBLADET in Norwegian 2 Jun 83 p 7

[Article by Pal T. Jorgensen: "No to Gro on TV"]

[Text] "Can't anyone besides Gro Harlem Brundtland appear on radio and TV on behalf of the Labor Party?"

That question was raised by a county secretary in the Labor Party [AP] at a party secretary meeting. The cause was that a growing number of party members believe that Gro Harlem Brundtland's temperamental diatribes on the TV screen are destructive for the party. Among the AP sergeants there is now grumbling and dissatisfaction with the party leadership.

It was in the beginning of May that a county secretary asked if the party chairperson could not stop allowing herself to be interviewed on TV. Present at the meeting were the leadership of the central party office plus other district secretaries from the county.

Damage

The secretary who asked the question believed that Bruntland's often rather quick-tempered manner on the airwaves damaged more than it contributed to the party. He especially mentioned a press conference about AP's budget proposal where TV reporter Bjorn Hansen got the AP chairman to explode before the TV camera.

Only one of the county secretaries brought up this problem, but sources who were present at the meeting told DAGBLADET that several of the secretaries had the same opinion of Gro's TV appearances.

Gro Irritated

The sergeants' "TV agitation" came as a complete surprise to Gro Harlem Brundtland. She was also clearly irritated that the question was raised. Her answer was that she saw it as one of the jobs of the party chairperson

to represent the party on the mass media. If the Labor Party's central organization did not want her on the TV screen, she must accept that and withdraw as party chairperson.

Brundtland also said that she also from time to time had been dissatisfied with the results of the TV interviews. But she could not allow earlier appearances to frighten her away from appearing again. If she should slink away in shame she would not be worthy of continuing as chairperson of AP, said Brundtland.

Increasingly Dissatisfied

The atmosphere at the secretary meeting showed signs of a steadily increasing grumbling against the party's leadership. Dissatisfaction with the AP leadership is growing throughout the party organization, central sources claimed to DAGBLADET.

The reason is the poor support for the party in the opinion polls and the lack of political initiative from the party leadership--especially in the Storting. Since the congress in April the AP has not had a single political initiative which has had a positive reaction in the mass media. This passivity has made the sergeants in the AP react, and their dissatisfaction is directed against the party leadership.

Cleaning Up

According to well-informed sources the criticism against Gro Harlem Brundtland is now coming mostly from those who fought for her to get the top party position in 1981. This year's municipal and county elections are going to be a test for the party leadership.

"If the party has a worse election this time than the last Storting election, it is time for an internal 'cleaning up'," said one party spokesman to DAGBLADET.

The feeling against Gro Harlem Brundtland was no better yesterday when she traveled to the United States on a 3-day visit. That she, who is also the party's parliamentary leader in the Storting, finds it appropriate to leave the country in the midst of the current situation, will not be received especially well.

Gro Did Not Invite Reiulf

Gro Harlem Brundtland still wants to keep AP's former party chairman "out in the cold." At a reception which AP arranged for Willy Brandt recently, all the top persons of the AP were there. Brandt's old friend Reiulf Steen, however, was not invited.

Willy Brandt was in Oslo 2 weeks ago to present his new book which has been translated to Norwegian. In that connection AP had a reception for Brandt. Obviously all the party leadership was there.

Gro Harlem Brundtland, however, had not found it appropriate to invite Brandt's friend of many years, Reiulf Steen. Many found that strange, especially because Brandt is president of the Socialist International, in which Steen is vice president.

But Willy Brandt and Reiulf Steen had a meeting. The West German party chairman wanted a conversation with Steen. Therefore he invited the former AP chairman to breakfast the day after the reception.

9287

CSO: 3639/125

BRUNDTLAND UNPOPULAR WITH NONUNION VOTERS

Oslo AFTENPOSTEN in Norwegian 4 Jun 83 p 3

[Article by Knut Falchenberg: "Spread Over Labor Party Leader"]

[Text] Seven of ten Labor Party voters say they consider Gro Harlem Brundtland a good leader for the party. Among the people in general, skepticism is more widespread. Half of those asked believe that Brundtland makes a rather poor leader figure, according to a poll conducted by the Norwegian Opinion Institute [NOI] for AFTENPOSTEN.

It is among women that Gro Harlem Brundtland wins the most sympathy. While 49 percent of the women asked thought that Brundtland is a good leader, only 39 percent of the men thought so. The don't know group constituted 7 and 8 percent respectively.

The question asked by NOI/AFTENPOSTEN was, "Do you believe that Gro Harlem Brundtland is a good or a poor leader for the Labor Party?"

For many it will be most interesting to see how the party leader stands with her own followers. Among those asked who said they were Labor Party sympathizers, 71 percent say that she is good, 24 percent say that she is a poor leader, while 5 percent sit on the fence on that question.

Among those whose sympathies are with other parties, she scores less the more one moves to the right on the political spectrum. That can indicate that individuals do not judge Brundtland's strengths and weaknesses as the leader of the party as much as they judge the party's policies. Those who do not like the policies often seem to believe that the party's leader is a poor figure. The percentages are divided as follows:

	<u>Labor</u>	<u>Liberal</u>	<u>Soc.Left</u>	<u>Center</u>	<u>Chr.Peop.</u>	<u>Conser.</u>	<u>Progress.</u>
Good	71	51	41	33	28	23	23
Poor	24	42	49	56	67	70	73
Don't know	5	7	11	11	6	7	5

While age does not seem to play a part when NOI asks if she is a good or a poor leader of the party, there are marked differences in opinions according to where one lives. In the large cities 36 percent believe that she is good, in closely built areas the percentage increases to 40, while in sparsely built areas 53 percent believe that she is good for the party.

Also here the don't know group is 7 or 8 percent. She scores the lowest in Oslo and Akershus, and highest in Trondelag and north Norway. She also gets more good words from those with low income than from those with higher income, and the well educated are more reserved than people with only grade school or junior high school education.

Looking at the connection to the unions, the NOI poll shows that 50 percent of LO [Federation of Trade Unions] members believe that she is good, 39 percent poor and 11 percent don't know. Members of other union organizations are more reluctant with their praise, actually more reluctant than nonunion members.

Of union members outside of LO, 39 percent believe Gro Harlem Brundtland is good, 56 percent say poor and 5 percent don't know. For nonunion members the figures are 43 percent good, 49 percent poor and 8 percent don't know.

9287

CSO: 3639/125

FOREIGN MINISTER STRAY SAID TO BE POPULAR WITH WILLOCH, NATO

Oslo AFTENPOSTEN in Norwegian 12 Jun 83 p 5

[Commentary by Egil Hegge: "Stray Is Also Strong Abroad"]

[Text] With the treatment that Foreign Minister Sven Stray has received in many Norwegian newspaper, mostly in parts of the capital press, many are having difficulty understanding why Prime Minister Kare Willoch tried so hard to retain him in the new majority government. The foreign minister has not always come forth with the most crystal-clear and well-formed statements when he has stood before a microphone.

