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PVV'S NEYTS ON SOLVING BRUSSELS' STRUCTURAL PROBLEMS

Brussels LE SOIR in French 11 Dec 86 p 2

[Interview with Annemie Neyts, chairwoman of the Party of Liberty and Progress, by Guy Duplat and Charles Bricman; date and place not given; first paragraph is LE SOIR introduction]

[Text] A member of the Brussels Executive under the fifth Martens government and now chairwoman of the PVV [Party of Liberty and Progress], Annemie Neyts is still concerned about the future of the capital. At the end of last week, (see LE SOIR, 6 December), she made some proposals for restructuring that have added fresh fuel to the debate, notably because they depart noticeably from the demands of the CVP [Social Christian Party]. It was interesting to question her on that subject and on the subject of "liberalism with a feminine face," which she now embodies.

[Question] The CVP has its demands concerning Brussels. You have voiced some "ideas" on the same subject. Is this a Flemish offensive that is developing?

[Answer] An offensive? For years, there was a consensus in the majority to ignore Brussels and retain the status quo. In March 1984, it almost took a political crisis to make the government accept the principle that inhabitants of Brussels should have access to the Fund for Aid to Communes. But during the negotiations for forming the sixth Martens government, the lock broke, and everyone admitted that the status quo had become intolerable. I venture to say that it was the Flemings who were most straightforward in saying that Brussels' difficulties were due to the institutional imbroglio. It was from that that the idea of a restructuring plan was born. Not from any desire to annoy or crush the inhabitants of Brussels.

[Question] It is precisely that "restructuring" which is causing a problem. For the Flemings, it has apparently become a way in which to make a place for themselves in the capital's political bodies.

[Answer] I had hoped that that condition would be the signal for a wide-ranging debate among the living forces of the capital, because it is out of the question that Brussels should devour these new funds to continue coping with the same structural financial problems. But I was disappointed, and I

regret that. It needs to be realized that over three-fourths of the financial difficulties experienced by Brussels communes are attributable to the CPAS [Public Centers for Social Aid] and that in several places, there is duplication between that agency and the municipal office of social affairs. In addition, some communes have undertaken commitments in cultural matters without subsidies from the communities. A restructuring plan therefore leads in particular to the question of transferring municipal responsibilities to other bodies. These are not political exigencies but management problems.

Against the CVP?

[Question] You talk about "skimming off the fat" in the urban area, and in so doing, you are contradicting the CVP's theses.

[Answer] I don't believe it is possible to put new life back into the urban area. Its powers, which have to do with the 900 service, fire services, and trash removal, could be turned over to the executive, possibly by setting up "pararegional" bodies. Actually, only the cultural commissions have functioned well, at least on the Flemish side, and that is why I recommend their retention, which, by the way, is in keeping with the Constitution.

[Question] In the CVP's view, however, the urban area is the only place where Flemings benefit from the principle of equal representation in management.

[Answer] Big brother CVP always tends to believe, or to try to make others believe, that anyone who stands apart from it is a traitor to the Flemish cause. When I, for my part, suggest strengthening the Brussels Executive by adding two new members to it, I know--because I have experienced it myself--that that is a very solid guarantee.

[Question] The fact remains that in your system, Brussels will still not have the status of a third region, even though that status is recognized by article 107d of the Constitution.

[Answer] Brussels is indivisible. It is not possible to make a distinction here between regional, municipal, and urban matters. Everything touches on everything else, and what I once called the 19 mandarinates and the 19 baronies are a permanent obstacle to rational management. What the city needs is genuine status as a capital, and this is no longer disputed by anyone. Under the economy stipulated by the laws of 1980, Brussels would simply not receive the funds it needs to cope with its problems.

More Catholic Than the Pope

[Question] And would that "national territory" [in Dutch] be granted those famous inheritance taxes that are currently being so hotly disputed?

[Answer] We must not be more Catholic than the pope. As soon as the restructuring plan and a timetable are accepted, they could be granted. But I repeat that I am dissatisfied with the entire preliminary restructuring plan that was submitted to the executive in September.

[Question] What about boundaries? Is that issue still not open to discussion as far as the Flemings are concerned?

[Answer] Anything can always be discussed, but I don't see any possibility of change. Some people would like to extend the city's boundaries to include its economic hinterland, but the hinterland of a capital is the entire country and even beyond! Actually, as long as the extension of Brussels is perceived as a threat to Flanders, no dialogue is possible. And in any case, one needs to be well aware that no permanent settlement of the Brussels problem will be reached without the agreement of both communities. A city is not a country's capital solely by the grace of an article in the Constitution.

[Question] In recent days, mention has sometimes been made of the possibility of linking the Brussels case with the matter of the coal mines in Limburg. What is your opinion?

[Answer] That is the first I have heard of it. What I can say, in any case, as far as the coal mines are concerned, is that one must be consistent. It was demanded that there be a de facto regionalization of national sectors, so we must continue along that path. What this means is that with a minimum of delay, we must reach the point where inheritance taxes are enough to cover the operating deficit at the KS [Campine Coal Mines].

[Question] That implies a sizable restructuring effort.

[Answer] We have always drawn the attention of Flemish public opinion to that fact. That being the case, it must be remembered that the restructuring of the Walloon steel industry took several years. The same understanding needs to be shown in Limburg's case.

Human Liberalism

[Question] Is Annemie Neyts' liberalism less "hard-line" than that of Guy Verhofstadt and, in short, more "human"?

[Answer] In my speeches, I have always asked the Flemish liberals not to entrench themselves in a "liberalism of numbers" [in Dutch]--that is, an obsession with the net amount to be financed. That being said, it must be realized that the country's modernization depends absolutely on passing through the narrow gate of budgetary reorganization. We must pass through it. I became aware of that when I entered the government, and I have often compared the fifth Martens government to a crew of firefighters: it was absolutely necessary to put an end to the chaos of the years from 1977 to 1980, which, I hasten to add, was not the fault solely of the Socialists but also due to political instability.

[Question] You do not exclude the Socialists?

[Answer] Me? No. I will simply remind you that in 1981, it was the SP [Socialist Party] which slammed the door in our faces.

[Question] What about the Social Christian Party? Is it an easier partner for you?

[Answer] Genuine alternation would be beneficial to everyone. That being said, it would be bad form for us to reproach the CVP for being an indispensable partner at present. It is not the CVP's fault if it is still the biggest party in the country and the one that is essential for the formation of any coalition.

[Question] Are abortion and the "secularist" Herman-Michiëlssen-Lallemand bill a threat to the sixth Martens government?

[Answer] I don't think so. Reread the government statement, which says that this is a matter for Parliament to decide. The CVP must have known what that meant when it subscribed to it.

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CSO: 3619/18

SURVEY ON ATTITUDE TOWARD ARAB, TURKISH IMMIGRANTS

Brussels LA LIBRE BELGIQUE in French 19 Nov 86 p 6

[Article by E.d.B.]

[Text] An interesting poll was conducted last May and June by the Christian Peace Movement. It is interesting because of its subject--racism and "relations with foreigners"--which remains, and will long remain, a burning question of the hour, to say the least.

At first glance, it is also interesting because of its results, which justify certain concerns, to be sure, but which do not destroy all hope. It appears that there is definitely a wide variation in tolerance.

Ambiguous reactions: The poll took the form of direct interviews with 882 individuals in Wallonia and Brussels and has every appearance of being reliable. We must be careful not to draw a final conclusion from it, however, because there is probably no subject on which people are so prone to talk both ways at once--to say yes and no at the same time.

Racism is a matter of multiple degrees. It is like Mr Dupont, who sees fuzzy-haired children playing in the street and says: "Oh, how cute!" but who, when a vaguely curly-haired driver cuts in ahead of him on the road, roars angrily: "Get lost, you dirty Arab!"

Matter of economics: It appears that a number of the most demagogic prefabricated slogans are being demolished. While 38 percent of the public believes that relations between Belgians and immigrants are bad, 52 percent think they are going to get worse. But many people tone down that opinion by saying it is due to the economic situation. But when it comes to saying that "one less foreigner means one less unemployed," 45 percent very flatly disagree, although one-fourth of the public still nods assent. The same minority also agrees that the presence of foreigners is to be blamed for a worsening economic situation.

On a scale of 1 to 10, 42 percent also feel that foreigners abuse social security, while 22 percent respond by saying neither yes nor no or both yes

and no. When it comes to saying that they sponge on unemployment benefits, half of those polled do not think that statement is false.

Would the crisis be alleviated if unemployed foreigners were sent home? Not counting a fringe of respondents with mixed feelings on that point, 35 percent are inclined to think so. On the other hand, a larger percentage rejects the idea that "immigrants take work away from Belgians." Three-fourths even agree in admitting that at first, when it needed them, the economic system used them--that they came to take the disagreeable jobs.

They will stay: In any case, if we are to believe the majority, the foreigners will remain in Belgium and will always be foreigners in the eyes of the law. But two-thirds say that the children of immigrants will become Belgians, although a rather large group is of the opinion that the Islamic religion prevents Muslims from becoming integrated. At the same time, however, there is no criticism at all of the customs and religious celebrations dear to immigrants. An Arab in a long robe? Fifty-eight percent feel that nothing could be more normal.

Are they thieves and traffickers? Belgians do not think so. And only a tiny minority--although it does amount to 10 percent--says that "foreign cooking smells bad!" When it comes to damage to property, that is another matter.

Turks: Lastly, "if you had the choice, would you agree...?" For example--to take what seems to be the grimmest possibility--"would you agree to let your daughter marry a Turk?" Here the answer in 56 percent of the cases was "nyet." On the scale of rejection, Turks head the list, followed by North Africans and then Mediterranean Europeans. In this instance, therefore, irrationality is well in control.

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CSO: 3619/18

COLUMNIST CLAIMS TRNC'S SOVEREIGNTY REMOVES NEED FOR ALARM

Istanbul HURRIYET in Turkish 4 Nov 86 p 12

["The World Is Turning" column by Professor Haluk Ulman: "There Is no Need for Alarm"]

[Text] The Turkish Republic of Northern Cyprus [TRNC] will mark its third birthday this month. Although no country except Turkey recognizes it, the TRNC is one of the world's youngest states. Because it has all the characteristics required of a state by international law. It has its own territory, a national constituency and an administrative authority which exercises its sovereign rights over its territory. Moreover, it has begun gaining effective--though not official--recognition through the diverse forms of relationships it has established with several countries. The progress that has been made in the last 2 years cannot be belittled.

While the TRNC proceeds toward its third birthday, the international and Turkish press have been carrying various reports about the international status of the Cyprus problem. According to these reports, both the United States and UN Secretary General Perez de Cuellar are annoyed by the last-minute rejection by the Greek Cypriots of the "framework draft agreement" which was prepared following indirect negotiations between the Turkish Cypriot and Greek Cypriot sides. They are looking for ways to salvage the agreement from the current impasse and to revive the negotiating process between the two communities on the island.

As is known, Greek Cypriot leader Kyprianou does not wish to sign Perez de Cuellar's latest document. He wants three issues (the withdrawal of Turkish troops from Cyprus, international guarantees for Cyprus and three basic freedoms) to be separated from the other provisions of the document and discussed either at an international conference or at a summit conference between himself and [TRNC President] Denktas. On the other hand, Denktas insists that the document stands as a whole and that he would consent to a summit meeting only if Kyprianou agrees to sign the document as it is.

Denktas and Kyprianou conveyed these views to Perez de Cuellar during separate talks with him in New York last September. Since then, the Cyprus problem appeared to have gone into hibernation. The issue has now been reawakened following the dispatch of two representatives of the UN Secretary General to Nicosia, Athens and Ankara for pulse-taking purposes.

It is reported that Perez de Cuellar's representatives will try to find out in the capitals they visit whether a Denktas-Kyprianou summit is possible. The response that Ankara and the Turkish sector of Nicosia will give is obvious: A summit can be held provided that Kyprianou agrees in advance that he will sign Perez de Cuellar's document at the summit. In other words, this summit must be held with the purpose of signing the said document as it is and not arguing about the three issues as Kyprianou wants.

Turkey and the TRNC are very well justified in their stance. Because Perez de Cuellar prepared the said document not according to his own wishes but following indirect negotiations between the two sides and with their approval. If the UN Secretary General now caves in to pressures from Athens and the Greek Cypriots and chooses to make changes in the document along Greek Cypriot demands and by methods proposed by the Greek Cypriots, he would naturally have no right to ask the Turkish side to approve it. Moreover, he would thus have fallen into the trap set by the Greek Cypriots. If that happened, would he have any respect for himself?

No one should nurture any hopes, nor should the TRNC's friends be alarmed. It is no longer possible to rearrange the northern part the island in a way that would not be desirable to the Turkish Cypriots and Turkey. The declaration of independence 2 years ago changed many things. The TRNC is now an equal and sovereign member of the international community. Trying to force a sovereign state to endorse a system it does not want is nothing more than violating the cardinal principle of international law.

You might say: "What about the United States? What about the Soviet Union?" Washington should first end the scandalous situation it has created in Central American countries, and Moscow should end its occupation of the Afghan homeland. Only then can they have the right to speak.

9588

CSO: 3554/74

PCF HOPES TO USE 'COHABITATION' TO FURTHER GOALS

Paris RENCONTRES COMMUNISTES HEBDO in French Nov 86 pp 1, 3

[Article by Jean Massoni]

[Text] Since 16 March, our country has been living with what is generally called cohabitation. Every Wednesday, the president of the republic--a leftist elected by the people--presides over a rightwing Council of Ministers. The chief of state and the head of the government participate in European and international meetings (including the recent summit meeting in Lome) as representatives of France.

This is a remarkable situation: two policies or two "philosophies," to use Francois Mitterrand's expression, are being expressed at the highest level. But some people deny that that is the case. The prime minister and his circle are among them. They do their best to smooth over all the rough spots and minimize the disagreements, differing points of view, and divergent leanings. This is also true of the PCF's leaders. Charles Fiterman said just recently: "I have the feeling that top-level cooperation in the state is growing closer and closer." In both cases, the goal is the same: if all goes well between Mitterrand and Chirac and they pursue the same policy, there will be no reason not to return in 1988 to what had always existed under the Fifth Republic until 1981: a president, a prime minister, and a parliamentary majority all of the same persuasion. Chirac is hoping to profit from his line of conduct.

The PCF is doing all it can to lend credence to the idea of connivance, since that might favor its disengagement in 1988: one cannot choose between two supporters of the same policy. Oh, how simple things would be if they were as Chirac pretends to believe and as the PCF imagines they are!

But the fact is that Mitterrand loses no opportunity to express his point of view: on election reform, New Caledonia, the right to fire, privatization, national defense, the law on nationality, expulsions, and so on. And the government, which is continuing to implement its policy, is compelled to do so against the advice of the president of the republic. In these conditions, there is a tendency to emphasize the government's powers under the Constitution of the Fifth Republic. And they are considerable. Imagine what this government would have done without a leftwing president of the republic!

No one can disregard the stands taken by the president within the context of the prerogatives that are his under the Constitution. No one can deny that they have at least two consequences in the current political situation: they tend to hold back the flood of neoliberal and revanchist decisions by the government, and they alert public opinion and sustain democratic debate in the country while the excessive use of article 49-3 prevents that debate from taking place in Parliament.

That is how things stand with the presidential election 17 months away. And the situation is far from unimportant. It means that in fact, the emphasis is being placed on the stakes in 1988: what is really at stake is the choice of society.

What should the Left aim for through that election? Its objective is a new kind of alternation. Not the kind involving no more than a change of individuals, but one providing a genuine political alternative.

It is true that attempts are being made to seek a compromise at the center. But that is not the doing of the PS. The debates by its steering committee have just proven this again.

The Left must, above all else, be itself if it wants to rally sufficient strength around itself to win. That idea is making progress. In this respect, much will depend on what Communist abstentionists who have broken with the PCF do.

In a recent article in which he noted that "the presidential election will be an important political moment," Pierre Juquin stated his opinion that the PCF is marked by a "crisis in thought and conduct" and by a "lag" resulting from a double estrangement: it has lost touch with the real movement of society and with the foundations of communism. If it does not change, it will destroy itself. It is necessary, writes Juquin, that the "PCF become a different Communist Party." That is the way to keep the revolutionary current alive in a "strong and independent revolutionary movement," because in France, throughout "an entire conceivable period," it is not possible to imagine "a leftist majority reduced to the PS surrounded by minisatellites." Without the real contribution of a Communist Party, a coalition labeled "leftist" is not going to solve the basic problems.

There is therefore no choice but to admit that postulates die hard, since the reformists themselves--whose action, by the way, strikes us as offering a glimmer of hope--are unable to shed them more than 20 years after the sacrosanct principle of the single party was abandoned. As these lines are being written, we do not know what decisions will be made by the PCF Central Committee at its meeting on 17 and 18 November. But barring belief in miracles, not one Communist expects that meeting to result in a change of course: the PCF has chosen isolation, and it is on that basis that it is preparing for the 1988 election. One might as well say that it would be mad to count on the PCF or its reform to bring about a "genuine and majority Left."

As unitary Communists, we keep our feet on the ground, and we do not delude ourselves with illusions. Time is short. We must be able to assert our identity and our revolutionary values by leaving behind the cleavages and presuppositions of a bygone age. In a scant 17 months, we will know whether the Right or the Left--that is, whether reaction, chauvinism, and every-man-for-himself or progress, justice, and solidarity--has won.

Seventeen months is a short period in which to change everything. It does provide enough time in which to get together and influence developments in the direction of real change. Let Communists who reject the PCF's suicidal policy buckle down to work together--that is the truth of our desire.

11798

CSO: 3519/47

SOFRES POLL FAVORABLE TO CHIRAC, RIGHT WING

Paris LE FIGARO MAGAZINE in French 6 Dec 86 pp 138-139

[Article by Charles Rebois]

[Text] The FIGARO MAGAZINE-SOFRES [French Opinion Polling Company] barometer for December runs counter to the often critical judgments reported in several other polls concerning government policy over the past few weeks. Not only is Jacques Chirac's popularity not declining, but he is actually up 2 points, while Francois Mitterrand is down by 2 points. Those results correct the sizable gaps recorded here over the past few months. The French are attached to cohabitation and are showing their desire to preserve the balance between the Elysee and Matignon Palaces that has existed since March.

The SOFRES poll was conducted from 22 to 27 November. The agitation in the universities was in full swing. The FEN [National Education Federation] and

Confidence in Mitterrand and Chirac

Mitterrand: trusted by 56 percent: Chirac: trusted by 53 percent:

Question: Do you have complete confidence, much confidence, little confidence, or no confidence at all in Francois Mitterrand's ability to solve the problems currently facing France?

Question: Do you have complete confidence, much confidence, little confidence, or no confidence at all in Jacques Chirac's ability to solve the problems currently facing France?

Answer	Change from	
	Dec 86	Nov 86
Complete confidence	13%	-2%
Much confidence	43	-
	56	-2
Little confidence	24	+2
No confidence	15	+2
	39	+4
No opinion	5	
Total	100%	

Answer	Change from	
	Dec 86	Nov 86
Complete confidence	13%	-
Much confidence	40	+2%
	53	+2
Little confidence	18	-3
No confidence	23	+2
	41	-1
No opinion	6	
Total	100%	

the Socialist Party demonstrated in Paris on the 23d, the student strike movement began on the 24th, secondary students followed suit on the 25th, and the demonstration against the Devaquet plan occurred on the 26th.

Would that revolt harm Jacques Chirac's popularity? The advantage which the Left tried to draw from it might have made one think so. But the results of this poll show that nothing of the sort happened.

On the contrary, one can see in those results the first signs of a hostile reaction by public opinion to agitation in the street. The events of May 1968 need to be remembered. It is true that the two movements are not comparable. But the reversal of the situation at the end of May 1968 and the big vote swing on the following 23 and 30 June makes one think.

Although less exposed than the prime minister to the hazards of politics, the president of the republic has lost 5 points in the responses concerning his role as the defender of freedoms. And it is precisely by invoking that role that he has expressed an increasing number of reservations concerning certain government plans in recent months. By standing aloof too often, he is moving away from the line on which most French place themselves.

But the confidence they place in him is not measured by the same yardstick as that applied to Jacques Chirac. Sympathizers with rightwing parties are legitimists: 45 percent in the UDF and 34 percent in the RPR trust the chief of state. But the prime minister does not receive the same support from the opposing camp. That fact should be taken into account in projections concerning the presidential elections.

The popularity of Jacques Chirac and that of Francois Mitterrand set the pace in their respective camps: the top leaders in the majority are up 1 or 2 points, while those in the opposition are down by an equivalent amount. The same is true as far as assessments of the political parties are concerned.

In the majority, Francois Leotard with 46 percent (+1 percent) has bolstered his position among the top three. He is a few points behind Jacques Chirac and ahead of Raymond Barre, who is trailing him by 10 points. The minister of culture and communication owes that favor with public opinion to his telegenic qualities, but also to the esteem in which he is held by supporters of both the RPR (69 percent) and the UDF (68 percent).

After dropping suddenly in March in the aftermath of cohabitation, Raymond Barre's popularity rating has remained stable within a narrow range--between 37 and 39 percent--for the past 8 months.

Like Francois Mitterrand, Socialists with a chance of becoming president are down by 2 points. This is true of Michel Rocard. Despite his persistent coveting of the "old man's" position, his popularity with Socialists remains intact. On the other hand, it has dropped among opposition sympathizers. As for Laurent Fabius, his possibilities for playing a key role in the future are looking less and less credible.

The standings of the political parties reflect the same unfavorable trend. The Socialist Party's image is deteriorating: 36 percent of those polled have a poor opinion of it, compared to 31 percent the month before, whereas the UDF has picked up 4 percent in good opinions, the RPR is up by 2 percent, and the National Front is up by 2 percent.

Taken together, those results show that the government's actions, whether in connection with the reforms it has undertaken—including the university reform—or the fight against terrorism, are being judged favorably by the French.

Poll Results Concerning Political Figures

Question: In each case below, would you please tell me whether you want to see that political figure play an important role in coming months and years?

<u>Political Figures in the Majority</u>			<u>Political Figures in the Opposition</u>		
		Change			Change
<u>Name</u>	Dec 86	Nov 86	<u>Name</u>	Dec 86	Nov 86
Jacques Chirac	49%	-	Michel Rocard	51%	-2%
Francois Leotard	46	+1	Jacques Delors	40	+2
Simone Veil	41	+2	Laurent Fabius	38	-2
Raymond Barre	39	+1	Lionel Jospin	32	-3
J. Chaban-Delmas	30	+1	Jean-Pierre Chevenement	28	-1
V. Giscard d'Estaing	28	+2	Pierre Mauroy	27	-1
Jacques Toubon	25	-	Charles Hernu	23	-
Rene Monory	23	-1	Pierre Beregovoy	20	-1
Jean-Marie Le Pen	15	+1	Georges Marchais	10	-1

<u>Standings of Political Parties</u>					
<u>Result</u>	<u>PCF</u>	<u>PS</u>	<u>UDF</u>	<u>RPR</u>	<u>National Front</u>
Good opinion	14	45	40	39	11
Poor opinion	39	29	32	28	22

SOFRES Technical Data

Poll conducted for LE FIGARO-MAGAZINE.

Date of poll: from 22 to 27 November.

National sample of 1,000 persons representative of the entire French population 18 years of age and over.

Quota method (sex, age, and occupation of "PCS" head of household) and stratification by region and category of urban area).