In foreign governments and in diplomatic circles, and within the government, Stray has, however, a standing which made it difficult for Willoch to reconcile himself to Stray's departure. In addition it was pertinent for the prime minister that a change in foreign ministers now, at a time of difficulties in the security policy situation, in the worst case could be regarded as a hint of a change of course--regardless of how incorrect such an impression probably would have been with, for example, Johan J. Jakobsen as the new foreign minister.

The tactic which Willoch chose brought about the result which he wanted: If the Conservatives must sacrifice the foreign minister post, the Christian People's Party would pay for it by getting only three ministries, against four otherwise. And since Kare Kristiansen (Christian People's Party) was a weaker candidate for the foreign minister post than Jakobsen, the Christian People's Party would therefore renounce one cabinet post so that a Center Party man could get the position that Kristiansen wanted. That is called cooperation, but the Christian People's Party said no thanks to that horse trade.

What gave Sverre Stray an entirely different reputation among foreign diplomats than among many Norwegian journalists was his involvement with three complicated issues:

- The Sakharov affair,
- The Siberian gas pipeline and the American boycott,
- Relationship between the United States and its West European allies.

According to what AFTENPOSTEN has reason to believe, the handling of the delicate Sakharov affair commanded special respect. In the first place it involved the careful discretion that the question has been surrounded with in the contacts which have been cultivated with Andrey Sakharov's family. In the second place it is also emphasized in the tone of the letter which Stray wrote to Foreign Minister Andrey Gromyko on 10 March, and which he announced during the Storting's question period on 18 May. It was very important that the letter not have the character of demonstration politics. At the same time it had to be evident that this was an important question for Norway, and mostly that exit permission for Sakharov would contribute to reducing international tensions.

Gas Pipeline

When President Reagan in June of last year declared the prohibition against the export of equipment for the Soviet pipeline to West Europe, he was met with sharp criticism from West European governments, including the conservative prime minister in Great Britain, Margaret Thatcher. The first attempt to settle the conflict was made during the NATO foreign ministers meeting at La Sapiniere in Canada on 2-3 October 1982. During these conversations, which happened at a remote place far from journalists, Stray played an important role--some say the main role--in the work of finding a formula which led to the American decision being revised in late fall of the same year. It was also here that the conservative Norwegian foreign minister strongly emphasized that the West can not force the Soviet Union to change its attitude on basic questions by economic, or for that matter political, sanctions. He further said that a policy that is too uncompromising could give the NATO countries a bad reputation, without results vis-a-vis East Europe.

It was also at La Sapiniere that the foreign minister notified his American colleague George Schultz that Norway could not, for a long time, extract enough gas from its fields to be an alternative to Soviet gas deliveries.

Among the statements that Stray has been criticized for are his repeated assurances that the problems between the United States and West Europe are less serious than the mass media would like to make them. His optimism here reflects his efforts behind the scenes to prevent efforts to force unity where circumstances are not suitable for that.

Foreign diplomats also mention the role Stray played during the Falklands crisis last year, when he recommended several changes in the decision on EC sanctions against Argentina. That is an issue where he has not entirely made his contribution with the same discretion as the others--probably because it appealed to his sense of humor that a country outside the EC must have three more support grants in such a situation. What he especially emphasized here was that Argentina always had the possibility of retreating from its position, meaning that the country could comply with the requests from the UN Security Council for withdrawal of its forces from the Falkland Islands.

Among Norwegian diplomats one finds the most conflicting impressions of Sven Stray's handling of the foreign minister job. The critics maintain that he prepares himself poorly for things which do not interest him, and that he often expresses himself with little precision. That includes, among other things, a number of questions which deal with the third world. Those who praise him emphasize what he has done behind the scenes in the alliance. That is also what seems to have strengthened his position with Prime Minister Willoch in the first place. But the basis of their relationship is long cooperation dating back to the 1940's.

The foreign minister gave a strong impression of unconcern when government negotiations were taking place last week. When he changed his plans to travel directly from the UNCTAD meeting in Belgrade to the NATO meeting in Paris--in order to participate in Wednesday's extraordinary cabinet meeting with new minister nominees--he did not know whether he would be the foreign minister in Paris or the Storting representative from Lovebakken at the end of this week.

"I must go home to Oslo to learn if the paycheck will continue to come to the bank," he remarked dryly.

And it will.

9287

CSO: 3639/125

COMMENTS ON EANES' LONG-TERM PLANS FOR GOVERNMENT

Eanes Activities Seen Suspicious

Lisbon O DIABO in Portuguese 24 May 83 p 2

[Commentary by Jose Miguel Judice]

[Excerpts] Regardless of its terms, agreement between the PS [Socialist Party] and the PSD [Social Democratic Party] delegations appears imminent, and there is no reason to think that it will not be approved by the appropriate bodies in the two parties.

We are therefore in the period of negotiations for forming a government, a period in which even the opposition--including the PCP--is behaving cautiously. The country wants a government to be formed, and no excessive benefits will be gained politically by wasting energy on attacks out of season.

But that is not the prevailing feeling in Belem Palace. What is by now a long tradition of restraint in the matter of statements and interviews might lead one to expect that during this period, the president of the republic would choose a discreet silence of expectancy at the least, but that is not what is happening. On the contrary, an inflation of statements, interviews, and even initiatives by the president and his allies is occurring as though it were the beginning of a new cycle. Nothing happens by chance. And it is not by chance that Ramalho Eanes is deciding to act in this way during these days. This makes it possible to confirm an interesting set of circumstances and helps to foresee future developments.

Two Theories About Eanes

Regardless of their ideological stance and even their manner of viewing the issue, Portuguese who are interested in politics are divided into two major groups on the subject of "Eanism." On the one hand, there are those who feel that General Eanes is a more or less naive and more or less idealistic democrat who is only trying to bring his term of office to a good conclusion by ensuring a phase of transition toward a political system in which political freedoms will be established beyond dispute and not be in peril--one in which the influence of the military institutions will not be felt in the area of political power. For those people--whether they like it or not--General Eanes corresponds to the

mythical image of the philosopher-king of the 18th century: the agent of a historical process which he is accelerating in a voluntaristic manner. He is a military man bringing the cycle of military intervention to a close.

On the other hand, there are those who feel that Ramalho Eanes has a less formal conception of his role. Not that he is an autocrat or a politician with a conscious dictatorial appetite, but that he is someone who considers that the conditions are not right for "genuine" democracy and that factors external to pure interparty political struggle must compensate for that fact and regulate and control it. This is a way of saying that General Eanes regards himself as a factor for offsetting the dangers of political democracy in a society lacking the objective conditions which make such democracy viable and which, when you get right down to it, are very similar to those put forward--although with varying intentions--by the advocates of some system of people's democracy. For those who feel that way--whether they want it to be that way or not--General Eanes corresponds to the historical concretization of the mythical image of a sovereign demanding a legitimacy of his own alongside that expressed by democratic means. It is a concept of the "people's king" who corrects the injustices of freedom.