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CSO: 3519/47

PAPANDREOU SUCCESSION GIVES RISE TO SPECULATION

Athens I VRADYNI in Greek 30 Nov 86 pp 14-15

/Article by Titos Athanasiadis/

/Excerpts/ Up to the recently-held municipal elections there was no one in PASOK who could even think of having a mere discussion about a succession to Mr A. Papandreou in the party leadership or the position of prime minister.

However, the unfavorable results of the municipal elections for PASOK and the avalanche of scandals that have cropped up have created the conviction not only among the people but also among party cadres and the government that the "big chairs" are beginning to creak dangerously.

This time the various scenarios that have come into the limelight do not only refer to the possibility of Mr Papandreou's moving over to the presidency of the republic and to his future planning but to the possibility of early elections. One of these scenarios categorically mentioned that Mr Papandreou has already prepared his "political will."

The fear of a defeat in these early elections --now justified-- has given "substance" to the question: "what happens to PASOK after Mr Papandreou?" And if the present prime minister should leap forward into the position of president of the republic prior to the elections (nothing is to be ruled out) who will be his successor in the position of prime minister until power should go over to ND?

These questions --according to evaluations by reliable sources-- have also been accompanied by the first doubts within PASOK itself over Mr Papandreou's capability in overcoming the deep governmental and intra-party crisis and over something that until just recently none of his associates would have thought of having doubts about, namely his "charisma."

And it was exactly then that the "bomb" exploded. Mr Tritsis, minister of education and close associate and friend of Mr Papandreou, said: "Within PASOK there are a few individuals eyeing the prime ministry." This statement was clear: There are government officials who "are dreaming" about succeeding Mr Papandreou in the prime ministry for perhaps a transitional stage prior to elections.

Regardless, however, of whether Mr Papandreou will try to get to the position of president of the republic and whether or not he will succeed in this endeavor, the issue regarding his succession has already been laid out. And it will continue to be laid out in a more vigorous fashion in the future as long as instability of the political situation continues because of the government's inconsistencies and because of the revelations of the scandals.

It is a fact that Mr Papandreou has already prepared his "political will" and that several of its first conditions are: joining the Socialist International, establishing the position of party secretary general, providing a close associate as his successor in the party and preparing someone else as his successor in government, either for a transitional period (since he himself would have decided to move into the presidency of the republic) or for the period following a defeat in the elections

It is certain that Mr Georgios Papandreou, the prime minister's son, holds an eminent place in his father's plans. Georgios Papandreou's political future is of concern to his father. It is also known that the continuation of the Papandreou name in the political life of the country is a desire of both the prime minister and his wife.

The preference of Mr Georgios Papandreou for some leadership role in the future, either from the ranks of the party or ranks of the government is evident.

The prime minister's son is a member of the PASOK Central Committee and deputy minister of culture. In this latter position he is the only deputy minister who is being promoted more than any other of his colleagues, even more than many ministers. He acts with a freedom that shows that "he is not accountable to anyone," without, however, this meaning that he is abusing the freedom that is granted him by his name. He plans and makes trips abroad, he accompanies his father on major missions (India, Mexico, etc.), announces decisions without prior understanding with competent authorities (free radio broadcasting for the new generation), gives press conferences that are promoted by the prog-government press, presents himself as the leader of youth, seeks to be promoted as such, makes personal statements on important issues at anniversary celebrations (Polytechnic Institute, for example), etc. and generally appears at every occasion that involves youth.

It is unquestionable that his being promoted looks to the creation of a leader image /note: word "image" rendered in English/. For this purpose and also to consolidate his position in the party --as is being reported-- his biggest rival in the ranks of the new generation, namely Kostas Laliotis, was removed from government last year. The latter then also withdrew from active political life letting it be known that he was the one who substantially activated the party and that his subsequent inactivity would inflict a big blow to the productivity of the party.

Mr Laliotis' imminent return to the party, following a personal invitation by Mr Papandreou, justifies the handling of the matter by the former.

The adversaries Georgios Papandreou and Kostas Laliotis undoubtedly have the attention of the prime minister. However, they are not the only ones. There are quite a few close colleagues and officials about whom he has thoughts regarding his succession in the party and prime ministry. Just as there are cadres who are secretly thinking about themselves as playing one of these roles. Everything, of course, will depend on the course of events and on the conditions prevailing at a given moment. When these changes become necessary.

Who, therefore, are the candidates to succeed Mr Papandreou in the party or government? Who are "those eyeing the prime ministry" about whom Mr Tritsis talked the other day? Who are the "heirs apparent" for the party and government leadership since in the long run Mr Papandreou will end up in separating the two and in imposing the two-power system.

Mr Papandreou knows that there are certain parameters to the overall issue. Certain boundaries beyond which he cannot step. Certain game rules that he cannot ignore. There are, on the other hand, also certain factors, such as the PASOK parliamentary group, the party with the central committee predominating, youth, etc. Just as there are outside factors The impressions of his heirs apparent abroad, in the EEC, NATO, the United States, etc. Without this meaning that the selection of one or the other cadre at the appropriate moment will be made on the basis of the desires of these factors. Nevertheless, the impression made by one or another cadre abroad will count. This too is known to the heirs presumptive of Mr Papandreou. To his "heirs apparent," who have recently engaged in a most secret but clear rivalry among themselves for the purpose of improving their own personal image outside of Greece. And, of course, inside Greece. Let us not, moreover, forget that very often in politics the creation of a personality and its imposition at home is imported. The personal example of Mr Papandreou, although different in some aspects, is a case in point.

According to the secret desires of each of Mr Papandreou's successors, the PASOK heirs apparent can be divided into three categories:

1. Those who "aim" at getting the prime ministry.
2. Those who aspire to getting the party "throne."
3. Those who look upon both with the hope that they will get to one or the other post.

In the first category (prime ministry only) are President of the Chamber of Deputies Ioannis Alevras and Deputy Prime Minister Io. Kharalambopoulos. Outsiders in this category are Minister of Interior A. Koutsogiorgas, also PASOK parliamentary spokesman, as well as Minister of Foreign Affairs K. Papoulias, Minister of Justice Ap. Kaklamanis and Alternate Minister of Foreign Affairs Th. Pangalos.

In the second category (party leadership) are Georgios Papandreou and Kostas Laliotis.

In the third category (both positions) are Minister of Education A. Tsokhatzopoulos, Minister of Health G. Gennimatas and for later on Messrs G. Papandreou and Kostas Laliotis.

A long relentless and "secret war" is being waged in both government and party among these heirs apparent of Mr Papandreou. A "war" that got started at about the time when PASOK came to power. It has passed through various stages with gains for one or another and many losses for some of them, but also for the government and party.

At the beginning of the PASOK "kingdom" a few "heirs apparent" had allied themselves against others to get the party on their side. The apotheosis of these "alliances" was the famous "troika" made up of Messrs Tsokhatzopoulos, Gennimatas and Laliotis. Close to this "troika" was also a "smaller one" that worked together with the first and was composed of D. Rokos, P. Moralis and Vaso Papandreou. The main adversaries for both "troikas" were Messrs A. Lazaris and A. Koutsogiorgas. The latter, however, also mistrusted the former. At the same time, Messrs Alevras and Kharalambopoulos were ill-disposed to the "troikas" and Messrs Lazaris and Koutsogiorgas.

The "war" among the various "heirs apparent" began immediately after PASOK came to power. The first target to be exterminated was Mr Lazaris. Victors in this "fight" were the members of the big "troika" that predominated until the 1985 elections. At the time of the "troika" sovereignty, however, another "heir apparent" was added to the game, a danger for all the others. This was Mr Ger. Arsenis the so-called "czar" of the economy.

This rise was spectacular. His fall too came about at almost the same time as the dismantling of the "troika" which, after having systematically worked to undermine him and as soon as it had succeeded in doing so, was dismantled by a decision of Mr Papandreou that removed Messrs Gennimatas and Laliotis from the executive office.

Since then Mr Papandreou has remained the exclusive master of the "game." The "pack of cards" he had in his hand would be distributed as he saw fit.

The unfavorable results of the municipal elections, however, and the feeling that Mr Papandreou is scheduled to get off the "train" shortly have contributed to the rekindling of the "war" among his political and party heirs presumptive.

Ioannis Alevras

President of the Chamber of Deputies. His opinion carries weight. He is considered the strongest PASOK element after Mr Papandreou. He is the closest associate and "confidant" of the prime minister. His opinion carries weight for Andreas, when the latter must make important decisions. He is the first one to whom the prime minister turns to listen to his suggestions about government reshuffles, the holding of elections and the drawing up of policy against other parties. He himself says that he does not have any ambitions. He became president of the Chamber of Deputies and in his biographical sketch the notation is made that he has also been provisional president of the republic, even though for only 24 days. Through his position as president of the Chamber of Deputies he has created strong supports in the PASOK parliamentary group. It is estimated that he controls about 60 deputies. Most of these, about 40, have never held the position of minister. At any rate, most of those faithful to him are centrists. A few are old and come from the ranks of the former Union of the Center, such as Messrs Serpanos and Tsaparas. Among those who were past ministers and who are considered

as being well-disposed to him are Messrs Papadimitriou and Katrivanos. Quite a few young deputies are also well-disposed to Mr Alevras. His influence on the party is limited. This is one of his shortcomings. Another is his age. At 74 he cannot present himself as a future leader. From another aspect, however, his age is considered an advantage because he is considered by Kastri as the politician who can be utilized as an interim solution without endangering, through his presence, Georgios Papandreou's future. On the other hand, indeed, Mr Alevras' friendship with Kastri is a guarantee that in case the current president of the Chamber of Deputies decides to eye the prime ministry Georgios Papandreou would be significantly helped in his plans. Mr Alevras does not have any outside support. His conduct, however, as president of the Chamber of Deputies and the moderate picture he has created about himself have resulted in his being generally liked so that today he is looked upon by other parties as the most acceptable PASOK cadre.

Ioannis Kharalambopoulos

Deputy prime minister and minister of national defense. An intermediate solution. He is considered by other parties as the most acceptable PASOK official, immediately after Mr Alevras, thanks to his especially moderate political inclinations. His influence in the PASOK parliamentary group is smaller than Mr Alevras'. However, Mr Kharalambopoulos is much more liked by the party than the president of the Chamber of Deputies. Nevertheless, those who follow him are centrists and moderates. At 67 years of age he does not have the ambition to become a political leader. He is, however, seriously considered as an intermediate solution that means "an interim prime minister's position," in case Mr Papandreou moves over to become president of the republic, until elections are held. Favoring Mr Kharalambopoulos is also the fact that the external factor is more on his side than on Mr Alevras'. Mr Kharalambopoulos' term of office in the Ministry of Foreign Affairs and the Ministry of National Defense has been calm and without problems. The fact that he has been at the head of these two sensitive ministries means that he also has the complete trust of Kastri.

Akis Tsokhatzopoulos

Minister to the prime minister. The most faithful. At age 47, the minister to the prime minister is the only one of the so-called PASOK "historic leadership" who has survived the purges conducted by Mr Papandreou. In 1984, from minister of public works he became minister to the prime minister, a position he maintained in 1985 --proof of the trust Kastri has in him. After the municipal elections he is the only member of the executive office with whom the prime minister communicates. Mr Tsokhatzopoulos is considered as the most trusted party cadre to Mr Papandreou evidently because he does not raise any objections to his plans in the party and despite the fact that he, just as Messrs Gennimatas and Laliotis, has his own group. Mr Tsokhatzopoulos' influence on the party has up to now been especially great, especially following the departure of Messrs Gennimatas and Laliotis from the executive office. However, the fact that quite a few members of the Tsokhatzopoulos group were found to be involved in recent scandals has contributed to a decrease in his influence in the party. His influence in the parliamentary group is lesser than that of Mr Gennimatas'. Mr Tsokhatzopoulos is also well liked in the German Republic with which he has maintained ties from the

time of the dictatorship when he lived in West Germany. Mr Tsokhatzopoulos is one of the most likely candidates for the position of party secretary general.

Georgios Gennimatas

Influential at the grass roots. Age 47. Among the "historic leadership" cadres. He distinguished himself for his work in the party before his rise to power. For that reason his influence in the party, especially in the grass roots, was and is great. As minister of interior he increased his influence in all of the nome committees to the point where Mr Papandreou began to worry and then replaced him with Mr Koutsogiorgas. As minister of health he worked hard to impose a socialist-inspired health system, namely the ESY National Health System with, nevertheless, doubtful results. His inability to succeed in this field has to some extent damaged his influence. Mr Papandreou also had him removed from the PASOK Executive Office at the time when he was quite strong (after the elections) while Mr Gennimatas was at the lowest point in his political career due to the opposition to ESY. Politically to the Left he is, nevertheless, a moderate, with a calm demeanor and with an irreproachable parliamentary character and also well-liked by the parliamentary group. Not so much so, however, as to hope that he can rely on this in the race for the party leadership in the future. Following the latest reshuffle his supports in the government were weakened with the removal of deputy ministers who are well-disposed to him (Papaioannou, Moralis, Geitonou).

Agam. Koutsogiorgas

Minister of interior. An old friend. Age 64. He is rather well-liked in the parliamentary group and the party. In the former, by reason of his position as the party parliamentary representative. In the latter, because of his vivacious nature that makes him beloved by the implacable party cadres. If he were of a more leftist inclination perhaps he would be the most liked of all heirs apparent in the party.

He is, however, center leaning and is described as a "conservative" by party leftists. He has Kastri's trust due to his long-time friendship with the Papandreou family, even though recently his ties with Kastri have shown some "wear and tear." He is the least acceptable PASOK cadre to other parites due to his political airs and quarrelsome nature, factors that do not sit well with the atmosphere of calm needed by the country. His access, nevertheless, to the state apparatus, because of his position as minister of interior, is great. A significant number of nomarchs are completely controlled by him. He also has some influence in the security corps. His old-time style repels quite a few people but attracts others.

Karolos Papoulias

Minister of foreign affairs. Age 57. An outsider. Despite the fact that he comes from the PASOK party he does not have corresponding influence with its cadres. His influence is also limited within the parliamentary group. He does, however, have the unqualified trust and respect of Kastri. Even though a member of the so-called "German" group of PASOK he entered into the "Pantheon of heirs apparent" due to his successful handling of Greek-American relations. Formerly considered a "Third World man" he constituted a "red banner" for the West. His trip to America,

however, was a surprise. Its effects at first glance seem spectacular. The fact is that Mr Papoulias' future rise will depend on the further course of Greek-American relations and on his capability in not losing the attachment of those circles that have up to now recently supported him.

Apost. Kaklamanis

Minister of justice. Age 50. The moderate. He is liked by young PASOK deputies, primarily those with centrist leanings. His moral standards and his integrity are characteristic of him. His influence, however, in the party is limited. His relations with Kastro are good but not as close as is the case of other ministers and cadres, despite the fact that he has been associated with the Papandreou family from the time of the old man /Georgios Papandreou/. He is most acceptable to young party cadres and other parties because of his moderate stand and centrist leanings. In non-political circles, he has special influence in the church. His political future will be judged to a large extent on his handling of the scandals that are being brought before the judiciary.

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CSO: 3521/41

FUTURE PAPANDREOU STRATEGY MAY CHANGE COURSE

Athens ELEVTHEROTYPIA in Greek 30 Nov 86 p 9

/Article by Giorgos Mavros/

/Text/ Since May 1986, Mr Papandreou knew that "we will lose the three big municipalities" in the municipal elections. A high-level PASOK official had pointed this out to him in a categorical manner. Indeed, he had suggested to him specific political options "to diminish the forthcoming defeat to the minimum."

All of us know how the prime minister and PASOK leader reacted to this sound and prompt warning and we cannot say that it was imposed. To the contrary, today at least his actions during the intervening time up to 12 October seem as if he almost did not care at all about the results of the municipal elections:

- Insistence on their not becoming politicized.
- Insistence on the same candidates for the three big municipalities.
- Insistence and emphasis on the policy of frugality, in fact, with the announcement, 2 months prior to the elections, that "1987 will be tougher than 1986."

It is clear that Andreas Papandreou did not listen to the warning of the close associate and his wishes and aims remain under discussion and investigation. Because in the final analysis they will determine political developments in the immediate future since even after the electoral defeat only he once again "holds the cards in his hand and distributes them."

One may contend, in other words, that with the knowledge of an electoral defeat as a given fact Mr Papandreou had his strategy for the post-election period prepared long before that, a period that we are now bringing to an end. A period of expectation, general searching and selecting all at the same time.

It has already been stipulated that one of the levels of his strategy is to tidy up, reorganize and perhaps clean up things in his house. Immediately after his return from London he convened the PASOK parliamentary group and a little later on the central committee.

It is certain that at the former meeting the tone was low-keyed and that, except for an analysis of the political situation, an appeal was made for patience on the

part of PASOK deputies to have PASOK come out damaged as little as possible from the new lane, the political lane. At any rate, the reactions of certain deputies are being expected with great interest.

The central committee meeting is expected to be much more impassioned and spectacular. Impassioned because in any procedure that is chosen for its work the proposals will be many more than at any other session, speeches sharper in tone and perhaps more heated, and general self-criticism and criticism will perhaps include the party leader for the first time. The given changes in the executive office that will be announced, regardless of how spectacular they may be, will not succeed in any fire fighting mission that is entrusted to it. The possible replacement of Akis Tsokhatzopoulos will not again avert anything. The tough suggestions and interventions are already ready and will be submitted to the prime minister's office or will be set forth from the floor one way or another. The prime minister's cleverness will not turn them aside. PASOK has passed the gateways of destruction and is in the midst of its constellation. Its entry into the Second International does not constitute a major issue. It now does not even constitute an issue.

The Sunday reader might perhaps ask why these rumored changes in the executive office and the shakeups in the party should play a big role in our political life generally speaking and in his own life, more specifically speaking.

An example perhaps might give him some food for thought. It has been determined that in the past few months the "reference made" by the apparently all-powerful minister to the prime minister was of no account and his party supports limited. Perhaps because of his long time strong involvement in both party and government at the same time or perhaps because of other reasons he has been damaged party-wise. If, however, he were to stop guiding the party would not his productivity to the government be any different?

In any case, however, the question is what strategy will A. Papandreou follow after any settlement of his intra-party problems.

To maintain that this leader, this complex political machine reproducing ideological-political options, has gotten tired seems to us incomprehensible. Perhaps memory has fallen off somewhat. But memory is one thing and internal need for political action is another thing.

It has become evident as of now that his first strategic option will be a change in attitude to the Left that can be briefly summarized as follows:

Accommodation of the KKE's "logical" demands, flattering the KKE (Int.) and a simultaneous indirect encouragement of Gerasimos Arsenis in setting up a political group which, with the new entity of the Left now being established, as well as (personally we consider this certain) the legislation of some form of the simple proportional electoral system, will lay the groundwork for an antidote to the Popular Front that will ensure, confederately, the next 4-year term of office.

He will lie in wait for the Right waiting for the moment when Mr K. Mitsotakis will make his new political faux pas.

Despite the excessively calm waters that Minister of Foreign Affairs Papoulias managed to ensure during his recent visit to the United States, we dare suggest that a rift with the Americans must not be altogether out of A. Papandreou's intentions. If forced to he can do it. How permanent this rift will be is another matter.

His governmental prospects will be based to a great extent on the success of the task undertaken by K. Simitis and G. Gennimatas. The stabilization of the economy and the success of the ESY /National Health System/ by the two most popular government officials (on a basis of a recent poll) will certainly efface scandals, municipal elections, frugal measures, etc.

With this reasoning we can thus assume that Mr Papandreou did not ignore the pessimistic predictions about the municipal elections but that he had already laid out his strategy from the time (1985) perhaps when he was exhausting his political toughness for stabilizing the economy. Did he, however, anticipate how the political climate would have developed even if it were reversible?

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EARLY ELECTIONS SEEN JUSTLY REJECTED BY PAPANDREOU

Athens TO VIMA in Greek 4 Jan 87 p 4

/Article by Kh. K. Bousbourelis/

/Excerpts/ In the long run the only ones who took Mr K. Mitsotakis' boasting seriously, namely that ND will become a government in 1987, seems to be those gentlemen who manage the numberless ERT /Greek Radio and Television/.

It was as if we admitted: Yes, we lost the trade unions, we lost the majority in the big cities and the only thing we have left is to hold back the outflow of farmers, a dissatisfied person who has at times been affiliated with PASOK said.

That 1987 will be a tough year is known even by cats on tile roofs. What those in the opposition do not know or allege to be unaware of is if and to what extent this new year will be a year of elections. The prime minister has categorically ruled them out. Nevertheless, the leader of the major government opposition party insists on using boastful words. Perhaps it would be worthwhile, since we are still in the Twelfth-night festivities, to somewhat clear up the problem with the main denominator being common sense that is so lacking in our political affairs.

So, since there is no question about there being elections in June 1989 when the present Chamber of Deputies will have come to the end of its term of office, but a possibility of having the Chamber of Deputies dissolved prematurely, it would be useful to look into the matter of why, how and when it would be possible to have elections take place. There is no doubt that both constitutionally and politically initiatives for early elections are in the prime minister's hands. Mr Papandreou has all the cards in his hand and, in addition, the knife and melon. Authority and a change in the electoral law. In a tough year, such as the present one --that will be inevitably worse than 1986-- early elections will be tantamount to a suicide attempt on the part of PASOK if they were to take place in the atmosphere prevailing today.

All of this, except, of course, for the unforeseen, the only thing being that the politically unforeseen does not appear to be in the realm of the possible. In other words, there does not seem, at this time at least, to be any prospect whatsoever for a large-scale tactical maneuver. None of the pending issues in our domestic and foreign affairs offer themselves to such manipulations that would bring the government from a defense position --static and without fantasy-- to counterattack with any possibility of success.

We should, therefore, be on our guard. Elections in 1987 would be held by Mr Papandreu only in case he were sure he would win. Nobody else can -- regardless of how much he brags-- lead him to hold elections. Whatever is being written or said is being done so that those in the opposition might gain confidence, remain vigilant and not fall into fatalism as was the case before the municipal elections when they acknowledged "It doesn't fall without anything."

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CSO: 3521/51

OVERVIEW OF RECENT SCANDALS: PASOK HELD RESPONSIBLE

Athens ELEVTHEROTYPIA in Greek 22 Nov 86 p 9

/Article by Spyros Karatzaferis/

/Text/ Scandals, scandals, scandals --in DEI /Public Power Corporation/, the refineries, OTE /Greek Telecommunications Organization/, PYRKAL /Munitions and Cartridge Company/ (look around here too, fellow, and you'll find a rabbit, a very big rabbit). They suddenly showed up from nowhere, as if they had just occurred, as if the government did not know anything about them. The government "acted like a thunderbolt" to strike out at corruption, to punish the guilty parties, as an example (even though the culprits are in a way its own children) and to be able to voice loudly what Minister of Justice Ap. Kaklamanis had already said: ".... As a government and party we have the will and moral strength to permit us to bring before justice, without any hesitation, anyone whatsoever even if that person had indicated 'PASOK.'"

We would yell "Bravo" or "Ole" if there were not certain specific facts that upset this too nice to be true "acted like a thunderbolt."

All the scandals that came to light publicly following the municipal elections and the clear turnabout of the electorate to the detriment of PASOK were known to the competent ministers from the time the party was in its all-powerful stage.