The two standard positions summarized above are obviously subject to several variations, but that does not invalidate the fact that they are always distinct from each other. Supporters of the first theory say that attacking Ramalho Eanes may make the second hypothesis a reality against his own will. Supporters of the second theory feel that there is a more or less coherent Eanist strategy that can only be thwarted or restrained if all the objective signs of it are denounced without fear or resignation.

It is no secret from anyone that I support the second interpretation, and because of my stand, I have been among those in Portuguese society who have most strongly and steadily attacked Ramalho Eanes politically. It is my opinion that the way in which Eanes' political behavior is developing constantly proves that my interpretation is well founded and constitutes the only coherent explanation of that development. I feel that the latest developments serve to prove that very thing once again.

President Dislikes Majority Governments

In the first place, the simple fact that Ramalho Eanes has chosen not to keep quiet in this period when a government is being formed is an objective indication that my interpretation is correct. In fact, it seems visible to any observer that the agreement between the PS and the PSD to form a government is not a solution that will be easily accepted within those two parties. It is not a solution facilitated by the country's economic and financial situation, and its specific features make it appear to public opinion as a last solution following previous attempts.

A philosopher-president interested only in ensuring the viability of stable democratic solutions should at this point be playing a role aimed at facilitating rapid and coherent agreement. Or at the least, one would expect him to avoid

any action that might discourage going through with it and take away the motivation for doing so. It is also no secret that within the political parties concerned, there are those who--whether through innocence, opportunism, stupidity, or bad faith--want to prepare for the "Eanism" they regard as inevitable or desirable or who want to do everything possible to avoid showing hostility toward Eanes and being removed from the presidential circle. The statements that are being made therefore reflect a real attempt to undermine the conditions for success with the formula in question.

And if that is shown by the very fact that such statements are being made, it is demonstrated even more fully by their pattern and content. Actually, the main thesis that emerges from those statements in all their minor variations is that General Eanes, from his high position and made stronger by the political strength he enjoys, does not consider the current parties capable of solving Portuguese problems, does not feel that his historic role should end with his second term of office, and does not agree that he bears responsibility for the current Portuguese political situation, but rather adopts Sirius' point of view and makes criticisms that presuppose a conception of irresponsibility that does not fit in with the constitutional functions he had prior to the constitutional revision or even those he has now.

With those statements, therefore, General Eanes wants to make it clear now that he does not believe in the future government or in any other government that might emerge from the current party spectrum, that he is not going to do anything to help make its actions effective, and that, on the contrary, he is clearly bent on replacing it as soon as the conditions are right.

By this I do not mean to say that Ramalho Eanes the politician does not have every right to act in this way. I am only censuring the political hypocrisy, lack of political courage, and objective hypocrisy of someone who limits himself to facile acts of abrasion and contention when he himself has done nothing to prevent the problems he is complaining about, but instead has helped to make them worse. It is no accident that on the day following the formation of the AD [Democratic Alliance], Ramalho Eanes said that he would have supported an agreement by the PS with the PSD, and that now, on the contrary--with that agreement in sight--he is unequivocally expressing his opposition and aloofness. This leads one to conclude that what Ramalho Eanes wants to prevent above all are solutions providing a parliamentary majority and that he is only interested in getting ready to continue capitalizing on the natural problems of the successive coalitions.

MAD

That this is so also appears from the fact that the Movement for Deeper Democracy [MAD] was established just recently.

The interesting thing is that looming up to head the project is engineer Maria de Lurdes Pintasilgo, who is not only a presidential adviser but a person whom Ramalho Eanes has been appointing to represent him at politically important public ceremonies.

What this means--and it is impossible to imagine what else it could mean--is that General Eanes is objectively sponsoring MAD, since he is allowing his adviser to head it. In politics, there are no subterfuges that can conceal the evidence. And it is evident that MAD aims at being the leftwing of the Eanist plan, since it brings together men ranging from the "anti-Soares" socialist zone to the extreme left represented by Otelo. And that leftwing of "Eanism"--the first wing to move forward--is arising with the objective complicity of General Ramalho Eanes, who is thus deciding to take a step forward in his strategy.

The next steps are obvious. For one thing, Ramalho Eanes is going to try indirectly to strengthen those within the PS and the PSD who oppose the solution for government that is being sought and who are his allies. For another, he is going to try to act in any way he can within the CDS [Social Democratic Center Party]. He will also continue to pay attention to his relations with the PCP--to which, it should not be forgotten, he owes practically all the "legwork" in his presidential campaign--and to undermine government action as much as possible. He will try to solidify relations with union organizations and some sectors among the employers. He will allow the establishment of other structures similar to MAD in other areas, and he will topple the government before the campaigning starts for the presidential elections of 1985.

The strategy is clear, and Eanes has trump cards that cannot be overlooked. He is determined, and public opinion is not yet sufficiently enlightened. He may win. But if he does, it will not be the fault of those who saw through him early. There will remain that consolation, and it will form the basis for the ensuing struggle. But the chickens have not yet hatched--quite the contrary. For Ramalho Eanes, the hardest part is just beginning. As will be seen.

'Two-Government' Thesis

Lisbon EXPRESSO in Portuguese 21 May 83 p 3

[Commentary by Jose Antonio Saraiva]

[Text] Mario Soares this week repeated what he had said a few weeks earlier: if his party's negotiations with the PSD fail, there will have to be new elections.

I don't know what basis Soares has for making that statement.

The reason is that in principle, it is not up to a party leader--even the leader of the party with the most votes--to decide when and in what circumstances elections will be held.

The only thing Soares is entitled to do at the moment is say whether or not he will agree to form a government.

If the Socialist leader refuses, the scheduling of elections is naturally up to the president of the republic.

But is it likely that General Ramalho Eanes will be inclined to adopt that solution?

In my opinion, it is not certain.

First of all, because the president, like everyone else, knows that if new elections were held, the PS would probably not win an absolute majority, and everything would continue as before.

Second, because the absence of an agreement between the parties to form a government would create a situation identical to the one that occurred in 1978, and on that occasion, the president chose not to hold elections but to form a government on his own initiative.

Third, because everything about the president of the republic's conduct in recent weeks points more strongly toward that possibility than toward the solution advocated by the secretary general of the PS, for example:

1. The three interviews granted by Eanes to foreign reporters.
2. The excitement noted in circles and among people close to the Presidency.
3. The conspicuous way in which the president is "showing off" (at a time when it would be natural on his part to remain reserved so as not to disturb the negotiations between the parties).

All of that seems to mean that Ramalho Eanes' chief concern at present is not to make the PS-PSD agreement on forming a government viable but to put together an alternative to that government in case the agreement fails.

In other words, the impression one receives is that what is in the making at this moment is not one government, but two.