Why did the government's "will and moral strength" take so long to manifest itself? This gave cause to the government's opponents to say publicly or to whisper in the ears of reporters (very often with written documents or other means) that (a) the revelation of the scandals "is yet another ruse" by the government. It sacrifices a few of its children (proven to have deviated) so as to later tell the people that "we have thrown out the evil ones and now we, the good ones, will implement Change." And (b) the cycle of scandals --as others tell us-- is blooming and unfortunately still flourishing because the robbers of the public money are amassing wealth in the name of the party. They were being bribed with the excuse that "the money is for the party." And they were covered by high-ranking PASOK officials who said, whenever some charge was levelled, that "he doesn't keep it, he works for the party." And we have now gotten to the point where with the revelations it is being said that even the notorious Italian firm Cosint, that tried to bribe or bribed Dim. Mavrakis, former DEI director, 3 days prior to the June 1985 elections, offered money to PASOK and received receipts from Mr K. Geitonas, party treasurer.

To say that almost all the directors of public organizations that are engaged in major projects had called in company "bosses" before the elections and "asked" them to financially help the party.

The Italian Cosint firm's bribery scandal was known, at least since last June, to members of the PASOK Central Committee and to Mr Papathanasopoulos, secretary of the Ministry of Industry. Perhaps too to ministers. However, it did not get to Prime Minister Papandreou who, despite the concealment, had told Minister to the Prime Minister Akis Tsokhatzopoulos 3 months before to see to it that "we finish up with Mavrakis."

Mr Tsokhatzopoulos dissuaded the prime minister to persevere in his decision because "if Mavrakis should be thrown out Mr Simitis would be unhappy." Until the time when, 10 days before the municipal elections, Mr Papandreou received the visit of the DEI president, Mr M. Deloukas, the DEI legal adviser, and Mr Nik. Karageorgou, vice president of the DEI board, who informed him about the bribery case and gave him the report and charges levelled by Mr Velonis.

The prime minister reacted at once: He said he should be dismissed immediately after the elections and that the case should be committed to the judiciary.

The government, however --i.e. Mr Mavrakis' minister bosses -- knew about another investigation --not to say scandal-- involving the DEI director general that did damage to the state amounting to 120 million drachmas in foreign currency.

This had to do with the purchase of electric power from Albania that the present writer had revealed in ELEVTHEROTYPIA on 7 June 1986. In the beginning of the year, Mr Mavrakis had purchased an amount of electric power from Albania 50 percent greater than that needed by DEI and at a price 100 percent more expensive, without any approval by the board. The KYP [Central Intelligence Service] had also been concerned with this peculiar case and it informed Mr And. Livanis about it and he, in turn, the competent ministers.

Now, following the prime minister's order that all scandals be committed to the judiciary, this too arrived at the public prosecutor through a roundabout way.

On 10 November, Mr K. Papadimitriou, secretary general of the DEI engineers union, submitted to the head of the public prosecutor's office, namely Mr I. Gavrilis, an indictment (A86-2630) giving all details.

The Ministry of Industry leadership had knowledge of the state refineries scandal for some time.

The report containing charges made by Mr D. Kelidis, ELDA [Greek Refineries] management official, was known since 21 June 1986.

The sinful entrustment of projects involving billions and various machinations of the Karakhalios gang are very well known. Mrs Vaso Papandreou had been personally concerned so as not to do injustice to the nationalized construction company VIEX, that tried to do damage to her in the amount of 2.3 million drachmas.

Two citizens (the brothers Georgios and Khristos Skoumbri), in a memo dated 27 August 1985, informed the minister of industry and the minister of commerce about a combine involving 500 million drachmas in the movement of petroleum between ELDA management and the private firm Thasos.

On 4 April 1986, the refineries "modernization team" drafted and sent to the ministry a "service memo" (signed by Mr P. Liakakos). Subject of this "service memo" --that has been handed over to the public prosecutor-- was overruns of approved expenditures for the purchase of equipment.

The 4 April 1986 document refers to many details. It reveals by name the companies that have had overruns amounting to 3 billion drachmas and what overruns each one had, as, for example, the Manuli Company exceeded its expenditures by 167 million drachmas.

It was necessary to change two ministers in the Ministry of Industry and Technology and to have Mr Sakis Peponis return to uncover the scandal and courageously commit the case to the judiciary and to dismiss, in an instant, the notorious Mr Ath. Karakhalios from the state refineries directorate general even though he was the one who had chosen him for that post in 1981.

More generally speaking, with regard to all the scandals that have recently been uncovered --i.e. after the municipal elections-- why did the competent ministers maintain --and unfortunately they still maintain others-- combine members and those suspected of stealing public funds? Why did they not inform the prime minister about the charges and facts they had in their possession?

Why, and now when the prime minister was clear and categorical ("to at once forward to the judiciary any accusation whatsoever"), do not some ministers follow the Peponis example?

An example: In the OTE, where so many things are being charged every day by trade unionists and also by the administration itself. Minister K. Bandouras should have already sent the public prosecutor.

In PYRKAL, where in its cooperation with DEI there is a difference in the order of 3.5 billion drachmas. And PYRKAL managers change chairs just like shirts.

In other words, as PYRKAL management the officers draft the proposals for the assumption of DEI projects worth billions and subsequently they return to their seats, this time in the DEI, and approve the PYRKAL proposals.

The result is that for only one project there is a difference (to the detriment of DEI) of 3.5 billion drachmas.

I can't stand it, I will have to write it: the prime minister should get himself a bigger broom that will sweep out many others.

Mr Prime Minister, they also had associates and they "did not indicate 'PASOK'" as Mr Ap. Kaklamanis had unfortunately said. They are the PASOK.

POLITICAL

GREECE

CHANGES, POLITICAL MANEUVERING SEEN WITHIN KKE

KKE Changes, Overtures Noted

Athens EMBISTEVTIKO GRAMMA in Greek 10 Dec 86 p 7

/Text/ According to estimates being made within the KKE that coincide with the recent return from Moscow of party secretary general Kh. Florakis, it is now time for some renovation in the strategy of the communists and also in a change in their ideological policy. As we have learned, without abandoning basic Marxist-Leninist principles and its last program, the KKE is already making certain changes that will be announced shortly at the 12th party congress in May 1987.

According to Mr Florakis "the changes that are taking place in Greek society urgently require the KKE to renovate the theoretical and practical aspects of policy dealing with its alliances, something that leads to developing even the smallest possibilities....." With this rationale as a basis, both the KKE secretary general and other important party cadres believe that it is indispensable that a serious overture be made toward PASOK's grass roots and that resignations of lower-level PASOK officials from the party be facilitated. Also, the KKE leadership believes that it must overcome the "Right-anti-Right dilemma that is exploited by PASOK alone and also overcome the lesser evil of bipartisanship stemming from the above logic.

As is natural, the above will lead the KKE to important differentiations from PASOK's policy, a fact that constitutes an important element in future political developments in Greece. It also puts PASOK in an exceptionally difficult position as far as "alliances" is concerned and selective as to its strategy. Consequently, Mr Papandreou's political dilemmas are serious in current conditions and his margins for maneuver limited. Perhaps this situation will also include dangers.

Movement in Large, Small Leftist Parties

Athens I KATHIMERINI in Greek 1 Jan 87 pp 1, 3

/Article by Khristos Karanikas/

/Text/ Crucial activities are taking place in the Greek Left with unforeseen ramifications in this new year. PASOK's political and practical connections with the broader Left are weakening since older voters having roots with old resistance groups are now joining the KKE and are cutting themselves off from the government party

The communist party, on its side, following its success in the municipal elections and following the meeting between Mr Florakis and Soviet leader Gorbachev, now holds a predominating position in the Left. This position, however, depends more on the promotion of the new face it projected during the municipal elections and lesser on insistence on traditional "values" of the Greek communist Left.

In the small parties the effects of these activities are significant. The splits-- as is the case in EDA [United Democratic Left] -- and devotion to traditional values reveal their inability to adjust to new conditions. None of the small parties could not come up with any alternative policy capable of attracting people of the Left.

International developments with overtures to the Soviet Union and China have left the parties of the Greek Left dangling and unprepared to adjust. Also left dangling to the same extent is the "leftist" face of the government party that presented this attitude to attract leftist voters in elections. Thus PASOK, under pressure by trade unionist demands and by economic indigence, is forced to resort to police force --as happened during the recent strikes-- confirming the prediction that it identifies with the traditional Right and burning the last bridges that link it to the Left.

This break is supplemented by the gradual removal by the two KKE's of the name "communist." After 12 years of tough disputes over and attachment to the name "communist" the two KKE's have launched a race to get rid of it. Thus, the KKE is oriented to maintaining the form and perhaps even the word coalescence in the future following success in the municipal elections. The KKE (Int.) has already selected the name "New Greek Left."

Both parties have thus shown their inability to substantially follow political developments, not only in names but have actually engaged in a backward race.

This political inaction is also reflected in the petrification of the party mechanisms. With PASOK's coming to power the conversion --that began with the legalization of the KKE in 1974-- of party mechanisms into entities having semi-state authority was completed.

Activities taking place in the Left do not relate to the staffing of party organizations but relate to the voters of the Left, primarily those in the Second Electoral District of Athens and Salonica, the leftist belt around big cities. The process of breaking away from PASOK that began at the time of the municipal elections is continuing at a rapid pace.

In these developments the KKE is having the advantage, thanks primarily to Mr Florakis and his political presence. Mr Florakis had almost completely identified himself with the policy of coalescence in the municipal elections and subsequently personified developments for disengagement from the polarization of the civil war climate. Indeed, after his meeting with Mr Gorbachev, Mr Florakis significantly increased his influence in the country's political life, going beyond the narrow framework of the communist Left. The problem, however, of the coexistence of this policy with the mentality of the party apparatus remains and constitutes a crucial factor that perhaps may be cleared up at the KKE congress this spring.

Mr Florakis' position is also strengthened by developments in the Soviet Union and China. At a time when the Mecca of communism is making overtures to private initiative and is liberalizing society, it is very difficult for the old party liners to win having as their political concept the complete nationalization of everything. The party mechanisms, with their ecclesiastical hierarchy and religious devotion and also fanaticism --that easily turns into hatred against sects-- feel that they are losing the blessing of the ideological divine inspiration. And this loss is accompanied by the virtual demolition of the myth about PASOK's leftist origins.

These "clashes" assume catalytic proportions for the smaller parties. Prospects for their direct participation in forthcoming political developments are darkened by inaction in emancipating themselves from party mechanisms and party ideology. The actions by small parties in the Chamber of Deputies last month was characteristic. Withdrawal during the vote on the setting up of a committee to look into the scandals meant --according to the observation of an old leftist politician-- that they remained unmoved by the examinations for obvious participation in the political life of this new year.

5671

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DEMIREL-OZAL CONTENTION EXAMINED

Istanbul TERCUMAN in Turkish 12 Oct 86 p 5

[Article in column "Tour of the Horizon" by Altemur Kilic: "Demirel-Ozal"]

[Text] Mr Demirel says, "We are entering a period of crisis!" and his goal, quite clearly, is to create a government crisis in one way or another and overthrow Ozal, wipe out the ANAP [Motherland Party].

He is trying to strike hard while the iron is hot, to get as much mileage as possible out of his success in the recent by-elections before it loses momentum. However, whether he will succeed is another matter. As we pointed out in our last column, it would be a mistake to attribute ANAP's overall loss of votes and defeat in certain regions to the Demirel factor alone or even to the votes cast in Demirel's favor or a desire to bring him back. Mr Suleyman certainly knows the state of mind of the Turkish electorate better than we do, but it seems to us that the interpretations being made are somewhat overly optimistic! The Turkish electorate, after a point, will shy away from exaggeration and ultimately avoid developments that would affect the stability and peace and quiet in Turkey. And we have begun to hear reactions such as, "This is now going too far."

Mr Demirel is a person who likes confrontation. His struggle against the bans which he considers a personal affront is excusable to an extent and may be justified, but against whom is he struggling and what will it cost?

Why has he targeted Ozal, ignoring the historical conditions that led to the bans? Does this stem, I wonder, from Mr Suleyman's inability to tolerate Ozal's taking the "base" that he considers his historical and natural right without asking permission despite having been warned? Of course, Ozal is master of the right wing, the free market economy, free enterprise and development, regardless of Mr Suleyman's citing information to the contrary.

So Demirel cannot accept this "disloyalty"! Demirel is apparently opposed to having the caravan of the same ideology carry any leader other than himself!

The same view predominates, all but openly, among his supporters as well. The problem has, unfortunately, gone beyond the dimensions of a race to perform the same service better.

We are not going to draw a comparison between Ozal and Demirel. As we have always said, no one can deny Demirel's great qualifications and great services. But, in his own words, "Yesterday was yesterday, today is today," and Demirel could have gained a great deal, in our opinion, both by standing behind Evren no matter what and by supporting Ozal who has to lead his country as circumstances require, the most important being that the anti-left front would have been greatly strengthened.

The left is in disarray today. But let us not deceive ourselves; the left is very apt and very militant. It will regroup and unite and present even more of a threat in future elections.

Extremists on the left will learn from past experience and will be applying new and more effective tactics. It looks as though the left will not be joining the campaign for early elections so as to gain more time to regroup.

We are afraid that any future crises will further split the right and be harmful to the country by disrupting stability.

Given cool and calm consideration, what needs to be done is for the right to unite and regroup. It would be a great miscalculation to try to do this by getting rid of Ozal. It will not be easy, or even possible, to get rid of Ozal. The path of wisdom is unification of the right. My late father used to quote Ataturk: "The hardest thing to repair is a slip of the tongue." I always took this to mean that hearts can be irreparably broken by words. Actually, nothing is impossible in politics, the art of the possible!

We hope that the concerned parties will avoid heartbreaks that cannot be mended, deepening the chasm!

8349

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BORDER-CROSSING PROBLEMS WITH IRAQ POINTED OUT

Istanbul TERCUMAN in Turkish 7 Oct 86 p 3

[Text] Road haulage problems have arisen with Iraq following problems with Iran. It is reported that Iraq has increased crossing fees and has transferred the function of issuing visas from the Habur border gate to Ankara.

Saffet Ulusoy, president of the Association of International Hauliers [AIH], has stated that Iraq raised transit crossing fees from 30,000 to 60,000 lira per truck and from 48,000 to 96,000 lira for refrigerated trucks, as of the beginning of this month. Ulusoy, pointed out that in addition to the increase in the crossing fees, the visas previously issued at the Habur gate are now being issued in Ankara. He said:

"We have taken the matter up with the government. We asked that the visas should once again be issued at Habur and that the crossing fees be restored to their former levels. A meeting held yesterday at the AIH central office discussed the topic of the "21st World Congress of International Road Transport Union (IRV)" which is to be held in Istanbul in 1988. AIH President Saffet Ulusoy, Union of Turkish Chambers of Commerce, Industry, and Stock Exchanges President Ali Osman Ulusoy, and IRU Secretary General M. Pieter Groenendijk went over the preparations connected with the congress.

IRU Secretary General Groenendijk pointed out that Turkey acts as a bridge between Europe and Asia. He said: "Turkey is very important for the IRU. The IRU sells more TIR certificates in Turkey than anywhere else. This is why importance is attached to the first congress we will hold in Turkey."

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GOVERNMENT POLICY ON MIDDLE EAST CRITICIZED

Istanbul MILLIYET in Turkish 7 Oct 86 p 9

[Article by Ali Birand: "How Does Israel View Turkey?"]

[Text] To pay an even brief visit to Israel, to talk with the makers of Israeli policy, headed by Defense Minister Yitzhak Rabin, and with its close observers, to take a look at the other side of the coin, is to acquire new perspectives. What we found most interesting was the Israeli viewpoint that the Abu Nidal group was connected with the synagogue massacre in Istanbul. We were told that two prisoners in Israel, former members of the Abu Nidal group, have identified one of the terrorists who died there from photographs in the Turkish press as being one of Abu Nidal's men. This is the most solid evidence they have in hand.... They themselves admit that it is not definite or sufficient to convict someone. But they say: "All the signs point to the Abu Nidal group as being the author of the incident." They emphasize that the Abu Nidal group is the only one in the world that hits synagogues, saying: "They hit not Israelis or Israeli targets but Jewish targets. Look at the attacks on synagogues in Paris, Brussels, and Rome. They are all the work of Abu Nidal." They went on to claim that the Abu Nidal group and the other PLO groups are all of the same ilk and that they are all terrorist groups. Finally, they concluded with the question: "Why does Turkey allow a PLO representative to have an office in Ankara? Why doesn't Turkey close it down?" The Israelis frequently reiterated that they are disturbed by the PLO presence in Ankara.

You can tell them all you want that the PLO was accepted as the sole representative of the Palestinian people at the Rabat summit which included Turkey, that a number of Western countries hold the same view, and--what is even more important--that the great majority of the Palestinians in the Israeli-occupied territories regard the PLO as their true representative; you will clearly observe in the midst of debate that you are talking in vain. For the Israelis, the PLO is a terrorist organization and it can never be admitted into the process of negotiations. Moreover, Israel does not much share a belief that is fairly worldwide. The defense minister put it to us bluntly: "What is at the bottom of the Middle East problem is not a Palestine problem but the Arab countries. If we can find a settlement with the latter, we can solve this problem." To many people, including ourselves, it is impossible to find true peace in the Middle East as the rights and lands of the Palestinian people are not returned to them. As long as the PLO, which represents the Palestinian people, is not drawn into the negotiations and as long as the problem of the Palestinian people is not given priority, there will be no rest for the Middle East, for Israel, and--to tell the truth--for any of us.

Israel wants peace, absolutely. But it is pursuing a peace that it alone desires.

When one looks at the other side of the coin, one sees an extremely powerful, extremely advanced country. The point reached by Israel today, irrespective of what anyone may say, irrespective of the "American support" that anyone may ascribe it to, is impressive. Naturally, there is Washington's support and the millions of dollars it pours in every year. But there are also the Israeli people and state which make good use of this support. We may perhaps not agree with their policies but the reality of Israel is a dazzlingly obvious fact....

With great curiosity, I sought to find views on Turkey's place in the Middle East. In earlier visits to Arab capitals, I had failed to find any trace of Turkey's presence in the "Middle East question." I was excited at the prospect of perhaps finding it in Tel Aviv. I sounded out my contacts somewhat in the hope that "Perhaps Turkey counts for something, perhaps somebody takes notice of something Turkey says." The result, unfortunately, was the same. "We have no reason to pay attention to Ankara's views, as Turkey takes not the least interest in Middle Eastern topics."

Let us not deceive ourselves. There is not a sign of a Turkish presence to be seen anywhere, let alone justification for the exaggeration that Turkey is the "leading country in the region." But let us not get it wrong: it is Turkey itself that wants this to be so. In our endeavor to deal with everybody, we have wiped ourselves out of the marketplace. Naturally, Turkey is taken into account in overall strategic calculations, but we do not count in daily political considerations. Let us therefore ask some of our politicians and Foreign Ministry officials to stop exciting us by such statements as "There is a terrific increase in Turkey's influence in the region; we are emerging as the leaders; people are watching a sign from us." Otherwise, when one is confronted with reality in the end, the letdown is terrible. Who knows, we may some day have a real Eastern policy and give up claiming that the policy of "no involvement, no mess" is highly successful....

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IMPORTANCE OF SDPP BY-ELECTION SETBACK EXAMINED

Istanbul MILLIYET in Turkish 6 Oct 86 p 1

[Mehmet Barlas editorial: "Why Was the SDPP Beaten?"]

[Text] The importance of the by-election setback suffered by the SDPP [Social Democratic Populist Party] led by Erdal Inonu extends beyond agitation that will affect the leadership cadres of the party.

During the week that has elapsed since the elections, we have been talking to people from various segments of the political spectrum.... Those who commented on the defeat of the SHP believe on the whole that the expression "whatever Ozal has done, we shall do the opposite," claimed to have been uttered by Erdal Inonu, was responsible for the defeat. There were others who also said that the SDPP had failed to articulate a program with a solid content, that some SDPP spokesmen had frightened the public with irresponsible statements, and that the SDPP had not chosen its candidates well. For instance, in Gaziantep where the SDPP was the 100 percent favorite, Hasan Celal Guzel, the Motherland Party candidate, changed the outcome by sheer personality.

It is in fact easier to analyze a failure than a success. To take just one example.... The percentage of votes received by Turgut Sunalp's National Democratic Party [NDP] in the November 1983 elections was the same as the percentage received by Demirel's Correct Way Party [CWP] in the by-elections last Sunday.

Yet, as Sunalp was expected to come to power, the 24 percent of votes cast for him was considered a "defeat" and the causes of this defeat were analyzed long and hard.

The 24 percent for Demirel in the by-elections amounted to a "victory" for him, because nobody had predicted it--but nobody bothers to analyze this.

As for the SDPP, what it suffered is a decisive defeat, because instead of becoming the first or the second place party, it was dropped to third place.

The important thing from now on is to discover how the upset balance between the left and the right in Turkish democracy is to be restored.

The first truth is that the Turkish people expect the social democrats to present down-to-earth, concrete, and comprehensive proposals.... The electorate is not unhappy with every step and every decision taken by Ozal.... There are a great many people with social democratic views who are happy with the freedom of foreign exchange, who want to be able to go abroad any time they wish, and who believe that the interest paid on their money in the bank should be above the rate of inflation.

From the political viewpoint, too, the social democrats are more concerned about freedoms. This segment of society is looking forward to more modern proposals on education, justice, and the administration....

But this attitude does not mean that the social democrats are seeking a fight, filled with passion for retrospective vengeance.... The majority of Turkish social democrats are people who cherish the stability of the country, who want not a fight but peace, who do not seek adventures.... The basic support for social democracy derives from the middle class and the segment of educated people on limited or fixed incomes.... To conclude, every voice in the SDPP sounded a different tune in connection with the by-election, with the now familiar results. The need to proceed with greater caution now is unavoidable.

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ESSENTIALS OF SOCIAL DEMOCRATIC POLICY DISCUSSED

Istanbul MILLIYET in Turkish 6 Oct 86 p 8

[Text] The split and drop in the votes for the left in the 28 September by-elections has revived the debate over the kind of identity a social democratic party should assume and the kind of policy it should follow. Individuals and circles who believe that modernization in Turkey needs socialist and social democratic parties are now arguing to what extent the Social Democratic Populist Party [SDPP] and the Democratic Left Party [DLP] fit the bill as much in terms of their program and structure as in terms of their leadership and social democratic policy to challenge the Ozal government. Some differences of opinion are observable on the universality or national character of the principles to be backed by a social democratic party. For instance, Dr Acar Ornek, a professor at the Economics Faculty of Istanbul University, points out that political parties are the product of the community they are part of; he argues that the parties on the left, like the parties on the right, vary from one country to another. According to Dr Ornek, a social democratic party in Turkey ought to be one that "aims to achieve the welfare state and the stage of social democracy reached automatically in the West." Ornek points out that there are differences, in this sense, between developed countries and a developing country like Turkey. Ornek says:

"Putting down the principle of a welfare state in the constitution does not bring about a welfare state. What brings about a welfare state is a social democratic administration. Commitment to customary nationalization measures is inevitable, but in the face of liberalization tendencies and actions observed in the world at large, a customary program cannot suffice any longer."

Against this outlook of Dr Acar Ornek, Ahmet Isvan, former major of Istanbul and one of the well-known personalities of the now disbanded Republican People's Party [RPP], argues that there cannot be a form of social democracy particular to Turkey. It is Isvan's view that "social democracy is universal; it is the same in Turkey as it is the world over."

Despite this, Ahmet Isvan considers it natural that a social democratic party applies different measures in different countries, "from keeping state guidance in the economic and social fields to the minimum, all the way to interventionism." Isvan points out that such measures are determined by discussions balancing the different views within the party, but the unchanging element is "the defense of participatory [Turkish: katilimci] democracy."