One is the government being negotiated between Soares and Mota Pinto.

The other is a government being put together by the president of the republic.

This latter government, which either exists only as a plan in the president's head or is already mapped out with ministries and portfolios already assigned, will always be useful.

It will be useful if the PS-PSD negotiations fail and the "center bloc" collapses, because it could take office immediately.

It will be useful if the PS-PSD negotiations succeed and the "center bloc" is formed, because it will be an alternative (even better, the only alternative) to the center bloc.

It is appropriate at the moment to recall an event which received little attention when it occurred but which foreshadowed what is happening and probably

what is going to happen. I am referring to the breakfast given by Ramalho Eanes at the Cascais Citadel for the "social partners."

At that breakfast--held, it should be noted, at a time when the Socialist Party was already preparing to be the government and talking about the need for a pact between the unions and the employers' associations--the president did what the PS and the PSD have not--at least so far--succeeded in doing: he got the top leaders of the CIP [Portuguese Industry Confederation] and Intersindical to sit down at the same table.

Opinion Disclaimed

Lisbon EXPRESSO in Portuguese 14 May 83 p 8

[Editorial: "EXPRESSO's Political Position"]

[Excerpts] EXPRESSO is a news undertaking that tries to move constantly forward. It is not a political undertaking, and because of that, it does not, as a matter of principle, attack ideologies or systems. It is not a party organization or a religious organization. It is, as we said from the beginning, independent of the political powers and the economic powers, whoever they might be.

We have said all this and hammered away at it throughout our 10 years of existence, and we have been trying to bring practice into even greater harmony with the theory we uphold. At this time, however, considering that a few changes have been introduced, it is necessary to supplement last week's word with another word concerning issues of opinion.

We are not, in fact, a newspaper of opinion.

Reporting the opinions of others as completely as possible also falls within the scope of information, which for us is never prefabricated.

Since last week, however, the reader has found in our first section a column of political opinion signed by Jose Antonio Saraiva (and that, incidentally, is not something new), as well as a commentary on international affairs by Martins Lopes, a point of view on the economic situation written by Fernando Ulrich, and a sports commentary signed by Carlos Matos. Those columns will continue to appear from now on.

Given the continuing presence of those columns, there are those who may be led to think or suggest that they represent EXPRESSO's official opinion. Not at all. They represent only the opinions of their authors--authors who, because of their training, seriousness, competence, and impartiality, have been selected by EXPRESSO to tell our readers what they think about specific subjects as chosen by them. They state their opinions in absolute freedom, as is true, for that matter, of everyone who expresses an opinion in this weekly newspaper. But EXPRESSO is not officially bound by those opinions. It is not right, therefore, to say or suggest that EXPRESSO supports the center bloc, the leftist majority, the PSOE [Spanish Socialist Workers Party] in Spain, or Eriksson's tactics

merely because our commentators do. Being the newspaper that it is, EXPRESSO waits to see how the blocs behave or what the tactics are and then explains to its readers in black and white what is happening, thus enabling its readers to form their own opinions.

11798

CSO: 3542/138

PUJOL SEEKS CATALONIAN RAPPROCHEMENT WITH REST OF NATION

Madrid YA in Spanish 25 May 83 p 3

[Article by Maria Luisa Garcia-Franco]

[Text] Jordi Pujol, president of the Generalidad [Catalonian Legislative Assembly] was in Madrid yesterday for the inauguration of the exposition "Catalonia in Modern Spain (1714-1983)." This is a cultural event of great political significance since the Catalonian Government is seeking to increase knowledge of the true situation of this autonomous community in order to facilitate a dialogue with government institutions and to prevent unfavorable reactions in the other regions. Thus it is an attempt to bring Catalonia closer to Spain as a whole without renouncing any of its autonomy. On the contrary, yesterday during a lunch which was attended by their respective wives and which had no concrete political purpose Pujol expressed to Felipe Gonzalez his disagreement with the "underlying philosophy" of the government's autonomy concept, "which is not in harmony with the true Catalonian situation."

We interviewed Pujol at the Palace shortly before he went to the inauguration of the exposition organized by the Generalidad. He endeavored at all times to maintain a public relations image and attempted to evade political questions such as his assessment of the improved electoral performance of the PSOE [Spanish Socialist Workers Party] in Catalonia and the possible influence this may have on relations between the central government and the Generalidad as well as within the framework of Catalonian politics, or the question as to whether the Convergencia i Unio federation would support him in Miguel Roca's reformist operation.

We Support the Roca Operation

As to this, he said, "We feel there is missing in Spanish politics a force between the popular coalition and the PSOE, with a political platform more to the center and conception of autonomy more in harmony with what it seemed it would be in the years 1977 and 1978 before the autonomy question became more complicated." He added that the CD [Democratic Convergence] believes that the political situation in Spain is not good and so he supports "the phase of exploration of possibilities initiated by 'Operation Roca'" but that his party has never considered the possibility of dissolving.

As to relationships with the government, he said that Generalidad always has attempted to maintain a policy of collaboration with all the governments which have been in power and that at present both the Generalidad and the Felipe Gonzalez administration are trying to maintain good relations, but it is evident that there are points of disagreement and matters in stalemate such as the subject of the transfer of funds. He said that he was not bringing a list of demands to be presented to Felipe Gonzalez, the head of the government, but that the matters to be discussed would be the usual ones, foremost among which are the estimates and their conversion into budgets and the concern over Madrid's delay in approving the third channel for Catalonia. He said that the lunch was "cordial" and that there would be plenty of time to talk about those subjects because Pujol believes that whenever he requests an interview with the head of the government it will be granted.

Concerning relations with the Catalanian socialists, he said that although there have been serious political confrontations, there is willingness to conduct a dialogue. As evidence of this, Pujol mentioned the Catalanian delegations, in the management of which all the represented political parties will participate, including socialists, communists and members of the Alliance. He also pointed out that the PSOE and Convergencia i Unio have voted for each other in some towns and in others did the contrary, depending on the local context.

Yesterday's visit was primarily to smooth out relations between Catalonia and Madrid. Pujol believes that the autonomous community over whose government he presides is not well accepted in the rest of Spain. He said that this is due to ignorance of Catalonia's importance for the nation as a whole and ignorance of Catalonia's special situation which is "a process which has been going on for the last 300 years and is not the result of any political circumstance nor is it aimed at offending anyone." The president of the Generalidad believes that it will be difficult to work together from a political point of view without an understanding of Catalonia, which desires "fraternal collaboration with the rest of Spain."

9204

CSO: 3548/429

ECONOMY DEBATE BETWEEN PALME, OPPONENTS DISAPPOINTS PAPER

Stockholm DAGENS NYHETER in Swedish 3 Jun 83 p 2

[Editorial by Nils-Eric Sandberg: "Day of Incompatibility"]

[Text] Thursday was not a bright and sunny day. Parliament was discussing Sweden's economy and the various parties' formulas for dealing with the crisis, and its session lasted until late in the evening. It had been a long day's debate by nightfall.