According to Isvan, a social democratic party in Turkey faces a number of obstacles. Isvan points out that the 1982 constitution heads the list of these obstacles, saying: "Our constitution greatly hampers participatory democracy. As a result, it is opposed as much to the modern concept of democracy itself as it is to social democracy."

Aytekin Kotil, who was at one time the Istanbul provincial chairman of the disbanded RPP, takes up a position somewhere between Dr Acar Ornek and Ahmet Isvan on the subject of the nature of social democracy. According to Kotil, the basic principles of social democratic parties greatly resemble one another. Kotil explains that these principles are stated in the six basic principles of the disbanded RPP. He says:

"If we add to these the principles that labor is the greatest value and that no concessions in any form may be made regarding basic rights and freedoms, then, I believe, we arrive at a definition of the classical framework."

According to Kotil, the sticking point is the kind of program within whose framework these basic principles will be implemented.

Kotil regards it imperative that the program should, above all, be defined in as concrete and clear a manner as possible. He argues that if basic policy is clearly set out, "it is possible to achieve a unity of ideas within the party and to prevent a rarefied rightist-leftist fight and a slogan contest." He says:

"If the right gets more votes than the left in a country like ours where the low-income citizens are in the majority, this is not due to any inadequacy of social democratic policies but because such policies are not as sharply clear as they should be and there has been a failure to explain them properly to the people."

As for individuals who have taken part in the socialist movement in the past, they are doubtful even about the necessity of a social democratic party in Turkey. Thus, for instance, Mehmet Ali Aybar, the leader of the defunct Turkish Socialist Party, is of this opinion. He says: "A social democratic party cannot develop into a socialist party through a normal process and is therefore not a valid party for Turkey."

Dogu Perincek, the leader of the disbanded Turkish Worker Peasant Party, addresses himself more to an appraisal of the Turkish left than to the question of what the program of a social democratic party should be like.

According to Perincek, "The left's program should encompass freedoms. It should be designed to ensure participation in all fields, from the central administration to local bodies. It should create economic alternatives that will alter democracy and the distribution of resources in line with workers' demands."

Perincek believes that the real target in the left's struggle for democracy is the struggle against militarism. In foreign policy, Perincek proposes an independent line vis-a-vis the two superpowers, based on unity with Third World countries and the common interests of Europe.

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KEEPING POLITICS OUT OF CHURCH, MILITARY, SCHOOLS URGED

Istanbul CUMHURIYET in Turkish 7 Oct 86 pp 1, 6

[Ugur Mumcu article: "Private Interview"]

[Text] It is necessary to keep politics out of "the mosque, barracks, and schools." Once politics are allowed to enter "the mosque, barracks, and schools," there is no knowing where things will end up.

It is an offense to introduce politics into "the mosque and the barracks." In extraordinary periods, "the barracks" itself, as a body, enters politics. In consequence, the Military Penal Code articles banning politics are automatically suspended.

In a democratic system, the army is at the service of the government.

"Introducing politics into the mosque" is also an offense under our penal code. To use religious sentiments and religious concepts for political purposes is prohibited. Yet, despite all these bans and offenses, electoral calculations are made with "Naksibendi sect leaders" in mind. If the exploiters of religious sentiment have entered into mutual support pacts with the ruling segments of the community, then Atatürkism and secularism is ignored. Those who start out to engage in politics with religious sentiment foremost in mind, but who have not established harmonious relations with domestic and foreign capitalist circles, are sure to find themselves arrayed against the ruling circles of the society. It is only then that they remember "Atatürkism and secularism."

This kind of a "double-standard" concept of Atatürkism and secularism has unfortunately become the current coin of politics.

This is how "introducing politics into the mosque and the barracks" goes . . . How, then, does "introducing politics into the schools" occur?

Politics are introduced into schools by turning students into "militants" guided by rightwing and leftwing ideologies under the command of organizations formed in the name of these ideologies. It is not a fact that in the period prior to 12 September 1980, teachers were divided into two factions, the "TOBDER" [The Turkish Teachers' Association], itself segmented into a

thousand leftist viewpoints and fractions, and the "Idealist Teachers' Association," which came under the orders of a political party?

This dichotomy was, maintained at the time by an irregularity perpetrated in the "training institutes" examinations, wherein a "private interview" was conducted--in contravention of regulations--with students who had already passed the "central system" examination; candidate teachers were divided into "Idealists and non-Idealists," and only "students who passed the test of being Idealists" were admitted to the school.

In November 1976, we dwelt in this column on the legal perversions resulting from this irregularity and demanded that the students who had failed to clear this hurdle as "not being Idealists" should appeal to the Council of State. As a result of appeals, the Council of State uncovered the existence of these unsound practices and annulled their results.

Now, we are facing a similar incident:

The Ministry of National Education, Youth and Sports has resorted to selection of primary school inspectors by "private interview," a method not envisaged in the relevant regulations. Questions of a religious nature are posed in these private interviews, and in this way a kind of political selection is made between the candidates.

The truth is that there is no requirement for an examination such as a "private interview" in Articles 9 and 10 of the "Regulations for the Appointment and Transfer of Primary School Inspectors." Those who have successfully completed a minimum of 5 years of service as elementary school teachers and directors, who have graduated from the Turkish, social sciences, mathematics and social sections of 3-year training institutes and have completed the courses set by the ministry qualify for appointment as school inspectors.

There is no test such as a "private interview" under the heading "Procedures and Documents in Making Appointments" in the regulations.

The selection of primary school inspectors by "private interview" is therefore contrary to the regulations.

As a result of the "private interviews" conducted last July, in a manner very clearly in violation of the regulations, 330 out of 525 persons became primary school inspectors, and the remainder were eliminated from the contest. This method is identical with that used in the "training institute examinations" at the time of Ali Naili Brdem, the minister of national education of the first National Front government [1975-77].

Thus, once again, "politics" are being introduced into schools.

If politics are introduced into the schools in this manner, there is bound to be reaction to this policy. And this is exactly how what we call "polarization" begins. How would it be if we, in turn, put Minister [of National Education, Youth and Sports] Eminoglu through a "private examination" on the subject of regulations and on examinations in contravention of these regulations. Why not!

DOCTORS' OPPOSITION TO DEATH PENALTY RECALLS MENDERES CASE

Istanbul CUMHURİYET in Turkish 7 Oct 86 p 2

[Burhan Arpad article: "Doctors and The Death Penalty"]

[Text] When some Turkish physicians joined in a humanitarian demand that is spreading in the enlightened world, a problem was created. The Turkish physicians who signed a petition were tried for opposing punishment by execution, for signing a petition that no man should be killed by another in the name of justice.

The Turkish physicians who signed the petition were cleared in the end, but the subject did not cease to be topical in another context.

What happened was that the case of Menderes, who was hanged on 17 September 1961, was brought into focus. This proved useful for debating certain truths, for determining what the truth was. The important aspect of the debate from the viewpoint of physicians was that it is inadmissible for a man to be hanged on the basis of a death sentence if he is physically and emotionally sick. Unable to overlook this aspect of the law, certain officials of the day found themselves in a difficult position after Menderes had made an attempt to take his own life by swallowing a container of sleeping pills. They had to have a fitness report before sending Menderes to the gallows. To achieve this, they set up a medical council with the participation of certain professor physicians. The council reviewed Menderes' state of health.

An examination indicated that breathing and the internal organs were sound; blood pressure and pulse were normal; urine and feces were normal. He had also slept well. So, Menderes was fine. But the honorable physician had to ignore a very important matter. What ailed Menderes was not his internal organs or his nose or throat. He was a politician who had attempted to take his own life, engulfed by the despair induced by months of isolation. He was undergoing a crisis. Such a sick person would qualify for being placed under observation even in the most routine military examination; he would be kept as an inpatient for a while and would be subjected to comprehensive examination. But, no! In this case the person to be sent to the gallows was Menderes, a man who had performed the function of prime minister of Turkey for 10 years. The doctors who assumed the responsibility for issuing a fitness report pretended not to remember the Hippocratic oath: "I shall not allow

consideration of differences in religion, nationality, race, party, or social class to come between my duty and the patient. Even under duress, I shall not agree to use my skills contrary to the laws of humanity."

But there was another matter that concerned Menderes and his companions who shared his fate. They were due to go to Moscow on 20 June 1960 for a \$500 million aid agreement. Menderes had remained blindly faithful to the United States from 14 May 1950 onward, had even sent troops to Korea without seeking the consent of the National Assembly, and had opened the doors wide to foreigners through the oil and foreign capital laws; but he suddenly found himself out of favor with "the old and great friend, America" when, compelled after years of rough sailing at home, he attempted to seek help from the Soviet Union. Ecevit in 1978 and Demirel in 1980 were driven from power under similar circumstances and events.

Let us now go back to the subject of physicians and the death penalty.

The eventual exoneration of the Turkish physicians who opposed the death penalty is interesting.

There is an interesting article in the 27 September issue of GUNES, which serialized the episode of Adnan Menderes' attempted suicide.

I quote:

"In 1966, a female student of medicine told Ord Prof Dr Sedat Tavat: 'Sir, it appears that doctors issue reports to have people executed, too. This is what we have learned from you.'

"Ord Prof Sedat Tavat was puzzled at first; then he understood what the female student meant."

Can we say that the honorable professor, who together with other civilian and military physicians drew up and signed the report certifying Menderes as fit so far as internal diseases were concerned, was not aware that this person had made an attempt at taking his own life a mere 48 hours earlier and therefore needed to be placed under observation on grounds of his emotional sanity?

This is what the physicians' patron saint, Hippocrates, says about such a situation:

"Even under duress, I shall not agree to use my skills contrary to the rules of humanity."

Be that as it may, a great deal has changed in 25 years. We have now seen that there are Turkish physicians who give battle against any man killing another man--the being that medical science is dedicated to keep alive--and who are willing to be tried for their efforts.

13184/13104
CSO: 3554/59

POLITICAL

TURKEY

BRIEFS

CLAIM OF POLITICAL ARRESTS--Karlioiva, from our own correspondent--The Social Democratic Populist Party [SDPP] district chairman and his brother, along with the son of the Correct Way Party [CWP] district chairman in Karlioiva, have been taken into custody. Following the by-elections, Mehmet Atli, the SDPP Karlioiva District chairman and his elder brother Suleyman Atli, along with Cezayir Akansu, the son of CWP Karlioiva District Chairman Selahattin Akansu, were taken into custody. Selahattin Akansu described the event as a "Motherland Party [MP] plot" and said that "The MP regards the CWP and the SDPP as its rivals and wants to cow them." No statement has been made in connection with these three persons who are claimed to be held in custody at the Political Branch of the Bingol Police Directorate. [Text] [Istanbul MILLIYET in Turkish 6 Oct 86 p 9] 13184/12795

CSO: 3554/60

INTEREST-FREE BANKERS TARGET TURKISH WORKERS IN GERMANY

Istanbul HURRIYET in Turkish 30 Oct 86 p 4

[Report by Nese Duzel]

[Text] Interest-free bankers are now pursuing "the expatriates' money." The Faisal Finance Corporation and the Al Baraka Turk Corporation, which attracted over 57 billion Turkish lira in 1 and 1/2 years in Turkey, are now eyeing the savings of Turkish workers in the FRG.

Noting that the government's revenue sharing bonds for bridges and dams are selling "like hot cakes" among overseas workers, Faisal Finance recently opened a "representative office" in Frankfurt. In an effort not to lose a profitable market to its competitor, Al Baraka Turk moved quickly and decided to collect overseas workers' deposits through the mail via a German correspondent bank. Al Baraka Turk Director General Yalcin Oner disclosed that preparations are under way to open a branch in the FRG.

Stating that his company has received a large number of inquiries from the FRG, Oner said: "We have always known that this market has a large potential. The government's success in selling revenue sharing bonds, which--like our accounts--pay dividends rather than interest, encouraged us further. For the moment, we will take deposits through the mail. To that end we will enter into a 'correspondence' agreement with a German bank. We will sign that agreement soon." Faisal Finance, which acted much more quickly than Al Baraka Turk--its only rival in Turkey--in entering the expatriate market, is running an extensive promotion campaign not only in Frankfurt, but in other cities with large Turkish communities, such as Koln. It is reported that Faisal Finance's Deputy Executive Council President Salik Ozcan and Director General Fehmi Akin are traveling in the FRG extolling to the Turkish workers the virtues of their banking system which is based on Islamic principles.

Aggressive Competition in Turkey

The two companies, both of which operate out of their headquarters in Istanbul, realized their expansion in Turkey by opening branches. Al Baraka Turk has received permission from the Treasury to open branches in Ankara, Izmir, Bursa, Konya and Istanbul. The company will thus increase its capital by 5 billion Turkish lira and raise the number of its branches to six. Faisal Finance is also planning to increase the number of its branches to six; its

only difference from Al Baraka Turk is that it will open a branch in Mersin rather than in Istanbul.

Turkey was introduced to "interest-free banking"--which has been spreading steadily in Islamic countries--when the Motherland Party government took office 3 years ago. The Ozal government named this type of banks, which consider interest "sinful," "special finance corporations."

Preparations were completed 2 years ago, and the two companies were given permission to offer in Turkey banking services based on Islamic principles. An interesting aspect of this affair was that the Turkish partners of these two companies turned out to be former members of the now defunct National Salvation Party.

These banks open "profit and loss sharing accounts" for their depositors without mentioning interest rates. When the term of the account matures, depositors are paid "profit shares" if the business in which their money was invested turned a profit and pay "loss shares" if the business loses money. However, so far no loss shares have been distributed.

On the credit front, these companies invest the funds deposited with them primarily in trade. They buy goods from the manufacturers for cash money and sell them to customers--whom we should call borrowers--on installments and other easy payment terms. They thus earn a commission on these transactions.

Interest Is 'Sinful,' But...

Banking circles have been noticing the rapid growth of deposits in these two special finance corporations, which have been collecting money from depositors on an interest-free basis for the last 1 and 1/2 years. At a time when there has been a net decline in deposits in other banks, Faisal Finance and Al Baraka Turk have attracted 57.5 billion Turkish lira within a short period of time. Of this amount, 32 billion Turkish lira was deposited with Faisal Finance and the remaining 25.5 billion Turkish lira was deposited with Al Baraka Turk.

It has been determined that the yield on the "profit and loss sharing accounts" opened by these banks for 3, 6 and 12-month terms in both Turkish and foreign currency is not much different from the interest paid by banks. For example, until 2 days ago, on a deposit of 100,000 Turkish lira, the banks were paying 9,000 Turkish lira in interest for 3-month accounts, 20,493 Turkish lira for 6-month accounts and 46,644 Turkish lira for 1-year accounts. For the same amount of deposit and maturity terms, Faisal Bank paid 10,000, 20,500 and 47,000 Turkish lira, respectively. Noting that the return on money deposited at special finance corporations is more or less the same as that on bank deposits, banking circles stated the interest rate cuts announced 2 days ago will also affect these corporations. Meanwhile, just like banks which advertise their interest rates publicly, interest-free bankers disclose their profit dividends to their depositors through announcements in papers.

INVESTMENT AS KEY TO SOLVING UNEMPLOYMENT EXAMINED

Istanbul HURRIYET in Turkish 7 Oct 86 p 19

[Article by Coskun Kirca: "Another Error by the Social Democratic Party"]

[Text] There is an easy form of demagoguery to which not only the social democrats but those in other sectors of the political spectrum resort: to promise great increases in workers' wages when they come to power. The height of such demagoguery was reached during the period of Ecevit's last turn at the office of prime minister. Ecevit was in fact able to boast of "wages exceeding prices" during that period. But the memory of the increase in the rate of inflation he brought about is still haunting our social democrats as a whole.

Any promise that is not in accordance with the rules of the science of economics and with the facts is doomed to lead to the same result. What, then, are the facts concerning wages?

It is true that working people are human beings; it is also true that it is necessary to find humane remedies for the problem of the wages of the working people. But it is an equally valid fact that wages are the price of labor and like all prices are also subject to the balance between supply and demand.

In a developing country such as Turkey, the supply of labor, as a result of an excessive rise in population, will be ahead of the demand for labor for a long time to come. The pressure of the supply of labor will invariably create a tendency toward low wages. Therefore, the most sound way of raising wages lies in creating a scarcity of labor. As labor becomes scarce, the increase in wages will materialize by itself, as the employer will not be able to find people to work for him without paying them more than before.

Therefore, the sound way to increase wages is to reduce the supply of labor and to increase the demand for it.

Reducing the supply of labor is not easy. Population planning is the only way of achieving it, and the positive result of this takes a long time to emerge.

Raising the demand for labor can be achieved by opening up new areas of employment. The way to this is through savings and through transforming these into investments. To achieve this end, it is necessary at least to

maintain the percentage--not the volume--of consumer spending as part of the GNP, in view of the fact that wage increases in excess of productivity act as disincentives to investment. As a consequence, the increase in unemployment cannot be checked and structural pressures pulling wages down continue.

One of the most misguided attempts to remedy unemployment lies in creating new jobs that do not raise labor productivity. This, in effect, creates not jobs but hidden unemployment. To pay wages to those who contribute nothing to production amounts to stealing from investment funds meant to help find jobs for the unemployed.

If trade unions use union muscle to secure for their members wage increases that are not in line with productivity, then the result is nothing more than achieving a position of privilege for the union members over both non-union workers and the unemployed. What is more, this also amounts to the dissipation of investment funds that would bring about jobs for the unemployed.

The remedy is investment, investment, and only investment. Incidentally, it is essential not to neglect social insurance establishments, which provide useful services to the workers in many fields, mainly in the health care field, and to make good use of their accumulated funds as a source of savings and to channel these into useful investments to increase the workers' real incomes. The financial state of such establishments in our country is poor. If we are concerned about the workers' poverty, then these establishments must be improved.

The reconstruction of a developing country and the raising of real wages without inflation constitute the same goal, in fact. It is therefore necessary not to hide the truth from the public and, above all, from the workers. Development is achieved through sacrifice. He who evades sacrifice at the right time deprives not only his children of prosperity but, in due course, himself as well.

The burden of sacrifice, however, cannot be placed on the shoulders of the worker alone. Everybody, headed by the employers, will have to make sacrifices. This, then, is the very point that the social democrats should be emphasizing.

13184/12781
CSO: 3554/57

EC TO CONTINUE LIBERAL STEEL QUOTA POLICY THROUGH 1987

Liberalization Still Controversial

Munich SUEDEDEUTSCHE ZEITUNG in German 20 Oct 86 p 22

[Article by str. Luxemburg (own report): "EC Steel Liberalization Continues to be Controversial"]

[Text] The continued liberalization of the steel market in the European Coal and Steel Community demanded by the European Commission encounters vehement opposition from producers and unions, a divided attitude on the part of the governments of member nations, and can obviously not be decided yet at the conference of the industrial council of ministers in Luxemburg on Monday. The concept of the commission for restructuring and subsidy cuts in the equally damaged ship-building industry of the EC also can hardly expect a positive echo. EC Commissioners Narjes and Sutherland, in charge of industrial and competitive policies, both subscribe to the view that within the next few years the crisis areas must also be returned gradually into the market and trade regulations of European treaties.

After lifting the production quota system for approximately 20 percent of the steel production at the beginning of the current year, the commission plans to decontrol, at the turn of the year, another 20 percent of production, namely following reinforcing steels and coated sheet now also machine wire, commercial steel, galvanized sheet and light sections. After expiration of the steel subsidy code at the end of 1985, the state of a so-called "severe crisis" as per Article 58 of the Common Market Treaty can, according to the commission, no longer apply for these products, so that free market conditions must once again be operative. The advisory committee of the European Coal and Steel Community, which is comprised of producers, consumers and union representatives, in a special meeting on Friday evening in Luxemburg has opposed the liberalization proposals of the commission with a vote of 56 to 8, with four abstentions. Rather, it has demanded the immediate suspension of the decontrolling process and the establishment of a new crisis plan for the European steel industry.

The first debate of the council of ministers on the commission's proposals for the reorganization of ship-building subsidies on common grounds also evokes great apprehension among several member nations fearing an aggravation of the situation in this industrial sector. The commission wants to calculate the

highest permissible level of approved subsidies on a basis which corresponds to the difference between Japanese/Korean ship-building prices and those of the most successfully operated European shipyards. The commission still considers the capacity of the EC ship-building industry to be too high by one third. In order to achieve a capacity utilization of about 70 percent during the years from 1987 to 1990 and of about 80 percent in subsequent years, another 25,000 to 30,000 jobs would have to be eliminated within the scope of restructuring, down to a remaining employment of about 40,000 to 45,000 long-shoremen at the end of 1989, while in 1975 there were still about 200,000 dock workers employed in the EC.

1987 Import Quotas Up

Duesseldorf HANDELSBLATT in German 31 Oct 86 p 22

[Article by vwd Brussels: "Brussels Presently Planning an Increase of Quotas for 1987"]

[Text] Thursday, 30 Oct 86--The attacks of the European steel industry, continuing since July, against increasing imports from third countries apparently have not left a lasting impression on the EC Commission in Brussels: The EC authority announced that, for the second time since 1978, it will propose for 1987 a slight increase of quotas within the limits of agreements existing with 15 third countries.

Within the next few days, the commission plans to ask the member nations for a respective negotiation mandate. During the current year the bilateral maximum quotas had been raised by a scant 3 percent as compared to 1985, whereas previously they had remained unchanged compared to the corresponding previous year.

In addition, the commission admits to working toward a series of innovations: For example, intentions are to replace agreements in effect since 1978 with the EFTA steel countries of Austria, Sweden, Norway and Finland with a less binding exchange of correspondence. At the same time, however, Brussels speaks in favor of adapting "to the actual development of the market" in the case of the countries of the Eastern Bloc. In view of the downward trend in steel demand in the EC, this would likely be associated with a cut in Eastern Bloc shipments. But on the other hand, Brussels proposes for the other third countries a reduction in the number of bilateral agreements.

In the opinion of the commission the EC should enter into treaties only with those threshold nations of the Third World "if a third country is not in a position to prevent competitive imbalances on the EC market." On behalf of the poorer developing countries, the EC authority advocates easier access to the ECCS. These proposals are likely to meet with considerable opposition in the steel industry.

With the express backing by the European Parliament, the steel mills have emphasized during the past weeks that they are in favor of extending the bilateral agreements to other third countries. In July, the steel association

Eurofer had taken a stand with a dumping complaint against countries not subject to any quota restrictions until now, such as Mexico and Yugoslavia. The EC authority, by its own account on Wednesday, is prepared to accelerate the dumping proceedings in the future.

By the year 2000, 4 of the 10 largest steel markets will be outside the range of the OECD. This is predicted by Chase Econometrics in a long-range prognosis entitled "Crisis and Comparison" The World Steel Industry 1986-2000." The four markets concerned would be China, India, Brazil and South Korea. It is projecting that China will double its steel consumption and be the leader in the year 2000 with 134 million metric tons. According to the prognosis, the United States, with a reduction of its steel consumption from 149.6 million metric tons in 1973 to 94 million tons in the year 2000, will lose its lead and drop to second place. Japan's steel consumption will decrease from 89.3 million to 72 million metric tons, and the nation will drop from second to third place. The report points out that in the Third World there exists a strong and growing demand for improvements in the infrastructure.