Seconded by the Social Democrats on the committees--who are intellectually very adaptable people--Kjell-Olof Feldt was defending the economic strategy he had outlined in the revised budget proposal. It was an easy task as long as the debate centered on the policy's goals, because they are sensible to the point of obviousness: industry's competitiveness must be strengthened, inflation must be reduced, investment must be increased, and the bottlenecks in the markets for labor and capital must be eliminated.

But that insight into what is necessary economically was not allowed to guide practical policy. The budget deficit must be reduced, says Feldt. In the first budget from his hands, the deficit is rising by about 10 billion kronor in the national budget and by the same amount in the public sector. Government spending is rising by 50 billion kronor.

Inflation must be reduced so that the gain from devaluation will remain, says Feldt. But inflationary pressures on the economy are a consequence of the growth in spending and the budget deficit.

The goal in the economic policy will be to force the inflation rate down to 4 percent next year. But inflation is determined less by words in the budget proposal than by changes in costs and the amount of money in circulation--allowing for a lag of a couple of years. And the volume of money is determined to a large extent by how the National Debt Office finances the budget deficit. Over the past year, a larger percentage was financed with short-term government notes payable in from 6 to 18 months. Most of them were purchased by the firms. If the business situation changes and the firms need to invest, they will cash those government notes, and the result will then be a sharp rise in liquidity.

The combination of budget deficits totaling between 90 and 100 billion kronor and a 4-percent inflation rate requires a clampdown on liquidity or a high

interest rate, and that will probably bring any investment by industry to a standstill.

The government's strategy for achieving balance in the economy requires that the deficit be sharply reduced. But the budget proposal does not mention even an attempt to effect savings beyond those within the margin of miscalculation. Among the opposition parties, it was the Conservatives who wanted to save the most. Their proposal was certainly modest in terms of the deficit. But they were rejected, without analysis and without any reservations, by both Feldt and Palme as reflecting "brutal rightwing policy" and so on.

The Social Democrats naturally realize that we cannot continue to have an automatically rising budget deficit. But they won the election with furious polemics against any suggestion of cutting back on government spending. Their polemics indirectly became a promise of continued free spending that is now putting a straitjacket on the economic policy. A party that has systematized the double standard can certainly break many promises, but only one at a time. That process can take a long time.

The Conservatives say in their dissenting opinion that "Sweden's economic problems are an expression of the structural crisis in the Social Democratic model." That may be half true, but not more so: the difficulties are also due in large part to the fact that industry's structure made it extremely vulnerable to the price changes and cyclical swings of the 1970's.

Olof Palme, who does not understand anything about economic relationships, said first that today's problems are due to the international crisis and then that the problems of the 1970's were a consequence of "the nonsocialist years."

If the political parties are going to win sympathy for a heavyhanded policy that will restore balance in the economy, they will have to describe the causes of the crisis otherwise than with misleading simplifications. If they are going to force through such a policy in the face of opposition from the short-sighted special interest organizations, they will have to do it in concert. Thursday's debate showed that those conditions are as remote as they are necessary.

11798
CSO: 3650/208

ECONOMY DEBATE REVEALS FISSURES IN NONSOCIALIST OPPOSITION

Stockholm DAGENS NYHETER in Swedish 3 Jun 83 p 2

[Commentary by Sven Svensson]

[Text] The nonsocialist three-party bloc has seldom been as weak as it is just now. One presumably would have to go all the way back to the 1950's and the red-green coalition to find a counterpart to today's disunion.

So reads the latest report from the Parliament Building on Sergel Square.

Because of his strength and determination, Center Party leader Thorbjorn Falldin took over leadership of the nonsocialist bloc during Parliament's concluding economic debate.

Falldin's criticism was directed very energetically against the Social Democrats, but the indirect effect will also be a deeper split within the nonsocialist bloc.

The reason is that in pursuing the course of action they did, the Conservatives did not show solidarity with the old two-party Falldin-Ullsten government, but rather made life as miserable for it as they could.

The split is concerned above all with views on labor market policy, questions of redistribution, and the security and foreign policies.

The only thing holding them together is their opposition to the Social Democratic wage earner funds, or what will remain of them after the long drawn-out negotiations are over. That is not much in the way of a joint election platform.

Internal Pressure

What is the background to Falldin's emergence as the nonsocialist party leader who is still able in certain situations to speak with authority and conviction just as he did in the election debate with Palme in Kalmar?

One important explanation is that Falldin is fully experienced as a prime minister. Moreover, there is internal pressure within the Center Party, whose

sympathizers feel that things have been too quiet for too long around Falldin and the party.

Furthermore, Falldin personally is eager for revenge following the crashing election defeat and highly indignant at the broken promises that he feels the Palme government is guilty of.

Most important perhaps is Falldin's feeling that there is beginning to be room for a third force in politics and that the time is right to strike. And as the economic debate showed, Ullsten is trying with some success to hitch a ride.

"Norwegian Situation"

Back when the Center Party was the largest nonsocialist party, Falldin bent over backwards in his efforts to hold the nonsocialist bloc together. And he received constant encouragement in that direction from Gosta Bohman, who was leader of the Conservative Party at the time.

As a result of the 1982 election, the Conservatives became the largest nonsocialist party. And right from the start, the Conservatives tried to create a so-called "Norwegian situation," with the Conservatives as the clearly dominant nonsocialist party.

As the new party leader, Ulf Adelsohn himself did not hesitate to nominate himself as the nonsocialist candidate for prime minister.

Olof Palme's political efforts have been devoted largely to driving a wedge between the nonsocialist parties. But the nonsocialists themselves have been more successful at it because of their internal antagonisms.

Three Blocs

The practical result of the parliamentary session just ended is that there are three blocs in Parliament. We now have a socialist bloc, a middle bloc, and a conservative bloc.

So it is hard to see how the nonsocialist bloc's credibility can be revived in time for the 1985 election. The image that the Conservatives have built for themselves this spring means that the middle parties will have to hit back with all their strength.

After Thursday's economic debate, it is clear that the responsibility for seeing that there is any credibility for a nonsocialist three-party alternative rests on Adelsohn's shoulders. Falldin and Ullsten have done their duty.

There is also another factor: the young Conservatives, whom Palme calls whip-persnappers.

They represent a type of politician that Falldin, for his part, almost regards as unnatural. Like party leader Adelsohn himself, Carl Bildt, around whom there is so much buzzing, no doubt falls into that category.

Social Democrat Ingvar Carlsson wants to think this summer about how there can be cooperation with a nonsocialist leftist party after the failures so far. Similarly, it is probably time for Adelson to give a little thought to what is going to happen to the nonsocialist three-party bloc.

11798

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PAPER CRITICIZES POLICE EFFICIENCY IN SPY CASE

Stockholm DAGENS NYHETER in Swedish 3 Jun 83 p 2

[Editorial by Olle Alsen: "The Sealed Room"]

[Text] In a classic example of the whodunit genre, a person is found dead in a sealed room that obviously no one else could have gotten into or out of. Natural death or murder? It usually turns out to be murder, and how it all happened usually turns out, after a full investigation, to be as simple to explain as it previously was impossible.

Swedish police activity also has its "sealed room" mysteries. One of the latest involves the case of Rolf Machnow, a former drug addict who was picked up by two police officers at around 1700 hours on 28 June 1982 and taken to a room with iron doors at Stockholm's Central Subway Station. That room was already notorious because of previous incidents. After 40 minutes, he was taken by ambulance from there to Sabbatsberg Hospital. He was covered with wounds and bruises. Following attempts to revive him, he died at 1815 hours. Cause of death: ruptured spleen. The police explanation to the deceased's family: "He was drunk and fell, hitting his head on the desk. He then whirled around and hit his head again. A third police officer came into the room and saw that Machnow's eyes were turning upward and that he was wheezing. He called an ambulance immediately."

"It is inconceivable," said criminologist Leif G. W. Persson on TV 2's "Magazine" program the other evening, "that police officials and the police union should pretend to be more or less unaware that a small percentage of the police force consists of rotten eggs who cause both so-called hooligans and the reputations of conscientious police officers to suffer."

He said this during a debate concerning Rolf Machnow, whose death has been attributed, rightly or wrongly, to what has been termed "baseballing" among Stockholm's Norrmalm police. An acting police chief in Stockholm participated in the debate by playing the game of one who knows nothing, saw nothing, heard nothing said, and has no opinion about anything because an investigation is underway.

It is not hard to understand the police brutality that unquestionably occurs and the much greater amount of it that is only suspected. In their job, the

police encounter mainly the seamy side of life. They are exposed to great dangers, provocations, and temptations. Their society-given professional right to employ force--certainly only as much as necessity requires, but that is a matter of judgment even in tight situations--creates temptations and gives rise to the danger that they will overstep the bounds.

Precisely because things are that way, extraordinary efforts must be made in recruitment, training, and followup so as to prevent excesses by the police. The circumstances must be investigated quickly and impartially when there are suspicions or complaints (of which it is true that many, but not all, are invented or exaggerated or based on misunderstandings). Measures must be taken against lapses and rash actions. It is necessary to break down the false loyalty and code of silence among the great majority of decent police officers.

The new report "Police Organization" wants to reduce the National Police Board's influence on police activity while increasing that of the local police boards, Parliament, and the government.

Increased influence by laypeople may be able to make headway with the system of so-called interrogation witnesses, which the union often opposes as being a reflection of distrust. Is it not possible for the Red Cross to organize a volunteer "civic guard" of interrogation witnesses in big city police buses, interrogation rooms, and jails?

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THOMSON, DASSAULT-BREGUET TO BENEFIT FROM 1984-88 MILITARY LAW

Paris L'USINE NOUVELLE in French 28 Apr 83 pp 63-64

/Article by Patrick Piernaz: "Industrial Fallouts from the Military Program Law"/

/Text/ Helicopters, tanks, naval patrol aircraft, a nuclear-powered submarine under study.... A cascade of orders for industry will result from the approximately 830 billion francs allocated by the military program bill for 1984-88, not to mention the work stemming from the ACX aircraft whose launching has just been confirmed....

Nearly 830 billion current francs over 5 years--this is the total of the budgetary package anticipated by the military program bill for 1984 through 1988 which Charles Hernu, minister of defense, has presented. This government bill, which must now be examined by parliament, provides initial insight into the orders that could be given to the arms industries in the coming years.

For ground equipment the most important decision concerns helicopters. The resolve, on one hand, to equip all the SA 342 models for all-weather flying and night firing and, on the other hand, the expected launching of a new type of combat helicopter that will be developed in two versions: the ground-support and antitank versions.

This project is of interest first of all to the SNIAS Marignane plant /National Industrial Aerospace Company, also known as Aerospatiale/, in charge of studying and producing the new helicopter (the cost of the program may reach 2 to 3 billion francs), but also involves the aircraft engine firm Turbomeca (which will supply the TM 333 turbines), as well as the manufacturers of optronic equipment, SAT /Telecommunications, Inc/, and TRT /Telecommunications, Radio-electric, and Telephone Company/.

In all, 80 combat helicopters will be ordered between 1984 and 1988. Regarding battle tanks, the career of the AMX 30 continues: 455 AMX 30-B2's, the modernized version, will be ordered between now and 1988, pending the decision on launching the new tank of the 1990's. Cooperation with the Germans on this has not as yet been established, mainly because the Federal Republic of Germany does not plan to replace its Leopard-2 tank before 1995-96.

For the Navy the focus of the military program law concerns the decision to launch studies of the first French nuclear-powered aircraft carrier in 1986. This aircraft carrier of between 35,000 and 40,000 tons will be equipped with a nuclear boiler developed by the Atomic Energy Commission and Technicatome, which have so far built and improved the boilers for atomic submarines. But the Navy's budget has one feature which will also interest airframe designers: the decision to order 16 of the new biturboprop naval patrol Atlantique-2 aircraft built by Avions Marcel Dassault-Breguet Aviation. This aircraft manufacturer is also interested in the French Air Force's desire to order an average of 33 Mirage 2000 planes a year, that is, a total of 165 firm aircraft orders between now and 1988.

A Major Event for Our Entire Aeronautical Industry

This is a program which, if it is really implemented, will enable Marcel Dassault-Breguet Aviation, and especially its Argenteuil plant, to maintain its order book which dropped alarmingly following the aborted order for 21 Mirage F-1 planes expected in 1982 and the cancellation of the order for 25 Mirage 2000's.

The executives of Marcel Dassault-Breguet Aviation have, in any case, good reason to rejoice at the announcement, independently of the program-law, of the official launching of the future ACX experimental combat aircraft. This decision constitutes, like any launching of a new prototype, a major event for Dassault-Breguet and for the entire French aeronautical industry.

The design of this experimental aircraft will reactivate the research office and prototype workshop in Saint Cloud. Indeed, the engineers will use the ACX as a genuine testing and experimental item for new technologies. The twinjet plane will retain a delta wing but will have a larger wingspan and will have large triangular vanes in front constituting veritable forward rudders. For the structure of the aircraft, composite materials will play a larger role (carbon, boron, Kevlar, and alloy fibers). The experience acquired on the Miarge 2000 and 4000 aircraft regarding the vital components of the plane such as its leeboard, elevon, and landing gear in canard configuration will make it possible to extend the use of fibers to its flying surface and to a portion of its fuselage.

In production, welding techniques using diffusion and superplastic materials will be used to produce complex and resistant parts. State-of-the-art techniques will also be applied to flight control and avionics, to be executed in entirely computerized technology. But what is remarkable is that on this aircraft data transmission will be effected by means of optic fibers. The pilot's workload will be reduced by the use of a generalized automatic control system.