13011/12859
CSO: 3620/45

TRNC PM EROGLU ON ECONOMIC PROGRAM IMPACT ON COALITION

Istanbul TERCUMAN in Turkish 12 Oct 86 p 5

[Interview with TRNC Prime Minister Dervis Eroglu by Kurtul Altug; date not given, apparently in Cyprus]

[Text] An interview with TRNC [Turkish Republic of Northern Cyprus] Prime Minister Dervis Eroglu follows verbatim:

[Question] Mr Prime Minister, when the coalition came apart following Ozal's visit to Cyprus and you, the National Unity Party, placed into effect a new economic package, it was interpreted as virtually an echo in Cyprus of the Ozal economy, the Ozal model applied in Turkey. There are various rumors in this regard. For example, it is said that Ecevit officially proposed to you a model similar to the Ozal model...

Did Ozal have any influence on the model placed in effect in Cyprus?

In particular, what role does Ozal thought have in the tax package and in your interest policy?

[Answer] The Cyprus people are a society which believes in free trade and a liberal economy, and this is the model which has been applied in the past. When we took office, we invited the ministers and national deputies involved with the economy from our coalition partner, the Communal Liberation Party (CLP), to a meeting. What we discussed at this meeting was this: The economic situation is at an impasse. What must be done to get out of this impasse? That is, there was a situation demanding action. So today's model arose out of that meeting, not Ozal's suggestions. As decided at that meeting, we tasked the under secretary of the Ministry of Industry and Trade and the under secretary of the Economic Ministry: Prepare a package to rectify and revitalize our economy. They prepared this package after which we proceeded to work on it with our coalition colleagues. We endeavored to fit this package of economic measures to our structure. Meanwhile, local elections were due. You can appreciate the fact that it would not do any party any good to launch something that would stir a reaction like that on the eve of elections. Meanwhile, some subsidies were stricken from the package and some price hikes were added. Elimination of certain subsidies was there in the package and was there long before Ozal came. The basic goal was to

increase state revenues while reviving the marketplace. Achieving a state of self-sufficiency is a must for us. It is therefore necessary that we accustom our citizens to paying taxes. That is, collecting taxes from those who earn is imperative.

Tax and Interest Policy

[Question] Didn't you have any taxes up to that time?

[Answer] Not satisfactory ones. Actually, it is not satisfactory today, either. Now we are going to revise it and do it a new way. Taking more taxes from those who earn more. Actually, this package, therefore, has nothing to do with the Turgut Ozal model. It is something that was done before anyone had any idea that Turgut Ozal would be coming to this country. The goal, as I said, is to make ourselves self-sufficient. We are able to meet our current budget today only by borrowing from the Turkish Republic Ziraat Bank. We have borrowed 11.5 billion liras this year to enable us to pay our civil service salaries. We need 8 billion more. Look at the way it used to be, everything from Real Estate Taxes to customs duties are much lower. It was necessary to increase revenues because of this. We lifted the subsidies. To do this, we paid normal prices for those goods. For example, there were subsidies on artificial fertilizer, bread and diesel fuel. We removed them. We get many tourists from Turkey. We have to be competitive with Turkish prices for these tourists, in hotel rates and other things. We decided to reduce customs duties for this reason. We put this into practice right after Mr Ozal's trip to Cyprus. Some of the processing was difficult for tourists. We got rid of it. Now a tourist can come here and buy a radio without going to customs.

[Question] Okay, didn't Mr Ozal have any suggestions for you in this connection? Didn't he have certain recommendations?

[Answer] There was one thing that Ozal brought to us: We had not thought about the corporation tax. His proposal to us was, "Reduce the corporation tax to 25 percent." He said we should reduce it about 5 percent and we could make up the difference from income taxes. When Ozal's coming to Cyprus came on the agenda, an advance delegation came here before Ozal did, as in every country. We informed Mr Ozal that we were working on this and that we hoped that he would join us in this effort. The delegation came and officials of the two coalition partners sat down with this technical delegation from Turkey and reached agreement. We decided that the matter would be discussed in Ankara also. This time, we sent a technical delegation to Ankara, which did its work there and returned. When they got back from Ankara, we saw that some matters did not conform to our structure. We made adjustments to suit our own structure at a meeting of the Council of Ministers, attended also by our president. We sent the package which emerged to Mr Ozal. This is the whole story. The only thing that Mr Ozal proposed to us had to do with the corporation tax. All the rest were our own. Interest, for instance...we cannot keep money in Cyprus, what could we do? Deposit interest in Turkey is 45 - 50 percent; ours is 22 percent. Since we use the same currency, there is no way this money is going to stay here. Money either goes to Turkey or is converted to dollars or sterling and goes to foreign banks.

[Question] The Turgut Ozal economy is probably beginning to have an impact here by now.

[Answer] Mr Ozal made us a promise. He said, "You will lose revenues from reducing customs duties. I will undertake to make that up." The Turkish government will make up this loss. But our infrastructure -- communications, transportation -- are not at all satisfactory. He took that upon himself. He will provide us a subsidy from his own budget in the new system. My idea on raising interest was that it should be raised to around 35 percent. Later I thought we should raise it gradually. This was the idea of Mr Ozal's experts. "If you do this, do it at once, because if you keep interest rates at 35 percent, you will still have to raise them again later. You will not be able to hold on to the money," they said.

[Question] That is, Mr Ozal told you to take measures that conformed to his policy and he would take care of your infrastructure, is that right?

[Answer] Yes. Our partner, who told us Ozal broke up the coalition while we were talking about 34 percent interest, defended the thesis at that time that all money should earn what it is worth. The chairman of the technical delegation that came from Turkey even told me, "See here, Dervis Bey, your partner is more advanced than you are."

[Question] So what happened about Mr Ozal's coming to Cyprus and the break up of the coalition? It was interpreted in Turkey as Ozal's destabilizing Cyprus.

[Answer] That is the interesting thing about it. Articles began appearing in the newspapers at that time. Our coalition partners for some reason began leaking the proposals of the technical delegation in Turkey. A storm erupted. Our partner party's chairman was in London for medical treatment at the time. The CLP mayor, Mustafa Akinci, as general secretary, was acting chairman. The opposition was also forming a democratic left front at that time. They won him over promising chairmanship of the front. They saw Ozal's arrival as a time to react and make a grab for the leadership. They forgot that we had prepared the proposals together and sent them to Ozal and came out against the whole package saying, "We oppose it entirely." They had three ministers on the Council of Ministers. Their signatures are on the proposal package. The general secretary of the party came out against it. How can such a coalition work?

[Question] The rumor going around is that Bulent Ecevit, at a meeting in Cyprus after the 1974 operation, proposed a liberal economy as the economic model for Cyprus. Is this true? What did Ecevit propose to you?

[Answer] When Bulent Ecevit came to Cyprus after 1974, he said, "Don't look at us. What this country needs is a liberal economy." He said this in 1975 and it is on record. But Ziya Muezzinoglu later introduced a model that regulated everything. First, the industrial holding companies and state economic enterprises [SEE] came here. An era of prohibition began after the

establishment of the SEE's. Imagine, there were 133 items whose entry into this country was prohibited. Ecevit said one thing and his finance minister did another. Since everything was banned, this was when smuggling from the south began. Things started to go bad in the country. These were the times when everybody was trying to get into smuggling in Cyprus. Then when the governments changed we slowly began deregulating. Now all imports are deregulated.

[Question] So has a reverse flow to the south begun now? That is, you said the goods that used to be smuggled from the south destroyed the balance. Has this balance now been restored?

[Answer] Yes, I think it has. Fish are being sent from Turkey and we allow them to be sent to the south. We just ignore it. We are allowing all kinds of goods to go to the south. Moreover, whisky is cheaper here than in the south, and that is going to the south, too...livestock...we are not doing anything to people who sell their goods in the south. They do not have to give the money they get to the government, either.

[Question] That is, you have left the economic gates wide open?

[Answer] Yes. The Greek Cypriots are extremely upset. It is what they used to do. They have taken measures at the border regions, but people manage to do business anyway.

8349

CSO: 3554/88

SUMMARY FIGURES FOR TRNC 1987 BUDGET DRAFT

Istanbul DUNYA in Turkish 4 Nov 86 p 9

[Report by Sule Lokmanoglu Aker]

[Text] Nicosia--The 1987 Draft Budget Law of the Turkish Republic of Northern Cyprus [TRNC] has been submitted to the TRNC Council of Ministers. Of the 102,762,810,000 Turkish lira in expenditures proposed by the draft budget, 26 billion Turkish lira will be contributed by Turkey, 33 billion Turkish lira will be borrowed and 44 billion Turkish lira will be collected through direct and indirect taxation. Financing plans for the budget were greeted with skepticism in the TRNC. The 44 billion Turkish lira, in current terms, that the budget envisages to raise through taxation is considered an unrealistic amount. According to data compiled by the TRNC State Planning Organization, tax revenues in 1985 totaled 17.58 billion Turkish lira in current terms, while in 1986, the forecast tax revenues of 26.063 billion Turkish lira in current terms could not be realized because import duties were cut by 20 percent around the end of 1986. Given these figures, raising 44 billion Turkish lira through taxation seems quite difficult.

The 33 billion Turkish lira that the budget proposes to raise through borrowing appears even more unrealistic. The practice of selling government or revenue sharing bonds was never developed in the TRNC. It has never been tried in the past except for one unsuccessful attempt. Moreover, even if bonds are issued it would be virtually impossible to find buyers because interest rates remain much below the inflation rate.

The TRNC's 1987 draft budget law makes no attempt to cut spending to balance the budget. While expenditures have been increased substantially, revenues have been exaggerated. The TRNC's chronic budget deficits have steadily grown over the years.

According to figures provided by the TRNC State Planning Organization, in current terms, the budget deficit was 6,789.9 million Turkish lira in 1984 (9.2 percent of the GNP), 12,504.8 million Turkish lira in 1985 (9.9 percent of the GNP) and 22,137.2 million Turkish lira in 1986 (12 percent of the GNP).

Budget deficits in the TRNC are one of the major causes of inflation which is at least 10 percentage points higher in the TRNC than in Turkey.

9588

CSO: 3554/74

FINANCE MINISTER DISCUSSES ECONOMY, PRIVATIZATIONS

Paris LE FIGARO MAGAZINE in French 15 Nov 86 pp 98-102

[Interview with Minister of Finance Edouard Balladur by Georges Suffert: "We Are on the Road to Victory"; date and place not given; first paragraph is LE FIGARO MAGAZINE introduction--boxed material as indicated]

[Excerpts] Growth, investments, privatizations, the Paris stock exchange: Edouard Balladur answers the questions that you ask concerning these subjects. He answers them tactfully, to be sure, but he does confirm that the reform of the French economy has begun.

[Question] The supporters of Raymond Barre have reproached you--albeit cautiously--for not having given firm support to the revival of investment. Why did you choose that course?

[Answer] There are two types of fiscal assistance to investment: temporary sectorial assistance, on the one hand, and permanent general assistance.

Everyone is now convinced that a special fiscal measure to promote investment in certain fields of activity would not be desirable. In my opinion, such a measure is not part of a free economy; for its effect is that final decisions would no longer be made solely by the head of the enterprise but also by the state. Investment decisions would then be made as much--and even more--for tax-related considerations as for considerations of economic profitability.

The financial effectiveness of this type of assistance has not always been demonstrated. The anticipated "fillip" for investment has most often been translated into a fillip for imports of producer goods--a result that would seem to run counter to efforts to strengthen our foreign trade. Furthermore, we now learn belatedly that the level of investment has not changed but only its timetable, and that the "crest"--artificially created, moreover--is followed by a "trough" that is harmful to the economy.

To be incontrovertibly effective, a fiscal measure to promote investment must therefore be permanent and general in nature. That was the desire, to be sure, of some members of the parliamentary majority; it is no doubt what they have always desired.

This type of measure is costly, however. For example, raising the coefficients of degressive depreciation by 1 point would cost 13 million francs for a full year, or the equivalent of a drop of 5 points in the corporate tax rate.

The government has opted for a general reduction in the charges levied on enterprises, notably by the reduction in the 1987 corporate tax rate to 45 percent from the previous 50 percent and the announcement of a new step--to be taken in 1988--that should make it possible to reduce that rate to 42 percent, which would bring it closer to the American rate of 34 percent or the British rate of 35 percent.

I am persuaded that these decisions will have a good effect on the investment of the enterprises. This investment should increase by 4.1 percent in 1986, whereas it rose by only 1.9 percent in 1985 and declined during the period 1981-1984. I expect a 5 percent rise in 1987.

[Question] The slight increase in consumption, the increase in investments, the financial recovery of the enterprises, and the figure for last month's foreign trade deficit all bear witness to a measure of economic revival. Aren't you afraid of the possibility of an incipient inflationary spiral?

[Answer] Since the second quarter, the French economy has experienced a measure of recovery--primarily as a result of household consumption and the investment of the enterprises--and this should produce, for the full year 1986, growth of around 2.5 percent. I may note that from 1980 to 1985, growth averaged barely 1 percent per year. There has thus been a distinct improvement.

I do not believe, however, that we need fear a return of inflation. In reality, the causes of the increase in prices are to be found today primarily on the demand side rather than on the cost side.

The fact is that costs are well oriented: nominal wages are evolving at nearly the same rate in France and in Germany, with the result that wage costs per unit of production should not increase by more than 1.7 percent this year in our country. Moreover, the diagnosis made by the International Monetary Fund has now completely caught up with our own diagnosis, inasmuch as the IMF calculates that of the five principal industrialized countries, France will have--in 1986 and 1987--a more moderate growth of unit labor costs in industry than any other of the five principal industrialized countries.

I therefore am not afraid that there will be an inflationary spiral. Everyone knows that the somewhat more rapid price rise that we experienced in September was largely the result of the volatility of the prices for petroleum products. Most of the countries of Europe, moreover, have been in the same situation as we, inasmuch as consumer prices rose an average of 0.5 percent in September in the EEC following a 0.1 percent rise in August.

For the first 9 months of 1986, prices in our country rose by 1.6 percent; this result for the first 3 quarters of the year is completely in line with our objective of a 2.3 percent rise for the year as a whole. We shall meet that goal.

The only danger is the possibility of a rise in wage costs such as France experienced from 1981 to 1983. I am persuaded that the French people are aware of this fact.

[Question] Do we not run the risk that a new world minirecession will halt this modest revival of our economy? Don't you feel that the French economy will henceforth be more dependent on the world economy?

[Answer] I do not believe there will be a world recession, but rather a consolidation of the results obtained in 1986. As for our economy being dependent on the rest of the world, that should not serve as an excuse for our mistakes. We have not done as well as the other economies in recent years, whereas the figures for the world economy were the same for all countries. It is up to us to take those measures that will make it possible to correct the situation. That is what we have resolutely done.

[Question] Are you optimistic about 1987, or not?

[Answer] I believe we are on the road to victory: growth will be stronger than in 1986, and investment as well; the slowdown in the rise in prices will continue; and the financial reform of our economy will make the revival of our export trade possible. These are reasons to hope. We must nonetheless remain vigilant.

[Question] Isn't the resurgence of the City liable to halt the modest comeback of the Paris Stock Exchange? Are we fated to remain a fourth- or fifth-rate financial center?

[Answer] The situation of the Paris Stock Exchange is quite satisfactory today, on several counts. In recent years--thanks to the measures taken by Monory and continued thereafter--savings from new sources have begun to be invested on the Paris Exchange. The good performance of the stocks since the beginning of the year has augmented the earnings of these investors. I may point out that the general index has risen by 42 percent since the beginning of the year--a statistic that places Paris among the best performing exchanges in the world, while bond prices rose strongly as a result of the decline in interest rates to close to 3 percent since the beginning of the year. The activity on the Paris Exchange has also been remarkable, especially with regard to the new stock issues, which totaled 55 billion francs in the first 8 months of 1986 as against 20 billion francs in all of 1985 and 10 billion in 1984.

The dimensions of our stock market, however, are still insufficient. The capitalization of our stock exchange represents only 12 or 13 percent of the GDP, whereas in the other major countries the corresponding figure is often as much as 30 or 40 percent or even more. Moreover, our financial intermediaries frequently offer credit facilities that are relatively modest by comparison with those of their foreign counterparts.

In the light of this situation, what are we doing? Two things, basically. First of all, the government has taken important measures to promote the growth of the stock market and the capitalization of the stock exchange. Privatization is the principal means to this end, for it should result in listing some

major world-class stocks on the exchange once again and in attracting millions of small investors to the exchange. I anticipate that the retirement savings plan will also provide important support.

Secondly, the Paris Stock Exchange is being modernized: the introduction of informatics--which will make continuous quotations possible throughout the day--is the best example of this. The physical environment of the Stock Exchange has also been profoundly renovated and modernized. I intend to go forward with the policy of financial innovation, which for approximately 12 years has been a valuable factor for stimulating the Paris financial community.

And just recently we made an important decision for the benefit of the bond market: namely, to eliminate withholding as of 1 January, which will make it possible to unify the market and reduce the differences in interest rates based on the different categories of bonds--something that was difficult for investors to understand.

To sum up, we can expect from all this a Stock Exchange that is more spirited, more efficient, and less costly for investors and enterprises alike. Moreover, we now have a financial market that is relatively less costly and therefore is competitive, notably by comparison with London. We must henceforth redouble our efforts to maintain this favorable situation.

I would add finally that one of the basic elements for a financial community is to have a large measure of freedom in the area of brokerage. We have already done a great deal, and I anticipate that we shall soon be able to move further ahead.

[Question] What arguments led you to conclude that privatization of the nationalized enterprises could bring in between 25 billion and 30 billion francs each year for 5 years?

[Answer] Our privatization program is a 5-year program that in practice concerns a total of 65 enterprises. However, 60 of the 65 enterprises (five small enterprises are excluded) are actually organized into 20 industrial or financial groups.

Carrying out our program successfully within the time limit prescribed by law thus presupposes the privatization of four groups per year, and this objective seems to me to be entirely realistic.

It is difficult to give you an exact valuation, because only the Privatization Commission will be in a position to do so. We may say simply that a figure of from 200 billion to 250 billion francs appears to be in line with the present state of the market. This accordingly presupposes that privatizations on the order of from 40 billion to 50 billion francs per year will take place.

You know that stock issues in 1986 recorded very spectacular growth, in that more than 100 billion francs worth of stock was issued since the beginning of the year--more than double the figure for all of 1985. Our objective is therefore entirely realistic. I may add that all the private investors, enterprises, and institutional investors will be able to pay for up to half of their

respective purchases, by redeeming some of their debt securities (government bonds, nationalization indemnification bonds). This should also help to facilitate implementation of this program, and to make possible a reequilibration between our stock market and the bond market without risk to the bond market.

We are therefore not only realistic but cautious. Moreover, we shall continue at all times to demonstrate a very high degree of pragmatism. If it is necessary to slow down a bit, we shall do so; but it is not entirely impossible that we might move faster!

Finally, I shall take the liberty of pointing out that thanks to this privatization program, the Paris Exchange will be capable of becoming the great international financial center that it should be.

[Question] Is there the slightest chance that the Germans and Japanese will agree to lower their interest rates; and if so, how soon?

[Answer] I am pleased that the Japanese authorities decided to lower their discount rates. I shall have occasion to return to the subject of the American-Japanese bilateral accord, from which Europe should learn its lesson thoroughly if it does not want to lose its influence. I am convinced, in any case, that all countries will sooner or later come to the realization that there will be no lasting revival of prosperity if real interest rates are too high.

[Question] It is sometimes said that you believe in state planning. Is that true?

[Answer] Not at all. I hope--for the sake of our economy and, more generally, of our society--to put in place the mechanisms of freedom; and this presupposes that the government will see some of its powers taken away. This also presupposes--in a more general way--that relations between the state and the citizens will be more consonant with the rules of democracy.

The state should therefore stay in its place, granted; but that place is an important one. In the exercise of its mission, the state has not only the right but also the duty to prescribe the rules and see that they are respected. Economic liberalism is not the law of the jungle, nor is it the debasement of the state. The state has an important function in society: namely, to see to it that the rules of the game are clearly defined and respected by everyone.

It is in this spirit that I am called on to defend the prerogatives of the state when I find them to be threatened. I have done so, without the slightest hesitation and without any trace of a guilty conscience. I would do so again if necessary. I may cite an example: the government obtained the passage of a law to privatize public enterprises. I am implementing the policy of privatization, but by the same token that does not--given the fact that the public enterprises are not yet privatized--prevent me from asking the heads of these enterprises to respect the rules of the public sector, for otherwise we would find ourselves in a state of the most extreme confusion. As soon as these enterprises are privatized--something that I desire and am actively working for--the state will no longer have anything to do with defining or financing their strategic missions.

The paradox of the moment is the fact that a genuine economic liberalism cannot emerge in France without the attentive assistance of those to whom the French have entrusted the responsibilities of power.

[Question] What do you think has been successful, and what do you think has not?

[Answer] Am I the one in the best position to answer? I'll try, anyway.

I think we have demonstrated our determination to bring about a profound change in our society. At year's end we shall draw up a balance sheet of what has been accomplished in 8 months. It is an impressive accomplishment: rarely have a government, and a parliamentary majority, made progress in so many areas at the same time.

In this way--thanks to the measures of deregulation that we have taken in all domains (prices, exchange rates, personnel management, privatization, the savings bill, etc.)--our economy has returned to a type of operation which is consistent with that of a great industrialized country. We have done this without boasting, without haste, but rapidly and with determination.

This liberalizing effort has also been accompanied by progress toward what I call economic democracy: the privatization of large enterprises; the recent bill concerning savings; and, above all, the public participation should--to a greater extent than before--enable us to entrust certain responsibilities to Frenchmen as a whole.

Curb Expenses at All Costs

Our task is not completed, however. It is true that it is not sufficient merely to reduce government spending; it is also necessary to restrain the upward trend of spending at the local level and social spending, for otherwise the mandatory withholding will not be reduced. Have we done enough to convince the local elected officials and the social managers? The minister of the interior and the minister of social affairs are both applying themselves to the task with courage and discernment, but that should also be the task of the government and--more generally speaking--of all political leaders. It is, in any case, one of the priority tasks that we face.

There is another limitation on our action: Have we succeeded in convincing our fellow citizens of the economic realities of the modern world, of the necessity for effort, and--I would even go so far as to say--of the necessity for combat? We shall not be successful unless the French people are convinced that in the difficult world in which we live, jobs are the first priority.

[Question] Giscard d'Estaing contends that France had more freedom in 1981 than it has today, because prices have not yet been completely decontrolled.

[Answer] That's not exactly what he said. His remarks were considerably more nuanced than that.

It is true that prices will not be completely decontrolled until year's end. I chose to go forward gradually in order to avoid any turmoil; and there has been none.

But it is also true that in the areas of exchange controls, of the operation of the financial market, of the management of the personnel of the enterprises (to cite only these examples), our country is much freer today than it has been for very many years. I also recall that before the end of this year the 1945 regulation concerning price controls--which has been in force for more than 40 years--will be repealed.

[Question] Is the climate at the cabinet meetings still glacial--as it was after 16 March--or have all of the participants gotten used to each other?

[Answer] The climate is what it should be: polite and serious. Effusiveness is not in vogue. In any event--to go back to your initial question--it is not a place of entertainment.

[Question] Does the practice of "cohabitation" have the effect of permanently altering daily constitutional practice? Have we entered a new era of the Fifth Republic?

[Answer] I do not at all believe we have entered a new era of the Fifth Republic. The reality is very simple: when the president of the republic, the government, and the parliamentary majority are of the same political philosophy, it is quite naturally the president of the republic who is the de facto head of government. On the other hand, when the president is of one philosophy and the parliamentary majority of the other, balance is achieved in a different manner: namely, through a more strict application of Article 20 of the Constitution, which prescribes that national policy shall be conducted by the Council of Ministers.