As can be seen, such a program will be a technical and economic stimulus vis-a-vis Dassault's major suppliers. In the forefront is SNECMA /National Company for the Study and Construction of Aircraft Engines/ which will develop the future M-88 power plant for the ACX. Its design will represent one of the strategic priorities of the firm which has just signed an agreement with the government and will benefit in 1983 from both an owner cash investment and a quasi owner cash investment totaling 300 million francs. Another partner involved

in a leading role is the radar division of Thomson-CSF /General Radio Company/, which has begun its research on a special radar unit, the RDX.

ACX: The Possibility of European Cooperation

In particular, this radar will have the capacity to simultaneously track down several targets and use a new generation of air-to-air interception and air combat missiles which MATRA /General Mechanical Aeronautics Company, Propulsion Section/ will develop. This missile, named Mica, will be equipped with an active electromagnetic self-guiding system at the end of its flight which should endow it with guidance autonomy.

But the ACX aircraft is also of interest to the Thomson-CSF visual display department which will develop a multimode visual display system using the technique of holography. The second project is of a helmet visor which enables the pilot to pinpoint targets on his radar exclusively by the movement of his eyes across a small cross located on his helmet's visor.

These efforts keep the research office in Malakoff /near Paris/ and the Pessac (radar) and Haillan (visual display) plants of Thomson-CSF's avionics division busy. The latter started study of this equipment back in 1979 out of its own funds and spends 10 percent of its revenue each year on future projects. For its part, the government finances 20 percent of its revenue which, for a total of some 3 billion francs in 1983, leads this division to an annual total of nearly 900 million francs earmarked for all future projects.

For all the enterprises concerned, the ACX's prototype which will fly around 1986 does not necessarily cap the industrial production plan. The ACX will serve as basis for a commercial model which could be the subject of European cooperation even if MBB /Messerschmidt-Bolkow-Blohm/, British Aerospace, and Dassault-Breguet were unable to agree back in 1980. Indeed, the demands of the three general staffs led to the definition of an overly complicated and overly expensive aircraft.

Since then the British presented at their Farnborough air show in 1982 their own aircraft program, baptized ACA (Agile Combat Aircraft), and they would like to develop their plane with the Germans and the Italians, as is presently the case with the Tornado aircraft. But their proposal has remained without a response. On the French side there is great eagerness regarding cooperation with a European partner who would guarantee the commercial and financial success of the ACX operation. This is all the more true since the two German aircraft builders, namely, MBB, which is assembling the Tornado, and Dornier, which has already cooperated effectively with Dassault-Breguet on the Alpha-Jet aircraft, are interested.

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TIES BETWEEN RESEARCH, MILITARY AT 'SCIENCE, DEFENSE' MEETING

Paris L'USINE NOUVELLE in French 12 May 83 p 217

/Article by Robert Clarke: "Research and Defense: The Ambiguities Remain"/

/Excerpts/ The "Science and Defense" days, which were to be the opportunity for an extensive dialogue between scientists and the military, were completed the other afternoon at the Ecole Polytechnique with a concluding meeting, the dialogue of which did not seem obvious. The crux of the discussions took place between the members of the military establishment and the industrialists and engineers who already worked for the Ministry of Defense.

Could it have been otherwise? The question was raised: Is it possible to convince researchers who are not working now on military contracts to become interested in national defense problems? Some, resolutely against it as a matter of principle, such as the group of scientists advocating nuclear disarmament headed by Alfred Kastler, deplore the fact that public and contradictory debate on the nuclear arms race cannot take place. Others, without taking such a clear position, prefer to seek in civilian or industrial university contracts the source of financing necessary for their efforts.

Charles Hernu, minister of defense, announced on the occasion of these "Science and Defense" days an increase of 50 percent in funds for basic research and the study of new links with civilian research. Already now, the military research and development budget absorbs 17 billion francs, that is, more than one-third of the government's outlays in the field and 23 percent of the national effort. It is hard to imagine that this should be insufficient to meet the needs of national defense. Or else, this would mean that the results are poor, which would suggest that the taxpayers' money is being badly used. This would be deplorable for, as Charles Hernu concluded, research in the field of defense is an important element of credibility. The minister did not hesitate to add--and this is significant--that this "Science and Defense" colloquy was a colloquy of deterrence.

To be sure, it is imperative that a technological effort should be made in all fields, even basic ones, that could concern national defense. But it is difficult to imagine that with the means at its disposal, military research may be unable to organize this effort and that it may be necessary to create a scientific council made up of university people so that this technological effort may really exist.

It is too bad that this subject of relations between high-level research and its possible military applications should continue to be the subject of questions and doubts. There should indeed be a way to remove them, but what is it? It seems that the answer to this question was not found at the colloquy.

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BRIEFS

PEUGEOT P4 FOR ARMY--The light Peugeot all-terrain P4 vehicles are now being produced at the rate of 100 a month by Peugeot's Sochaux plant, which will be able to turn out 400 of them a month. The facilities readied by Peugeot for chassis and mechanical work represent an investment of around 26 million francs, excluding the cost of buildings. The agreement signed with the French Army is for 15,000 vehicles. Designed with the participation of Daimler-Benz (front and rear axle assemblies) and Steyr Daimler-Puch (gearboxes), the Peugeot P4 can negotiate slopes with a 50 percent incline and cross 0.5-meter ditches. Its maximum speed is 115 km an hour. /Text/ /Paris L'USINE NOUVELLE in French 5 May 83 p 25/ 2662

CSO: 3519/498

POLL FINDS ONLY SIXTY PERCENT HAVE TRUST IN DEFENSE FORCES

Stockholm DAGENS NYHETER in Swedish 3 Jun 83 p 3

[Article by Ingemar Lofgren]

[Text] A clear majority of Swedes--60 percent--have confidence in Sweden's Defense Forces. That is the highest figure since the mid-1970's.

That is what the Psychological Defense Planning Committee is claiming on the basis of a new public opinion poll that was conducted in connection with the Submarine Committee's report and the most recent submarine incidents.

Just a few weeks after Sven Andersson and the Submarine Committee accused the Soviet Union of being responsible for the border violations in Hars Bay, SIFO [Swedish Institute for Public Opinion Polls] sounded out the Swedish attitude toward defense at the request of the Psychological Defense Planning Committee.

During the first week in May, 506 persons between the ages of 18 and 70 were interviewed.

Even while SIFO was asking its questions, another submarine hunt began in the Sundsvall-Harnosand area. That hunt continued for nearly 2 weeks and was called off on 10 May.

During that period, the Soviet Union also responded to the note presented by the Swedish Government following the Submarine Committee's disclosures.

It is obvious that all those events influenced the results of the poll, says the Psychological Defense Planning Committee, which has been conducting similar surveys for several years.

Here are some of the questions asked by the Psychological Defense Planning Committee:

Confidence: "Do you feel that the Swedish Armed Forces increase the chances for keeping Sweden out of a possible war?"

Sixty percent of those polled answered yes to that question. Somewhat surprisingly after the unsuccessful hunts for submarines, that is the highest

figure for the past decade and almost 15 percent higher than in the fall of 1981, when the Soviet submarine U137 went aground off Karlskrona.

The data show that confidence in the Armed Forces is strongest among men under 30 years of age in social group 1 with a university education and a nonsocialist political outlook.

Strength

Defense strength: "Do you feel that in today's situation, the strength of the Armed Forces is too low, too high, or just about right?"

Almost half--46 percent--feel that strength is too low. That, too, is the highest figure since these polls began. In comparison with the fall of 1981 and submarine U137, the difference is not very great. But compared to last year, when the figure was 29 percent, it shows a marked difference.

Almost as many--43 percent--feel that our strength is just about right, while 6 percent feel that it is too high.

Strengthening the Armed Forces would mean being willing to increase defense appropriations. That costs money, and the money would have to be taken from other areas of society. But the question of where people would prefer to see money spent in society was never asked by the Psychological Defense Planning Committee.

How those polled can feel confidence in a defense force that they also regard as being too weak is something that the Psychological Defense Planning Committee has trouble explaining.

Per-Axel Landahl, section head at the Psychological Defense Planning Committee, told DAGENS NYHETER: "Many explanations are possible, and I have always maintained that these figures must be approached with great caution."

Per-Axel Landahl also said: "Some people may have been influenced by the firm stand adopted by the military and the government during the submarine incidents, and that may have increased their confidence. Then, too, if someone is jittery, he will be unwilling, from a purely psychological point of view, to say anything bad about the Armed Forces."

Threat From East

Relations with the superpowers: "When it comes to Soviet and U.S. relations with Sweden, to what extent do you feel that Sweden is currently threatened by those countries?"

Two percent feel that the United States is the biggest threat, while 42 percent choose the Soviet Union.

Many Swedes feel a direct threat from the Soviet Union for purely geographical reasons--the United States being a little farther away, of course. But one

question remains: who is threatening world peace and therefore, indirectly, Sweden?

Per-Axel Landahl says: "We undoubtedly would have gotten a more accurate picture if we had asked that question. But we didn't."

Need for defense forces: "In view of the situation in the world today, do you feel that we should or should not have a defense force?"

An overwhelming majority--95 percent--feels that Sweden needs a defense force. Compared to earlier polls, that represents a small increase. Only 3 percent feel that we should not have any defense force at all.

According to the Psychological Defense Planning Committee, opinion on this question is both stable and homogeneous. Neither sex, age, social group, nor political viewpoint plays any major role in this respect.

Will to resist: "Imagine that Sweden has been attacked. Do you feel that we should put up armed resistance even if the outcome seems uncertain?"

Just over 80 percent answered yes. That is about the same figure as in 1956 and 1957, when the Hungarian revolt, the Suez crisis, and the Cold War were influencing attitudes in Sweden. Today it is the situation in Poland and the submarines that are thought to have had the greatest influence.

11798

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ARMED FORCES REPORT STATISTICS ON AIR, SEA VIOLATIONS

Stockholm DAGENS NYHETER in Swedish 3 Jun 83 p 3

[Article by Anders Ohman]

[Text] The Defense Staff has announced that the number of incidents in Swedish waters was higher in 1982 than at any time previously: 30 violations were noted, and 25 of those were classified as submarine incidents.

There were an additional 27 cases in which foreign submarines were suspected of having violated Swedish waters.

Air violations, on the other hand, were few in number.

The Defense Staff notes that in areas close to the coast, foreign military activity in 1982 was routine in character and on a normal or somewhat less than normal scale. The Swedish Air Defense observed just over 700 so-called radio intelligence operations from the Warsaw Pact and NATO. Over 2,000 NATO flights of other kinds were observed over the Baltic Sea. Swedish military aircraft had visual contact with foreign military aircraft over the open sea on about 350 occasions.

Five violations at sea involved surface vessels--four from the Warsaw Pact and one from a NATO country. In all cases, they were civilian state-owned ships which were in Swedish territorial waters without permission from the government.

Foreign submarines violated or are suspected of having probably violated our territory in a total of 52 cases.

The reported number of submarine violations differs in some cases from the number reported by the OB [supreme commander of the Armed Forces] in other connections. According to the Defense Staff, the discrepancy is due to differences in the basis for the count. The most recent report lists the number of unauthorized entries discovered during the year, while other figures, which are considerably lower in some cases, show how many foreign submarines are thought to have committed those violations.

Submarine violations were concentrated in the period from June to October and occurred mainly on the east coast from Bjuroklubb in the north to Sandhammaren in the south.

Passage through our territorial waters without prior notification was effected in 21 cases by NATO vessels, in 17 cases by Warsaw Pact vessels, and in 3 cases by ships from outside those power blocs.

The extension of Swedish territorial waters from 4 to 12 nautical miles in 1979 was responsible in part for that sharp increase in the number of ships passing through our waters without prior notification.

In 1982, 28 violations of our airspace were discovered. It is possible that there were four other violations as well. Most of the violations involved aircraft from NATO countries along the southern coast of Skane. Three planes from the Warsaw Pact violated our airspace.

11798
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FISHING COOPERATION AGREEMENT WITH GUINEA-BISSAU

Lisbon DIARIO DE NOTICIAS in Portuguese 22 May 83 p 4

Text A Portuguese-Guinea-Bissau fishing society with 65 percent of capital belonging to a Portuguese private group will be able to begin operating in Guinea-Bissau waters even this year.

The Guipeixe, whose formation has the support of the State Secretariat of Cooperation and Development, according to the protocol of commitment for the establishment of the firm signed in Bissau in March, will imply a total investment of over 1 million contos.

The document of the new mixed society was signed for the Portuguese side by Canto e Castro, chairman of the administration council of Grupesca, and by Flavio Proenca, state secretary for fishing, for the Guinea-Bissau side. On the occasion of the signing he made reference to the possibility of increasing Guinean participation (in Guinean currency) if the proposal in this connection is approved.

The Guinea-Bissau State will have a representative in the enterprise, who will have to be consulted in the important decisions in the economic field or those related to the activities of the mixed enterprise. The Guinean side will also guarantee the land refrigeration infrastructure.

On the other hand, the Grupesca, a group of Portuguese enterprises created especially for this purpose, will supply the means for catching fish (at the beginning four ships and later two more), technology and control of the management of the society.

Flavio Proenca also made reference to the interest on the part of Guinea in the contribution of the Portuguese firms experienced in the creation of the necessary infrastructures for fishing in Bissau within the framework of viability, training of personnel and future establishment of a national enterprise.

That African country has mixed societies in the field of fishing with France, Algeria and the Soviet Union, the latter supplying over 30 percent of annual entry of foreign exchange into the country, according to official data.

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END