Can this last? Everything will depend on the result of the coming elections. Depending on what happens, we will have either a perfect identity of views between the president and the parliamentary majority--in which case we will be reverting to the situation that prevailed before 1986--or a divergence of views, which will amount to a return to the practice of the years 1986-1988.

The Constitution cannot be applied in the same way in both cases. That is the simple truth.

[Question] Have you found that the "cohabitation" has not been going very well for some time now?

[Answer] In principle, the "cohabitation" should last for 2 years. It wasn't reasonable to expect that the euphoria of the first few months would continue indefinitely.

The important thing is that all the protagonists strive conscientiously to ensure that our institutions function properly, while respecting just as conscientiously (and this applies both to the government and to the new majority) the commitments made to the French people.

Everyone today understands that this "cohabitation" in no way impedes the efficiency of governmental action, and everyone can see for himself the extent of the reforms decided upon and put into effect. That is what matters.

Moreover, in dealing with all the episodes of daily life, one must keep a cool head and remain indifferent to whatever is secondary in importance.

[Question] Do you not, in your heart, have political ambitions, or do you hope to become an industrialist again?

[Answer] That's a new way to pose a question to which I believe I have already replied several times. I hope my entry into public life enables me to help--for my part, and in my sphere of activity--to achieve two results: first of all, a good performance by the public institutions so as to avoid political turmoil and needless schisms, and second, a contribution on my part to the economic recovery of our country in three ways: by restoring the financial equilibriums, thanks to the decreased public spending and lower taxes; by developing the economic freedoms, which is the only way to enable the enterprises to adapt speedily to the evolution of the modern world; and by developing economic democracy, thanks to the public participation, the privatization, the savings law, and the law concerning taxpayers' rights.

If all of this were to be undertaken, and were to be successful, I would be gratified. I would believe I had accomplished my task.

[Box, p 101]

How the French People Will Become Owners of Their Enterprises

I. The ELF Case

[Question] You hear two versions of the sale of the 11 percent of ELF-Aquitaine. Your services view it as a success, because many small buyers have not been successful in finding shares to buy, while others see it as a sham attempt at privatization, inasmuch as the state has retained 51 percent of the capital stock, and because you reportedly sold at above the real market price. Why did you pick ELF? Why did you take this course of action?

[Answer] I should like first of all to point out that the ELF-Aquitaine operation was actually a very great popular success, in that 300,000 individual requests for fewer than 10 shares were registered and satisfied in toto. The number of these requests exceeded our expectations, and this augurs well for the success of the ensuing operations. The ELF-Aquitaine corporation thus has become the French enterprise that has the largest number of small stockholders.

Another significant proof is the fact that the personnel of the enterprise--to whom 10 percent of the shares offered for sale were reserved--bought substantially more than that. This proves--if proof were necessary--that stock ownership both among the public and among the employees corresponds to a strong aspiration on their part. It is time that those in charge of the economy and of the enterprises understand this fact.

Nonetheless, this operation was in reality only partial in nature, and I have consistently presented it not as a privatization operation but as an operation for the transfer of assets that would enable the state to increase the stockholder base of the enterprise before planning its actual privatization, which will constitute the next stage and will take place perhaps next year, perhaps the following year.

II. The Saint-Gobain Case

[Question] How will the privatization of Saint-Gobain be carried out?

[Answer] To a very considerable extent it is already under way. Everything has been done to make it possible--if conditions permit--to put the shares on the market at the end of November. As of this moment I have had cause to take a number of decisions bearing on three basic points:

A. The absence of any specific action with respect to the capital stock of Saint-Gobain. I have, in fact, confidence in the ability of the enterprise to rapidly reconstitute a private stockholder base--one that is broadly accessible to the public as well as inherently sound, so as to ensure that it is protected in the market.

B. The preferences granted to the employees. These are the most important provided for in the law:

1. Discounts: A choice will be offered between a) a 5 percent discount without a lockup on the shares purchased, or b) a 20 percent discount accompanied by a 2-year lockup with 2 years for payment.

2. Free shares of stock: One free share will be transferred for each share purchased, up to an amount equal to one-half of the monthly Social Security maximum (4,750 francs).

3. Employees' mutual funds: These shall be allowed the same discount of 20 percent, but based on the Paris Stock Exchange quotation prevailing on the day the stock is subscribed for.

In addition, a fund has been created that will be allowed one free share of stock for each two shares purchased. This privilege is reserved to employees who will not have received the legal maximum of free shares at the time of direct subscription. This will make it possible to reach the figure of 10 percent of the capital stock. The offer will be made to the employees in the later phases of the operation, if the above result cannot be achieved immediately.

Everything has accordingly been carried out with a view to encouraging direct subscription to the maximum and the subsequent rapid growth of the stockholdings of the employees. Under these conditions, the objective of 10 percent of the overall operation for the benefit of the employees will be attained.

C. The preferences granted to the small stockholders. These stockholders will be allowed one free share of stock for each 10 shares purchased, if they hold their shares for 18 months, up to a limit of 50 shares purchased at the time of the public offering of stock (or a maximum of five free shares). This plan--which is an innovation in the financial operations of the state--accordingly represents a very substantial advantage for the benefit of all the small shareholders and also a reward for their loyalty.

The work of valuation is under way. The minimum price shall be determined by the Privatization Commission, and I shall establish the offering price on the market on the basis of its proposals.

In this way, the development in our country of the people's stockholdings will be powerfully facilitated. Privatization and participation are two of the best ways of accomplishing this. The bill concerning savings is another way. The French people must become direct owners of their country's great enterprises; they must associate themselves with the activities of these enterprises and the results thereof. Our objective is to make millions of Frenchmen and Frenchwomen stockholders in these great enterprises.

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ISLAMIC BANKS TAKE COMMON MARKET STEPS

Istanbul TERCUMAN in Turkish 22 Oct 86 p 6

[Article by Murat Alpguven: "2 Resolutions: 'Islamic Exchange' and 'Investment Fund'"]

[Text] Delegates representing 24 banks from 14 countries attending the first general congress of Islamic banks passed resolutions after 2 days of discussions to establish an "investment fund" in which an Islamic exchange and Islamic banks will hold shares.

Topics were discussed and agreed upon in four committees and resolutions were adopted at a subsequent evaluation meeting. Fourteen papers were presented to the conference. It was agreed that the next general assembly will be held in 2 years in Sudan.

Officials stressed at the congress that the first task of the Islamic banks is "development" and passed joint resolutions on "strategy, cooperation, resources and their utilization" and "accounting problems."

The representatives of Islamic banks and financial institutions called for a stronger social role for Islamic banks and said, "The dissemination of economic and legal information through the media is necessary for the public to be informed. It is necessary to stress the training of those who will work in banking. A portion of the income of banks and financial institutions should be directed to small business and small farmers so as to encourage them to increase their production efforts."

Referring to the stepped up efforts for the development of cooperation between Islamic banks, experts pointed out the need for establishment of an investment fund and a separate fund for unexpected risks. Bank representatives announced that the transfer of trained personnel among banks would begin and that the banks had decided to raise their investment capacities to the highest limit possible.

Islamic Certificates of Deposit

It was pointed out at the conference that Islamic banks and financial institutions will prepare collective periodic balance sheets. Officials announced

that revenue-sharing securities for Islamic common market activities and medium-term Islamic certificates of deposit will be issued. They also announced that initiatives would begin for the establishment of companies to work in the area of Islamic financing, with emphasis on "Islamic financial leasing," "Islamic insurance and reassurance" and "Islamic exchanges."

8349

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PAPER COVERS ISLAMIC ECONOMIC COOPERATION CONFERENCE

Istanbul MILLI GAZETE in Turkish 13 Oct 86 pp 1,11

[Article by E. Kiziltas, I. Balci, M. Ozcan: "Toward Islamic Common Market"]

[Excerpts] The International Conference on Economic Integration of the Muslim World, sponsored by the Islamic Council, which is headquartered in London and of which Salim 'Azzam is secretary general, and organized by the Center for Economic and Social Research, came to a conclusion yesterday with the presentation of speeches and papers.

Nearly 400 scientists, economists and diplomats from more than 100 [as published] Islamic countries attended the conference which began on Saturday, 11 October, and ended yesterday. The conference, taking place in an atmosphere of accomplishment, was chaired by Professor Dr Necmettin Erbakan, former deputy prime minister and former general chairman of the abolished NSP. It was interesting to note that Afghan mujahidin leader Gulbeddin Hikmetyar attended and gave a short speech at this conference, viewed as a first step toward an Islamic Common Market.

Following speeches during the first day of the conference by Islamic Council Secretary General Salim 'Azzam, Turkish Republic of Northern Cyprus President Rauf Denktas, Sudanese Prime Minister Mr al-Sadiq al-Mahdi and Gulbeddin Hikmetyar, Professor Dr Muhammad Hashim 'Awwad, president of the Khartoum Islamic Cooperation Development Bank, delivered a paper entitled "Development of Trade in Islamic Countries." Awwad stressed the growing dependency of Islamic countries on the industrialized nations in the past 10 years, the changing forms of trade and what these require. Awwad said, "The Islamic countries are fortunate to have many important factors affecting the standard of development of inter-Islamic trade. Among these factors may be considered the existence of financing, concern by the wealthier nations for the welfare of the poor nations, a circle rooted in the expanse of the total area of the region, compatible differences, shared geographical boundaries and an enormous import volume. Nevertheless, what defines their success or the efforts of the Islamic nations in the final analysis is their determination."

Islamic Development Bank President Dr A.O. 'Abdu presented a paper on "Bilateral and Multilateral Financial Projects and Institutes in the Islamic World." 'Abdu said that there were many organizations and institutions in

the Islamic world which provide philanthropic services, charity and financial support to Muslim societies, that their roots were ancient but some of them had been established recently.

In the second session Professor Dr Besir Hamitogullari presented a paper on "The EEC and COMECON, 25 Years: Lessons which May Be Learned from an Assessment."

Hamitogullari said that "our world has been the scene of rapid technological development in which the advanced countries of Europe believed that development without cooperation would be impossible and so they formed the EEC. It stands as a guide to the Third World nations, including the Islamic world."

Hamitogullari described the goals, history and development of the EEC and its successes and failures.

The first paper in yesterday's session of the conference was presented by Cevat Ayhan, former general secretary of the Prosperity Party and former general director of the Turkish Agricultural Equipment Board.

In his paper, entitled "Principles on which to Base an Islamic Common Market," Ayhan said that the last 2 centuries had been a period of captivity and sterility for the Islamic countries, that Muslim political powers had waned and their cultural and moral values had been destroyed in this period and that their economic resources had been plundered.

"Even though the Islamic countries comprise one-third of the world's population and are located in a productive belt as regards climate and resources, they have not developed sufficiently. They are beholden to other countries for science and technology," Cevat Ayhan said, stressing the need for strengthening the Islamic world.

Ayhan said the following in summary:

Islamic Common Market

"The first step taken toward the community of Islamic countries must be the establishment of an Islamic Common Market. Relations which began and developed within the framework of the Islamic Conference have brought this problem to the point where it is being discussed today. There is extensive interest in the common market idea even though trade among the nations has reached only 10 percent as yet. It is my hope and desire that this idea will soon become reality.

No False Path

"The Muslim nations are at a crossroads. As pointed out earlier, establishing a common market among themselves as soon as possible is a must if the Muslim nations are to step up their economic development, protect their own rights and become an economic community useful for all humanity. However, what are

the basic economic principles on which this common market will be based? In taking this step, a very important historical decision must be made. In saying, "We are going to establish a common market," will there be blind imitation of one of the two existing models, or will the principle be adopted of a new model to be a boon to all mankind?

Islamic Dinar

"One of the first steps necessary in establishing a common market by Muslim nations is establishment of a common currency for this common market, a monetary unit for the conduct of transactions among themselves and with others. We are sure to give it a good name, but to express my ideas in this paper, I shall call this common currency and unit the 'Islamic Dinar' or 'dinar.'

"It is extremely advantageous and a must for the Islamic nations to institute the Islamic dinar as soon as possible."

Former NSP deputy chairman and former minister of Public Works and Resettlement Recai Kutan delivered a paper on "Industrialization of the Islamic Nations" in which he said, "The wise Muslim will choose the right way," and that realization within brotherly cooperation of their own heavy industries and national war industries would take time.

Kutan expressed the following views in summary:

Defense Industry

"Developing nations, including the majority of Muslim nations, have been allocating a significant portion of their budgets for arms and war materiel for the past 15-20 years.

"Defense spending has steadily increased during these years and continues to increase.

"The arms manufacturing nations have made their economies largely dependent on the export of defense industries. They take money from the developing countries for the sale of arms on one hand and use these sales as a means of political pressure on the other.

"The United States and the Soviet Union, the two largest arms manufacturers and sellers in the world, sold arms to the Third World alone totalling \$10.5 billion in 1987 [as published], \$18 billion in 1979 and around \$25 billion in 1980."

Khurshid Ahmed, vice president of the Pakistani Jamaat-e Islami and former minister of planning, asked the question in his paper: Can the Islamic countries form an economic bloc? He answered the question as follows:

"The question before us is whether the Islamic world can form an economic bloc. I would reply to this question with a resounding yes. Yes, it can, and it must.

"The Muslim nations today form one-third of the United Nations. There are approximately 50 independent Muslim nations in the world. They have a population of 700 million and the territory they occupy, stretching from the Atlantic to the Pacific, is around 20 percent of the total area of the earth. The Islamic world extends from South Africa to Indonesia in two major blocs. While the larger bloc is concentrated in the heart of Africa and Asia, the smaller is in southern and southeastern Asia. Despite differences of language, race and economic development, the Islamic world constitutes a homogeneous whole because of common beliefs, culture and behavior rooted in Islamic traditions. As Rodney Wilson said in a report titled "The Islamic Business World in Theory and Practice" for the "Economists Union Special Report," it would be better for many Western companies operating around the world to see the Islamic world as a whole instead of separate regional units in the Middle East, South Africa, southern Asia and Southeast Asia."

"Another important thing about the Islamic world is that it holds a strategic position between the Western Bloc, composed of NATO and the European Community, and the Eastern Bloc, consisting of the Warsaw Pact and COMECON. The northern Mediterranean is protected by Turkey at the Istanbul Straits and the Dardanelles and the eastern Mediterranean by Egypt at the Suez Canal and Port Said. While about 60 percent of the Mediterranean is an Islamic lake, virtually 100 percent of the Persian Gulf is under Muslim control. The same is true of the Red Sea. Moreover, Muslims hold points of strategic importance in the Atlantic and Pacific Oceans.

"The Islamic world is rich in natural resources as well as human power. Nearly 60 percent of the world's oil reserves belong to the Islamic world, which also has enormous iron, phosphate, copper, manganese, tin and plastic reserves and high agricultural and livestock resources."

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ECONOMIC INTEGRATION CONFERENCE SEEKS TURKISH LEADERSHIP

Istanbul TERCUMAN in Turkish 12 Oct 86 p 6

[Report compiled by TERCUMAN Economic Service]

[Text] Sudan Prime Minister Mr al-Sadiq al-Mahdi, speaking at the conference on Muslim economic integration, said that the relations initiated in the area of economic cooperation would be the most important steps in progress toward Islamic integration. President Rauf Denktas of the TRNC [Turkish Republic of Northern Cyprus] said that the Islamic nations forget the decisions they have adopted among themselves when they attend conferences of both the nonaligned nations and the United Nations and support the Greek Cypriot sector.

Former NSP general chairman Necmettin Erbakan chaired the conference, held at the OTIM building and opened with a reading from the Koran by Egyptian professor Omer Abdurrahman. Following Erbakan's speech, in which he said that the West was discomfited by the important steps taken among Islamic countries, Islamic Council Secretary General Salim 'Azzam took the podium.

Noting that the Turks had only recently given up the Islamic leadership which they had exercised for centuries, Salim 'Azzam said, "Today, the Islamic world believes that Turkey should resume this leadership function. The West has been trying for many years to destroy the Islamic heritage. However, the result has been just the opposite of their expectations."

Islamic Unity from Economic Cooperation

Sudan Prime Minister al-Sadiq al-Mahdi said that there seemed to be no closeness or unity among the Muslim nations and explained the distances which have developed between Islamic nations in comparison with the recent past. He said that conferences of this kind would bring the Muslim countries closer together. "Islamic unity will come about through economic cooperation," he said.

Al-Mahdi drew attention to the need for Muslim nations to form economic cooperation organizations among themselves as an alternative to the international economic cooperation organizations. Unless this road is taken, one can only do as they dictate he said. He also drew attention to the need for Muslims to begin a thrust in research in every area from literature to technology, pointing out the need for research foundations and organizations to begin activities without further loss of time.

Denktas: Resolutions Adopted are Forgotten

TRNC President Rauf Denktas began his speech by thanking the Islamic Council for its support of the TRNC and said that if the Muslim nations believed in Islamic unity, they must support one another everywhere. He said:

"If the Islamic nations forget the resolutions they adopt among themselves when they attend conferences of nonaligned nations or at the United Nations, there will be no progress toward Islamic unity; but, on the contrary, we will be advancing along the path that our mutual enemies desire. The Turkish Cypriots were fighting for their lives for 11 years until 1974. During this time, how many Islamic countries came out and said, 'There is an Islamic society here. What are they trying to do to them?' While the United Nations was passing resolutions allowing the Greek Cypriots to 'do what you wish,' how many Muslim nations managed to stand up and say, 'Stop, there are Muslims here also, let us hear their side for once'?"

"How can progress be made toward economic integration in a climate in which Muslim states think, 'It is not my business,' when Islamic blood is being shed on Cyprus? The way to economic integration is through full support for one another in social matters."

Stating that the Islamic nations must not shy away from recognizing and supporting the TRNC, Rauf Denktas said that the TRNC is ready for economic cooperation in every area.

Islamic Conference Secretary General Sharifeddin Pirzadeh was unable to attend the conference. Afghan mujahidin leader Gulbeddin Hikmetyar addressed the conference, describing the difficult circumstances under which the Afghan mujahidin are conducting their struggle.

8349

CSO: 3554/87

RESHUFFLE AT TREASURY-FOREIGN TRADE UNDERSECRETARIAT

Istanbul DUNYA in Turkish 4 Nov 86 p 1

[Text] Ankara--President Kenan Evren has approved the decree envisaging changes in the administration of the Undersecretariat of the Treasury and Foreign Trade. According to the decree--which is known as the "secret decree" in the Undersecretariat--54 persons, including the directors general of export and foreign economic relations, will be removed from their current positions and assigned to new posts. New people will be named to the vacated positions.

According to the decree, Exports Director General Ugur Ercan will be sent to Canada as the economic and trade attache at the Turkish embassy in Ottawa. Erkut Onursal is expected to replace Ercan.

Foreign Economic Relations Director General Yalcin Burcak will be named economic and trade attache to the Turkish embassy in Paris. His position is expected to be filled by Gazi Ercel.

According to the decree, Public Financing Deputy Director General Mahfi Egilmez will be assigned to the Turkish embassy in Washington as economic and trade attache; Koray Tiritoglu, a staff member of the same directorate, will be assigned to the Turkish embassy in Cairo as economic and trade attache; and Banking and Exchange Deputy Director General Servet Tasdelen will be assigned to the embassy in Bonn as economic and trade attache. Foreign Economic Relations Deputy Director General Bulent Payaslioglu will go to Italy as the economic and trade attache of the Turkish embassy in Rome.

9588

CSO: 3554/73

PRIVATE SECTOR EXPRESSES CONCERN OVER TRADE PROBLEMS

Industrialists Offer Proposals to Government

Istanbul TERCUMAN in Turkish 12 Oct 86 p 6

[Text] The High Consultation Council of the Turkish Industrialists and Businessmen's Association (TUSIAD) met yesterday in Istanbul at the Etap Marmara Hotel. "A recommendation resolution was passed for presentation to the government," it was announced at the conclusion of the meeting.

At the meeting, convened to discuss recent economic developments, items taken up which were not on the agenda were an evaluation of the situation following the interim elections and ways to eliminate certain feelings of dissatisfaction on the association's board of directors, it was learned. The meeting opened with speeches by TUSIAD board chairman Sakip Sabanci and High Consultation Council session chairman Nejat Eczacibasi, after which it was closed to the press. Nejat Eczacibasi said after the meeting that it was "one of the council's regular quarterly meetings," while Sakip Sabanci said: "Continuing our activities intended to establish warmer and more stimulating relations with our members, we have arranged meetings on various topics and formed working groups of members. The working groups were formed on a sectoral basis on everyday economic topics in order to determine and evaluate TUSIAD members' views and proposals, and numerous meetings have been held."

Recommendation Resolutions

1. Decisions and implementations by the government along the lines of its economic preferences are preserving the position and prestige our country has gained in the outside world. We are gratified by developments in foreign trade, the balance of payments, tax law, rate of exchange and the fight with inflation.
2. However, new policies and practices are needed for the country to benefit from the results obtained.
3. Application must be made immediately and persistent initiatives engaged in for full membership in the EEC without allowing concessions from our guaranteed rights.

4. Budget discipline must be ensured to avoid exceeding the inflation goals projected for both year end and 1987; deficits must be prevented; public spending, especially by local administrations, of Turkish liras and foreign exchange must be controlled.
5. One cause of widescale failure of the economic policies put into practice is the steady increase of the public share in economic activities. State-owned businesses which hold monopolies and have not been rationalized are an obstacle to the fight with constant price hikes and inflation. Implementation of privatization must begin without delay.
6. Export incentives similar to those in advanced countries must be offered.
7. Measures that conform to Western models must be taken in developments in luxury imports.
8. Interest limits are not declining in conjunction with inflation and the effect is to raise costs.

Report Calls for Separate Economic Ministry

Istanbul TERCUMAN in Turkish 12 Oct 86 p 6

[Text] TUSIAD proposed the formation of a new Economics Ministry apart from the Finance Ministry.

In a report entitled "Problems and Proposals in Exports and Imports" published yesterday, TUSIAD listed the measures required for the economy to run better, including emphasis on foreign trade problems and how to solve them. The report states that the country clearly feels the absence of a strong economics ministry, reading: "To conduct the economic outward orientation more effectively, there is an urgent need for an integrated ministry or organization employing qualified economists." It is pointed out that the new ministry could be formed by combining the State Planning Organization, the Treasury and Foreign Trade Under Secretariat, the Center for Export Development Studies, the National Productivity Center and other economy-related organizations. The report also proposes an Industrial Structure Council to recommend the ways-and-means strategies necessary for the future and a Foreign Trade Council on which private and public organizations would sit, as well as formation of a foreign currency exchange. The report lists the foreign trade proposals in separate groups for exports and imports.

Import Proposals

1. The import liberalization policy must be put into practice in stages and within a framework of a long-term strategy.
2. Sectors which will be able to compete in foreign markets in the long run without the need for state support must be protected by offering various production and investment incentives instead of tariffs.

3. In sectors where the customs duties on a finished product are lower than the tax on the inputs required to produce the product domestically, the situation must be corrected to avoid punishing local production.

4. Brakes must be put on the rapid increase in luxury consumer imports; the preferred way of doing this is to raise duties rather than restrict quantities.

5. Selective incentives must be applied on a production basis, and tax and incentive regulations must be purged of provisions deterring use of local inputs.

6. An anti-dumping mechanism must be formulated, and the arrangements necessary to accomplish this must be made as soon as possible.

Export Proposals

1. Experts must provide steady follow-up on development of demand in countries which are buyers of Turkish goods.

2. New export products must be developed.

3. The agency tasked with export incentives must cover half the cost of export related foreign market studies.

4. The credit interest structure must be based on a system that will leave a margin of profit by means of establishing an export investment bank. Stocks and shares in the bank must be sold on the capital market so that the public may participate in successful export investments. This bank must be organized to provide export production and preliminary credit under international conditions.

5. An export insurance organization must be established to counteract risks.

6. There must be no further delay in establishing a free financial advisory institute to prevent imaginary exports.

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STUDY OF TOP FIRMS LIST REVEALS PRIVATE SECTOR PROBLEMS

Istanbul CUMHURİYET in Turkish 7 Oct 86 pp 1, 6

[Yalcin Dogan article: "Off Whose Back and How Much?"]

[Text] Ankara--Representatives of the private sector and Prime Minister Turgut Ozal need to sit down and have a heart-to-heart talk in the name of "keeping the situation under control." And they need to do so because they believe in the same philosophy. Otherwise, relations between the private sector and Prime Minister Ozal will become beyond repair.

The most striking thing about the table of the "Top 500 Firms in Profitability" is that "the first 10 places go to state enterprises." State enterprises once again have taken the first 10 places in the list of "the 500 largest firms" published annually by the Istanbul Chamber of Commerce. Do the state enterprises occupy the front ranks because they are "the most successful in the free market economy"? Nothing of the sort.

Why, then? It is quite simple. Under the Ozal administration, state enterprises (KIT's) raise the prices of their products any time they like, by whatever amount they wish. "They collect indirect taxes from the people" through price hikes. The taxes they collect from the people make them appear "profitable enterprises" in such tables. A look at the profitable public enterprises reveals that these are enterprises largely connected with such products as electricity, gas, petroleum derivatives, iron and steel, and sugar and tea that are produced "solely by the state." The profitable public enterprises are in fact establishments with a "monopolistic" position in the economy. "They appear profitable" because nobody else produces their kind of products and also because they can raise prices without having to secure anybody's permission. The "kind of tax" they collect from the people appears as the "profit" of these enterprises. There is neither increased productivity nor technological innovation involved in their "achieving additional profits."

If one passes over the public enterprises in the table, including especially the public and private enterprises that generate electricity, one will be able to calculate that the profits of the private sector last year amounted to nothing like the "103 percent" initially repeated. So, leaving aside the public enterprises and taking into account the annual rate of inflation, the

profits of the private sector last year actually came roughly to a mere 20 percent--that is, not such a high rate of profitability.

This, then, is where the problem lies in "the free market economy." This is the critical point for "hoisting the flag of rebellion even against Ozal" by the private sector. What this means is as follows: in the private sector, productivity is not increasing, technological innovation is lagging behind, and there is no accumulation of capital. Nobody expects the private sector, with such "low profits," to invest. "In the free market economy", the state is growing and expanding through price hikes. When the state does not lend a hand to the private sector, the private sector just crawls along.

Furthermore, the high prices of the goods and services produced by the state are raising the costs of the industrialists who use these goods and services in producing semi-manufactured and consumer goods.

Besides--yes, there is another point, all by itself, one that needs special mention with great emphasis--the increased profits of the private sector come "at the cost of reduced wages." "There is a complete correlation between the dropping wages and the growing profits of the private sector" last year. The private sector has discovered that, without increasing productivity and without renewing technology, there is only one way of making a profit: "by putting the brakes on wages."

The more the brakes are applied on wages, the more the welfare of the working people suffers and the more the profits of the capitalists increase. This fact is confirmed with mathematical accuracy in the table.

The private sector has a distorted appearance. When it buys goods and services from the state, it does so at high prices. The working people first pay an "indirect tax" through this high price. The private sector, unable to renew itself but wishing to make a profit, puts a second burden on the backs of the working people. It raises its profits at the expense of retreating wages. The burden on the backs of the salaried people piles up: first, they pay a tax to the state and then, their slice of the cake is reduced as they make a second payment, this time to the capitalist class.

The "distorted relationship between wages and profits: is something for Ozal to think about. To think about it is the least he must do, one would say. The private sector has its failure to renew itself to think about. As for the table as a whole, that is no doubt something for Ozal and the private sector to put their heads together and ponder.

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CALL FOR UPGRADE OF ATATURK AIRPORT SHIPPING CAPACITY

Istanbul DUNYA in Turkish 4 Nov 86 p 7

[Interview with Mujdat Mandal, cargo manager of Esin Shipping Corporation, by correspondent Ferda Yurtturu]

[Text] Who Is Mujdat Mandal?

Mujdat Mandal was born in Istanbul in 1947. After completing his elementary and middle school education, Mandal graduated from the Vefa Lycee in Istanbul. Mandal began employment with the Turkish Airways Corporation [THY] in 1972 and served in its cargo department for 14 years. Mandal, who is married, is currently the cargo manager of the Esin Shipping Corporation.

We had a conversation on the status of cargo shipping in Turkey with Mujdat Mandal, the cargo manager of the Esin Shipping Corporation, who stated that Turkey's air cargo shipping capacity is inadequate. Mandal, who previously worked in the cargo department of THY, replied to our questions as follows:

DUNYA: What is the status of air cargo shipping in Turkey?

Mandal: Before I started to work for Esin Shipping, I worked in the cargo service of THY. Today, THY has a very large cargo shipping capacity. In addition to THY, foreign companies also provide cargo shipping services in Turkey. However, for their cargo shipping these foreign companies use the unused space on their passenger aircraft rather than operating special cargo planes. THY, on the other hand, has two cargo planes and also uses any vacant space on its passenger planes. Thus, THY, which provides a large cargo shipping service for imports and exports, remains the largest cargo shipping company in Turkey.

DUNYA: Is Turkey's cargo shipping capacity adequate?

Mandal: Air cargo shipping in Turkey today is inadequate. Today, Turkey has a very large export potential. Most of these exports are shipped by land. Of course, some goods are also shipped by sea. Railway shipping is nearly nonexistent. Exporters resort to air shipping only in emergency situations when their product has to be shipped urgently. Air cargo shipping is inadequate even though it is rarely used. It is very hard to book any cargo space on airplanes. Speed, which is the most important reason air shipping is

preferred, is often lost because of bureaucratic formalities. THY airplanes are primarily used for shipping textile materials to the United States. Eighty percent of the airplanes are loaded with textile shipments to the United States.

Air cargo shipping agencies, such as our company, give preference to THY which is our national carrier. Another reason we prefer THY is that it flies scheduled cargo planes. In addition, it has about 15 passenger flights a week. We use these services extensively.

DUNYA: In what areas does air cargo shipping compete with overland shipping?

Mandal: The safest method of shipping in the world is by air. But the reason it is preferred less than land shipping is the difference in cost. Lower service costs in land shipping reduces cargo costs. However, when certain characteristics of the product to be shipped are taken into account, air shipping is preferred. Air shipping companies are required to comply with rates and fares determined by the International Air Transport Association, IATA. All airline companies which are members of IATA comply with its rate schedules. This system is designed to prevent unfair competition. Costs in air transportation are based on the U.S. dollar and the fares are collected on a dollar basis. The continual rise of the dollar against Turkish currency has resulted in increases in cost and freight charges. While air shipping is expensive, I do not think that THY has lost any customers since 1980. On the contrary, its customer base has grown every year. However, it is obvious that exporters are attracted to surface shipping because of the difference in cost.

However, I favor air shipping for live marine products, such as crayfish and tuna. These days, Turkey is also exporting large handwoven rugs. These are low-weight high-value products. These rugs, whose exports have increased partly because of the Iran-Iraq war, must also be shipped by air because these are products that need to be put on the market as soon as possible.

DUNYA: What problems in air cargo shipping need urgent solution?

Mandal: Istanbul is Turkey's most important land, sea and air outlet for exports. The infrastructure of the Ataturk Airport, which is the country's lifeline for air transportation, is inadequate. Overseas-bound cargo must be shipped from this airport, but the airport has no facilities where customers can store their cargo. There is a hangar-like structure which is very inadequate. Another major problem stems from lengthy customs formalities. All exporters are looked upon as frauds. We, as air cargo shipping agencies, provide to the exporters a package service which includes airline bookings as well as customs services. However, we are having problems with regard to the customs issue. Exporters sometimes have to wait for days or weeks. I can enumerate the problems briefly as follows:

- 1) Lengthy customs formalities;
- 2) Inadequate infrastructure facilities in airports;
- 3) Shortage of cargo space in airlines;
- 4) Slow operation of the bureaucratic machinery.

This last problem stems primarily from the lengthy examination of documents by chambers of commerce and exporter associations to ensure that quotas are being complied with.

DUNYA: How do THY and other IATA cargo shipping agencies work?

Mandal: In cargo shipping, THY writes its own bills of lading. This way it excludes IATA cargo agencies from the market. As you know, Turkey is pursuing a liberal economic policy. As part of this policy, cargo shipping agencies, which are the professionals in this matter, have been excluded from the market by a monopolistic system. We are helping THY by acting as their representative. We are helping THY to reduce its payroll. We take our services to them. IATA cargo shipping agencies in Turkey have an international status. Consequently, IATA agencies process bills of lading for THY's shipments to the United States.

DUNYA: When did air cargo shipping begin in Turkey?

Mandal: THY's cargo service began in 1972-1973. Overseas air shipping also began in those years, and its staff grew rapidly. But the cargo shipping service units of the airline did not grow as rapidly. Consequently, all cargo services were transferred to Istanbul. Currently, all THY cargo services are provided from Istanbul. Today, THY has two 40-tonne cargo planes. It is able to fly both planes at the same time. Even so, however, THY has not been able to achieve full development.

DUNYA: Why has it not been able to develop fully?

Mandal: The problem is not within THY. The problem stems from the ministry with which THY is affiliated. Today, THY is required to obtain the ministry's permission even for something like nailing a fixture in one of the cargo units of the Ataturk Airport. In other words, all problems boil down to bureaucratic red tape.

DUNYA: Is THY's cargo capacity THY adequate?

Mandal: THY's cargo shipping capacity is clearly inadequate. However, THY's staff are working beyond their capabilities to make it adequate. THY has not kept pace with the modern airline industry. However, it is doing all it can to keep pace. Its cargo service has still not been computerized. When you take a package to a German airline, a computer at the delivery end notifies you of its arrival. Unfortunately, we cannot have that from THY.

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CSO: 3554/73

RECENT RESERVE, TERRITORIAL FORCE DEVELOPMENTS REVIEWED

Low Reservist Training Turnout

Bonn BUNDESWEHR AKTUELL in German 29 Sep 86 p 3

[Unattributed article: "Signal for Forward Defense: 1986 Maneuver Ended-- Minister Praises Soldiers and Helpfulness of Population"]

[Text] Karlstadt-Zellingen/Main--This year's army maneuver, Franconian Shield, ended last Thursday. Participating in this week-long maneuver, prepared and carried out by III Corps, were 58,000 men, including 12,000 reservists and 8,500 Allied soldiers. Speaking last Wednesday at the command post of the 126th Motorized Infantry Battalion in Karlstadt-Zellingen, during a press conference held in a barn that served--in character with the maneuver--as a press room, the minister of defense, Dr Manfred Woerner, thanked the people in the affected areas for being so "available and helpful" to the soldiers. "The people," the minister stated, "not only identify with the troops but also support them, because they realize what the Bundeswehr stands for."

Dr Woerner added that the reason for this appreciation and identification was probably due to the fact that the exercising troops, whenever and wherever possible, were considerate of the people in the maneuver area. "This is a clear indication of the excellent preparation that we particularly stressed for this exercise."

Minister Woerner--after talking to the soldiers of the 126th Motorized Infantry Battalion, which is almost exclusively manned by reservists--was clearly impressed by the verve and motivation of the soldiers. Praising the attitude of the reservists, he said: "Despite varying degrees of qualification and training, which have not always reached the desired level everywhere, the reservists fully compensate for these shortcomings by their special dedication."

To carry out the army's mission in the coming years, and to compensate for the effects of the low birthrate, the reservoir of reservists must be fully utilized. According to the minister, this should also result in a fair distribution of the defense burden. The minister admitted, however, that despite the high overall percentage of reservists in the exercise, only 60 percent of those called had reported for duty. The percentage of reservists

was, therefore, clearly below that of previous years. Consequently, Dr Woerner announced that, "in view of the plans for reservists for the next decade, this is not enough."

The minister emphasized that elements of the First French Armored Division participated for the first time, which he characterized as "a signal regarding forward defense that we hope will be correctly interpreted by the West as well as the East." The minister stated that, "we are a defense community, in fact an integrated whole, because the French Government knows that an attack on the Federal Republic of Germany would also threaten the existence of its own country." Minister Woerner announced that, consequently, elements of three French divisions would again exercise with German units next year.

Dr Woerner stressed the need for exercising with complete units in open terrain, even though the strain on the troops as well as the population would be extremely high. "This is the only way the army can exercise properly under realistic conditions." However, the number of large-scale exercises is to be reduced.

Border Guard, Army Cooperation

Bonn BUNDESWEHR AKTUELL in German 6 Oct 86 p 4

[Text] Cooperation with the Territorial Army and collaboration between the Bundeswehr and the Border Guard was the purpose of an exercise conducted by the First Mountain Division (Garmisch-Partenkirchen) in the area near Landshut, Wasserburg/Inn and Altoetting. More than 20,000 soldiers, including at least 3,000 reservists as well as members of the Border Guard together with three command posts, participated in the exercise. An additional 560 soldiers from a French armored regiment also participated.

Air Force Reservists Exercise

Bonn BUNDESWEHR AKTUELL in German 13 Oct 86 p 4

[Unattributed article: Geilenkirchen: Air Force Reservists Stand Their Ground--Exercise Goals Accomplished"]

[Text] Geilenkirchen--A full training program awaited roughly 230 reservists in the Niederheide Selfkant barracks of the Second Guided Missile Group in Geilenkirchen. The equipment and inventory of Anti-Aircraft Batteries 121 and 122 are stored here. A 10-day mobilization exercise to test site protection was also designed to provide information on how much time the reservists needed before the two batteries could be made operational.

For this reason, acquiring new information was at the top of the list of the training program carried out over a period of several days at the unit's Schaven training grounds near Mechernich (Eifel).

Things became difficult for the gunners of Battery 122 during a combat exercise. Section chiefs and gunners took up positions adjacent to the

Noervich air base of Flight Squadron 31, the "Boelcke," to defend against low-flying combat aircraft. However, this plan came to naught as the planes could not take off because of ground fog.

Battery 121 had better luck with its ground-target practice in the Muensterland area near Halter. The gunnery crew engaged ground targets on a British army firing range.

Nevertheless, and in spite of everything, the primary objectives of the exercise were accomplished, even though it had been years since many reservists had seen active duty in the air force.

Reservists Economic Hardships Discussed

Bonn BUNDESWEHR AKTUELL in German 24 Sep 86 p 1

[Text] Duesseldorf--The commander of Military District III, Maj Gen Manfred Philipp, issued invitations to an informative discussion on the duties of reservists in Duesseldorf. Representatives of business enterprises and chambers of industry and commerce from the Rhineland and Ruhr areas were briefed on the role of the Territorial Army and on current problems involved in call ups for active duty in military exercises.

The guests, in turn, used the occasion to discuss the difficulties faced especially by small and medium-sized companies when employees are called to active duty. A major complaint was the fact that frequently the same people from the same companies are repeatedly affected while others are totally ignored. This, from the companies' point of view, leads to inequities.

Reservists Sponsor Skills Competition

Bonn BUNDESWEHR AKTUELL in German 16 Oct 86 p 1

[Unattributed article: "A Very Personal Contribution: 'Federal Competition' for Reservists--Association Counts More Than 100,000 Members"]

[Text] Stetten a.k.M.--The 2-day "German championship" for reservists ended last Saturday with a "home team" victory for the reserve association of Heuberg. The traveling trophy was awarded personally by the defense minister, Dr Manfred Woerner, who was also its donor, to the team leader, Staff Sergeant Major Rudolf Baumgartner. The championship team also received a prize from the state of Baden-Wuerttemberg.

The participants in the "Championship '86" first had to qualify for the reservist championship event in regional competitions. A total of 39 teams from across the Federal Republic participated at the Alb military training grounds in Heuberg. In addition to other tasks, they had to march 28.5 km with a rifle and a pack weighing 7.5 kg, and to prove on 12 occasions how much conditioning and basic military know-how was still on them.

Versatility was the key. If shooting required a sure eye and a steady hand, strength and dexterity were called for when handling a pneumatic boat on the Danube, when crossing the river on a tightrope, or manipulating an obstacle course. Anyone who was not in full control of himself, or on firm ground in recognizing armored vehicles and aircraft, or even in such matters as first-aid for himself or when rescuing a wounded comrade from a tank, was not in a favorable position.

During the victory celebration and subsequent press conference, Defense Minister Woerner, representative for reserve matters Lt Gen Heinze Kasch, and Helmuth Moehring, president of the registered Association of Reservists of the German Bundeswehr, unanimously praised the commitment of the participants, who, as part of their continued military training, prepared for the "federal competition" voluntarily and on their own time. Dr Woerner used this occasion to voice an appeal for understanding--not only to the reservists but their relatives and employers as well--for the increasing need for reservists to participate in military exercises. Dr Woerner also emphasized that both active soldiers and reservists were making "a very personal contribution" to the preservation of peace and freedom. On the same occasion, President Moehring expressed his satisfaction with the association's membership status. The Association of Reservists currently counts more than 100,000 members in 2,000 local branches. Moehring once again summarized the association's aims, which are to enroll former Bundeswehr soldiers, support them and keep them informed about defense policies, motivate them, and keep them well-trained.

Reserve Infantry Battalion Honored

Bonn BUNDESWEHR AKTUELL in German 15 Oct 86 p 4

[Text] The 46th Motorized Infantry Battalion in Hemau, as the second mobilization unit of the Fourth Armored Infantry Division (Regensburg), has been awarded the unit's colors. This symbolic act initiated the third mobilization exercise of the reserve battalion for roughly 600 soldiers, culminating in a 2-day exercise.

U.S.--FRG Reserve Officer Exchange

Bonn BUNDESWEHR AKTUELL in German 25 Sep 86 p 2

[Unattributed article: "Arrival of American Reserve Officers--Assignments to Bundeswehr Units and Formations"]

[Text] Bonn--Obviously pleased, Lt Gen Heinz Kasch, chief of staff for reserve affairs, commented last week in Bonn: "This program is a step toward better mutual understanding between the two armies." The occasion was the arrival in the FRG of American reserve officers with the rank of major and lieutenant colonel as part of the German-American reserve officer exchange program. They were cordially welcomed at Hardthoehe.

Lieutenant General Kasch was not alone in greeting the reserve officers. Peter Kurt Wuerzbach, state secretary for parliamentary affairs at the Ministry of

Defense and "midwife of the exchange program," also welcomed the American friends. State Secretary Wuerzbach was pleased that the Americans took full advantage of their quota during this second year of the exchange program. A major request by the Americans was granted--this year the officers will participate in the fall maneuvers.

The secretary expressed his wish that the soldiers would return to their country after 2 weeks with a better understanding of the political, economic, and cultural situation in the FRG, and, of course, also of the German soldiers and armed forces.

Wuerzbach stated: "Every one of us here is an ambassador for the Federal Republic. Make use of your time here, ask any question, and feel at home."

The 14 officers--eight army, four air force, and two navy--will have no grounds for complaining about a lack of activity. The command staff at the Defense Ministry has worked out a program in which every one of the guests will be engaged in activities related to his job. Reserve Lt Col John Straley, for instance, will go to Long-Range Reconnaissance Company 200 in Weingarten. The 44-year-old is in the U.S. Marines, and in his reserve assignment he is chief of the mobilization center for U.S. Marine Corps reservists. Professionally, he works as a development planner for the city of Tuscaloosa in Alabama. Straley expressed his anticipation in perfect German: "I expect to be on the go a lot and I want to be challenged." He learned his German 24 years ago: "I studied in Frankfurt, and once I even bicycled to Heidelberg, Karlsruhe, and Baden-Baden." Twenty years ago his knowledge of German was entered into a computer's memory. Now a computer's brain has again spewed out his name.

The same applies to Christiane Carter. She is the only woman in the American delegation and will experience a routine maneuver day with the 730 Military Police Battalion in Duesseldorf. Born in Berlin, she lived in the Federal Republic for 20 years before emigrating. She joined the U.S. Army 16 years ago. Today she is a lieutenant colonel in the reserve. She is just as pleased about the time she will spend in the Federal Republic as Gregory Iverson--by profession a linguist at the University of Iowa. This major will spend 14 days at the headquarters of Military District VI in Munich. This army officer will undoubtedly enjoy his time there. After all, the Octoberfest started in Munich this weekend.

Reserve Unit Commanders Convene

Bonn BUNDESWEHR AKTUELL in German 12 Nov 86 p 1

[Unattributed article: Three Days of Home Defense---Commanders Go to Hammelburg for Continued Education"]

[Text] Hammelburg--Commanders of motorized infantry and security battalions convened at the combat training school in Hammelburg for a 3-day continuing education course. The event was designed as a training exercise and to exchange information between active unit commanders and those on mobilization call.

The agenda, aside from situation reports and discussions, included a demonstration of the combat tracks constructed at the Hammelburg exercise grounds for training infantry and a visit to a battalion command post. A 15-hour command post exercise followed, which dealt with the deployment of a motorized infantry battalion as part of a home defense regiment. This illustrated the manifold tasks the battalion must carry out in rear areas and for site and area defense.

Initial Reserve Obligation Clarified

Bonn BUNDESWEHR AKTUELL in German 7 Aug 86 p 1

[Text] Bonn--In the future, reservists will not be called up for obligatory exercises during the first 9 months after finishing their compulsory military service. This decision by the minister of defense will be implemented at the beginning of the next year.

This rule is intended to allow reservists to enjoy an unimpeded adjustment to their personal and professional plans, and will make it much easier to adapt to a new job or begin an educational program.

Reservists are nevertheless allowed to participate voluntarily in additional military exercises at any time during this period of exemption. Selective service offices and units have been instructed to take the necessary measures to assure that formations and units maintain their exercise capability.

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LONG-RANGE RECONNAISSANCE UNIT'S TRAINING, MISSION DESCRIBED

Munich SUEDEUTSCHE ZEITUNG in German 25 Nov 86 p 3

[Article by Kurt Kister: "The Elite With the Telescope Eyes; Long-Range Reconnaissance Companies of FRG Army: A Whiff of James Bond; Why, in Spite of All Those Electronics, One Cannot Do Without Specialists Who Operate in Enemy Rear Area"]

[Text] Winsen, November 1986--It is approaching 11 p.m. The wind is driving drizzling rain ahead of it. The surrounding pine forest makes the night even darker. Occasionally, there blinks a gleam of light from one of the villages deep in this province of Lower Saxony. Under such circumstances, there is very little possibility that someone out for a walk might wander off to this place, on the banks of the Aller River--but, if that should happen, then this night's passerby might just unexpectedly have an encounter of the third kind. A creature sneaks out of the light underbrush, drops down at the edge of the woods, and turns its head, as if to sniff for scent. Just a little bit later, there follow three other shapes, each as strange-looking as the first. Because of the large backpacks, the silhouettes in the dark have little resemblance to humans. Their sight organs consist of two huge telescope eyes which are grown together. Their skin has a dark-green color with light patches, at least there where one can recognize parts of the face and neck.

That these large green little men are stalking about in the woods with unfriendly intentions is shown by the very Earth-like appearance of the automatic rifles which they are carrying. In no way, however--and especially right by Winsen--have the Martians landed. It is much more probably Sgt Holger Koester's reconnaissance patrol, which is sneaking through the night and the bushes on a night march which is supposed to end with the "successful crossing of a section of difficult terrain," namely the Aller-River--which, with an outdoor temperature of 5 degrees Celsius and a water temperature of 10 degrees Celsius, is also a matter of strength of mind. The reconnaissance patrol soldiers pack all of their equipment, including the night vision glasses with the telescope eyes, into a shelter half and a poncho, and then slip into rubber suits. They slip into the river behind their bundles of baggage. Mainly because of the dark facial camouflage, almost nothing is to be seen of the man alongside. After several minutes, the patrol meets, wet but all accounted for, under an oak tree on the opposite bank.

Contact With Enemy Is Avoided

Sgt Koester and his patrol belong to Long-Range Reconnaissance Company 100, which is stationed in Braunschweig. Along with mine clearance divers, combat swimmers, and jet pilots, long-range reconnaissance personnel are mainly the most exclusive that the FRG Army has to offer. Out of 370,000 FRG soldiers, barely 500 wear the Bordeaux-red beret with the diving eagle which, in front of a background of crossed lances, holds a bundle of lightning bolts in its claws. In military heraldry, birds of prey stand for airborne troops, lightning bolts for signal troops, and lances for reconnaissance troops--and thus represent military unit types which, each in its own right, are considered to be military elites. "We are most assuredly a very special unit," says Capt Peter Seja, commander of Long-Range Reconnaissance Company 100, "and, as a result, we must do something very special."

The mission of long-range reconnaissance personnel, one company of which is assigned to each of the three FRG Army corps, is easy to read. "Long-range reconnaissance patrols operate close to the enemy and use technically demanding communications equipment to report the results of their reconnaissance activities," is stated in the official Hardthoehe brochures about the special troops. "Long-range reconnaissance personnel," explains Lt Col Hans-Joachim Belde, who has direct responsibility within the defense ministry for these special reconnaissance troops, "have no attack mission. During deployment, they avoid contact with the enemy and receive no sabotage missions. They are just reconnaissance troops, not commandos."

At first glance, such four-man patrols which are supposed to operate in enemy territory may seem rather peculiar, in this age of electronic sensors, infrared reconnaissance techniques, and satellite pictures. However, according to one officer working on the so-called "enemy situation," it has been experienced that, during large maneuvers, up to three-fourths of all intelligence information has been obtained by long-range reconnaissance personnel--in spite of all of the technology. Exactly when weather conditions, electronic disturbances, or radio silence by the enemy cripple one's own signal intelligence operations, then there is no alternative to human beings: "Even the best combination of sensors cannot replace the interlocking system of eyes, ears, and brain," says staff officer Belde.

The main problem for long-range reconnaissance personnel is to reach undiscovered a place where tank columns, supply traffic, and missile transporters can be observed--that is, in the enemy's rear area, twenty to thirty kilometers behind the front line. One possible way there is through the air, and this is not suited for careful, shy people. Even during nice weather, it is not everyone's cup of tea to climb to a height of 3,500 meters in a helicopter. On this day, the wind is still blowing so much that the helicopter is really shaken around. On top of all this, Staff Sgt Klaus Rosenkranz jerks the door open, which is really not exactly fun at minus 20 degrees Celsius at an altitude of 3,500 meters. The long-range reconnaissance sergeant obviously

does not share this viewpoint because, after a couple of minutes in this flying refrigerator, he throws himself grinning out the door, and three comrades follow him. After a few seconds, they pull the ripcords on their parachutes and glide in wide spirals across the sky.

Because of the strong wind, the jumpers appear to stand still in the air for minutes. Only after almost a half-hour do they land at a point which is located at least 20 kilometers from their jump point. Such a jump with a steerable parachute, which is opened at great height, is one of the possible ways for long-range reconnaissance personnel to infiltrate. Under combat conditions, however, the jump would have taken place at night and with more than 100 kg of baggage--because long-range reconnaissance personnel have to take everything they need along on their backs.

It is directly over the various possibilities of air transportation that those in long-range reconnaissance and in the ministry are now puzzling. Helicopters are not always available for landing or jumping, and they are severely threatened by enemy antiaircraft defense. Yes, affirms Lt Col Belde, they are experimenting with "unconventional means." However, he does not want to give any additional information about this. In the scanty technical literature, there is talk of motor-driven kites (so-called ultralights) and one-man craft with freely rotating rotors. There then drifts a whiff of James Bond through the company building of the long-range reconnaissance unit....

However, whoever actually uses the "high tech" from the spy films as a ruler to measure reconnaissance soldiers, will be somewhat disappointed. Although they do have special pistols with silencers and night vision devices at their disposal, the small high-frequency radio sets were until recently supplied with standard FRG Army nickel-cadmium batteries, with the result that a patrol had to take along 12 kg of batteries for a 14-day mission. This has been noticeably improved through use of other batteries. There still remains, however, something like the so-called "short signal transmitter" which combines the radio messages into an instantaneous pulse. It does this mechanically, just like 40 years ago. Both the delivery and enciphering of messages is done by hand and with a code chart. Similarly antiquated is the communications process through which the data from long-range reconnaissance troops in the field are received and forwarded. The beep-beep-beep atmosphere with tape recorders and ancient teletypes achieves an anachronistic effect, especially in this unit which is so dependent upon communications technology.

Long-range reconnaissance units need not complain about a lack of volunteers, however, in spite of or perhaps even because of the hard duty. The ratio of those accepted to those rejected is one to eight, according to Lt Col Fiedler, director of long-range reconnaissance troops. Long-range reconnaissance troops, among whom there are few draftees, go through all courses which provide individual soldierly capabilities: They are trained radio operators and paratroopers, rangers, and judo experts. They have also attended courses on

equipment and tactics of Warsaw Pact troops. Their intelligence is also tested, because responsible behavior is expected of them even under extreme conditions. Long-range reconnaissance, explains one officer, skims off "the cream of the personnel."

Jump Out of the Bar

Company commander Seja considers healthy self-confidence to be important. "I do not want people who charge into the canteen and yell out the number of their jumps," says the captain, "but they should know what they can do, in order to feel that they can return from a mission." Lt Col Belde calls this the necessary "mental conditioning." To this also belongs the ability to tolerate three persons for days or weeks in the tightest space. During a mission, recon troops consistently live in a well-camouflaged earthen bunker which they seldom leave, and not at all during danger of discovery. The four-man hole, built in one night, is simultaneously radio station, bedroom, kitchen, and toilet. Around the clock, the patrol reports from there about happenings at a nearby bridge or road intersection. With 60 kg of baggage per man, the recon patrol can hold out in the hole for up to 2 weeks, before they have to start out upon their uncertain march back.

During peacetime, the "mental conditioning" is further strengthened through joint exercises and training with foreign elite units. For this purpose, there is the International Long-Range Reconnaissance School, with two directorates, in Weingarten. IN the FRG section, long-range reconnaissance recruits are trained, but advanced courses are also given. In the international directorate, long-range recon troops from different NATO countries train together. Mainly because of this foreign participation, the Long-Range Reconnaissance School is not open to the public; no publications about it exist.

In the bar of Long-Range Reconnaissance Company 100, many unit insignias of British SAS regiments, Dutch or Belgian elite units bear witness to their active exchange. It is here in the bar that the self-confidence of the long-range recon troops expresses itself through their practicing parachute jumps from the window--usually very early in the morning and without parachutes. The bar is located on the top floor of the company building.

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CSO: 3620/90

INADEQUATE CIVIL EVACUATION CONTINGENCY PLANNING CRITICIZED

Bonn ZIVILVERTEIDIGUNG in German No 2, 1986 pp 30-33

[Article by Helge Schulenburg: "Population Movement And Deployment Of Military Forces -- A Conflict?"]

[Text] During a crisis, NATO forces are supposed to reach their planned battle areas through tactical deployment from their peacetime garrisons. In addition to the political decision which preceded it, an obvious sign of willingness for armed defense is given, within the framework of coping with the crisis. It is to be assumed that such a political decision would be made only at the high point of a crisis, probably shortly before possible armed warfare. Out of this grows the problem for the armed forces of completing their deployment as smoothly and as quickly as possible, under great time pressure. According to the mainly one-sided point of view of the armed forces, everything must be done to eliminate obstacles to military movements, and to avoid delays. And out of this viewpoint arise again and again those considerations as to how the anticipated negative influence of controlled or uncontrolled population movements can be avoided. Deployment and population movements are mostly perceived basically as a conflict situation. But is it really a conflict? And if so, what should be done to keep to a minimum the consequences of such a conflict for the civilian population, whose survival is in question?

Evacuations--A Problem of Quantity?

With the legal requirements in Section 12 of the law on the expansion of civil defense, there exist the possibilities, either to compel the population fundamentally to remain in their usual place of residence or to guide the residents of specified, especially endangered areas into reception areas. With regard to this, the residence guidelines of the FRG interior ministry differentiates among the various forms of evacuations.

These preplannable movements do less to create the obstacles feared by the armed forces, however, than do much more those difficult-to-predict, uncontrolled movements by portions of the population--people who, under the tremendous psychological burdens of a crisis heading toward war, see their well-being in flight and take flight.

Influences upon military movements (Fig 1) are to be weighted differently during normal peacetime, during a crisis, or during wartime. Accidents with traffic stoppages, damages to transportation facilities through sabotage or warfare are--like the constant weather conditions--unavoidable influences. But the big block of population movements--military authorities so demand--that must be controllable.

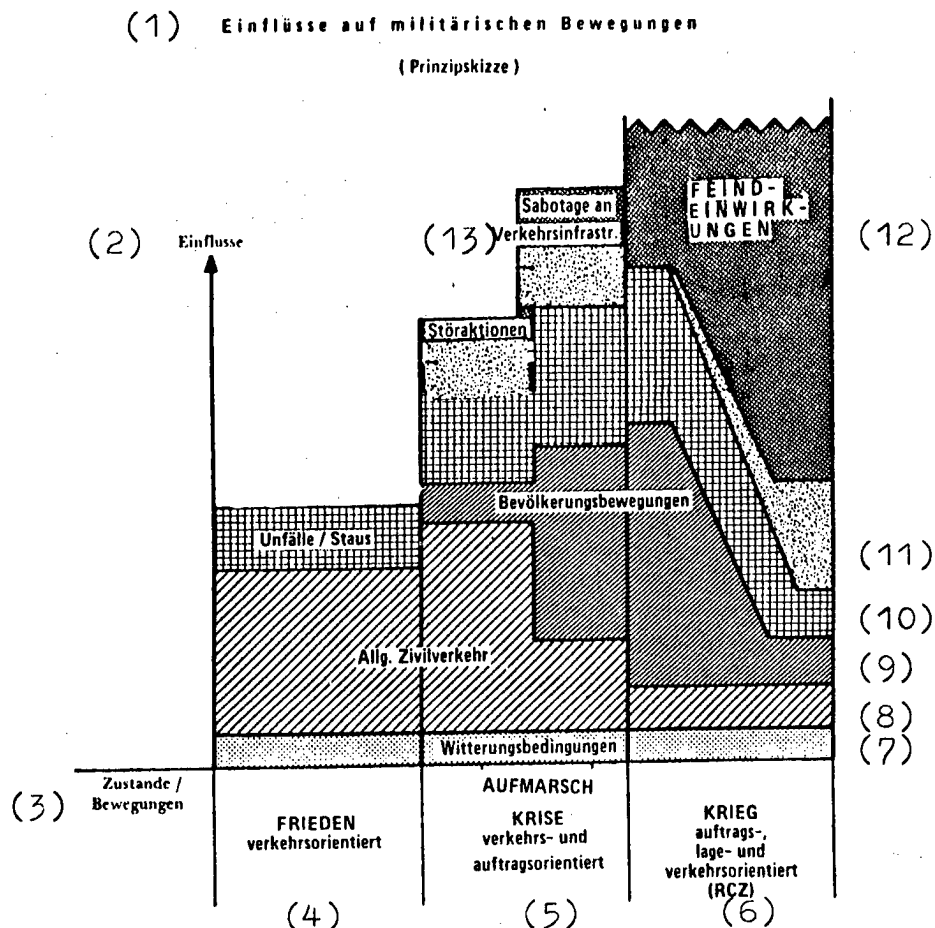


Abb. 1: In der zumeist einseitig geprägten Sicht der militärischen Planungen bilden Bevölkerungsbewegungen eine unwägbare Einflußgröße, deren Störwirkung so weit wie möglich begrenzt werden muß.

Fig 1. In the mainly one-sided deeply-imprinted viewpoint of military planners, population movements represent an incalculable magnitude of influence, whose disturbing effects must be limited as much as possible.

[Key on following page]

Key:

1. Influences upon military movements
2. Influences
3. Conditions/Movements
4. PEACE--oriented toward transportaion
5. DEPLOYMENT--CRISIS--oriented toward transportation and mission
6. WAR-- oriented toward mission, situation, and transportation (RCZ)
7. Weather conditions
8. General civilian transportation
9. Population movements
10. Accidents/trafffic stoppages
11. Deliberate disruptions
12. Effects of enemy action
13. Sabotage of transportation infrastructure

A fundamental misunderstanding appears to lie in treating population movements as a one-time problem of quantity. In military studies, overly simplified calculations are made. One takes the number of vehicles and the distance between them, takes into consideration a specified average speed, places a satisfactory number of good well-constructed roads at one's disposal, relies upon a capable police force which is experienced with holiday traffic conditions, and the whole fuss about population movements is solved with a few rough estimates.

If only the civil authorities would start making concrete plans! The conflict between deployment and population movements lies simply in the fact that the military side plans properly, while population movements are neglected. Is it really so simple?

Psychological Burdens

Whoever sees in this only a problem of quantity will not understand the problem of population movements. It remains for now even questionable whether a probable behavior by the civilian population during a crisis can be predictable at all, even if empirical investigations were in existence.

The only thing which seems to be certain--and all considerations should be based upon that--is that psychological burdens will more likely cause panic-like reactions than a behavior occurring according to given odds.

All calculations regarding peak loads, directions of movement, time requirements, et cetera, are no longer valid if refugees or evacuees return to their home several times in order to bring as many as possible of their personal belongings to safety.

Columns streaming aimlessly in changing directions, full of disoriented people disconcerted by rumors, are imaginable and possible at any time. They would make all preplanning worthless.

Even one single overdue, overloaded, slow vehicle could destroy all time calculations, because rapid movement by traffic columns would no longer be possible. Stoppages, driving at a walking pace, traffic chaos!

One does not need even once to imagine accidents, acts of sabotage, and demonstrations, in order to picture how it would look on the roads.

And, in this chaos, almost endless military columns are moving purposefully toward their battle locations?

It bears witness to an almost childlike naivete, to compare the directing of streams of population during a crisis to the handling of traffic during major events or holiday traffic.

Spatial Separation of Movements

The cartographically recorded basic military road network created for planning purposes, with its separation of military road and main civilian roads, leads one to false conclusions. The impression can too easily arise that, during a crisis or a war, roads would allow themselves to be limited to specified users. (Fig 2)

Roads should be available to whoever needs them. Naturally, priorities or rights-of-way can and must be established and implemented, depending upon the traffic situation. It can even very possibly become necessary to place military deployment movements behind population movements.

If armed forces and civil authorities--under the mediation function of FRG territorial army staffs--create joint traffic control centers with jurisdiction, then one can assure an allocation of roads which is appropriate for the time in question.

In these, the conciliation of interests must be sought; in case of irreconcilability, the final binding decision should lie with the commander of the FRG territorial army.

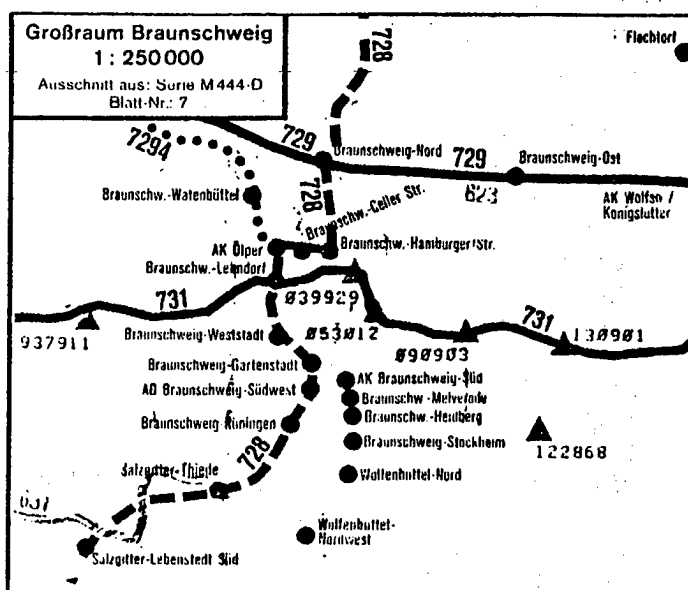
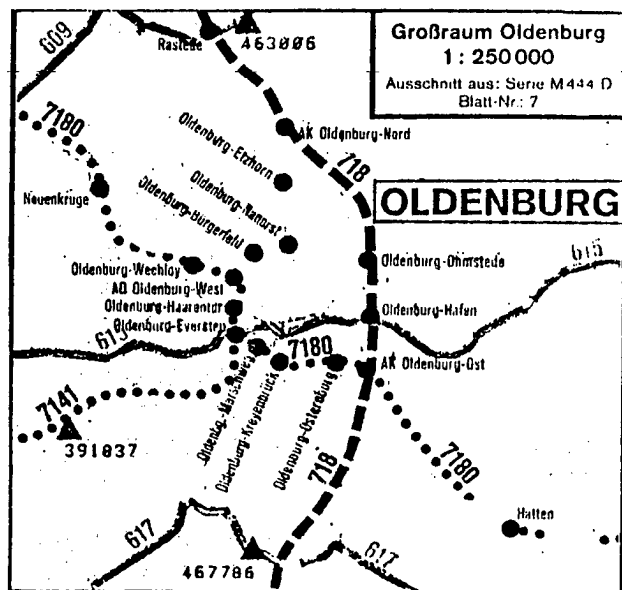
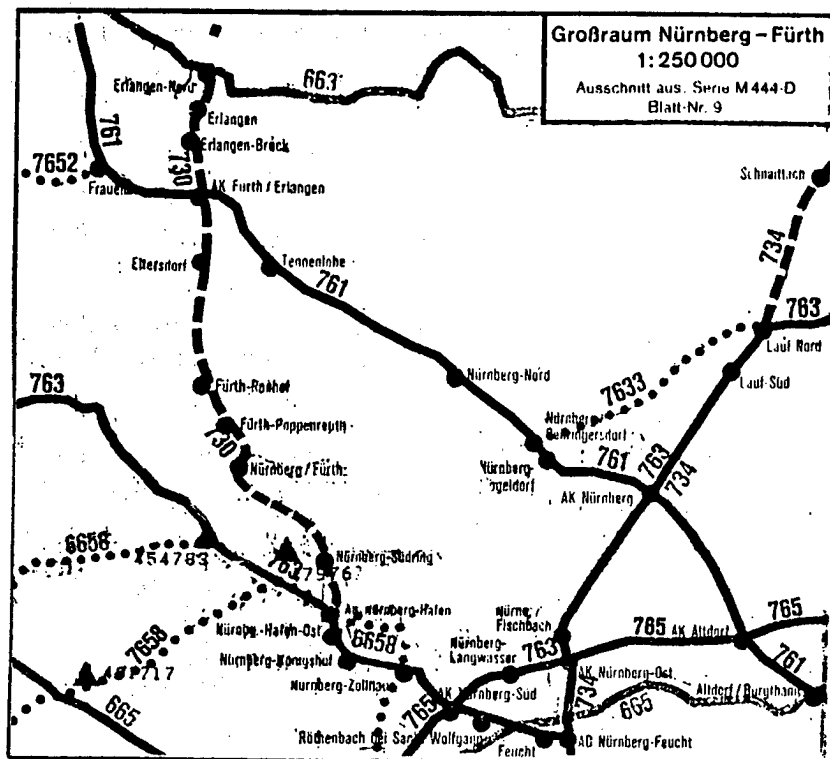


Fig 2: Through the example of city congested areas, the separation of military roads from main civilian roads to the disadvantage of the civilian population becomes very clear.

At the present time, two obstacles stand in the way of such regulation. Upon completion of tactical deployment, the responsibility for military movements in army corps areas transfers to their commanding generals. Based upon available experiences up to now, it must be doubted whether the interests of the civilian population will still be adequately considered.

In the case of the other obstacle, Section 83 of the federal military service law (BLG) allows the armed forces of the FRG army and the Allies to close traffic routes without notifying the police or other civilian agencies, if the conditions required by the BLG exist.

Only a little imagination is needed to picture that there would soon be no free path left for the civilian population, if--out of fear of enemy attacks, subversive activities, or other security requirements--armed forces everywhere could close traffic routes uncontrolled. Neither controlled nor uncontrolled population movements would still be possible; escape routes would be closed.

Section 83 of the BLG is in urgent need of correction. In the interest of the civilian population, closings of traffic routes should be permitted only with official approval.

Deployment and population movements will hardly allow themselves to be separated in space. In the joint traffic control centers, decisions made in cases of doubt must favor the civilian population. It is time for the thinking of the armed forces to accept this demand. Civilian agencies would perhaps then also find it easier to enter into joint planning activities.

Time Separation of Movements

Military efforts will be directed toward beginning deployment as soon as possible after the political decisions are made during a crisis. On the other hand, political decisions about evacuation measures will--presumably because of their psychological effects upon escalation--be made as late as possible. Whether, in this case, these movements going mainly in opposite directions can be kept apart with respect to time remains unweighable and doubtful.

If one accepts the correlation that deployment is perhaps the last form of expressing the will to defend against an attack, then it would be justified not to provide for any planned population movements before deployment is completed.

There would then simultaneously be a decisive requirement in existence--after deployment, to keep all serviceable roads open for population movements for an adequately long time. Because the time requirements for evacuations depend upon the number of available roads, a great advantage would be gained.

Police forces could, as their part during deployment, redirect unanticipated uncontrolled population movements along special collection lines into controlled movements. The latent conflict between deployment and population movements could thus be limited.

Support from Armed Forces

A clear time separation and sequence of deployment and evacuation measures would, on its part, create better possibilities for the armed forces to support civilian agencies and to help those people affected by the evacuations.

In that already often mentioned 100-km strip west of the FRG-GDR border, not only does one find 25 percent of the FRG's industrial potential, but 30 percent of the FRG population live there. If one treats just this part of a potential battlefield as an especially endangered area, then the magnitude and scope of controlled or uncontrolled population movements will surely become clear to everyone (Fig 3).

Planning for crisis and war should always be based upon unfavorable assumptions, because unpleasant surprises can then strike less severely. One should not assume that, at the time of an evacuation or a personal decision, every private car will be standing in the garage with a full tank of fuel, as it is before a vacation trip. One should not assume that the occupants of a private car could take adequate precautions to bring along food and drink for an odyssey of even several days--perhaps under extremely unfavorable weather conditions. We should not assume that civilian ambulance services have adequate resources at their disposal to even come close to handling an extremely great increase in accidents.

With purposeful support by the armed forces, a great deal could be done for the people. Military forces have at their disposal both medical personnel and ambulances which could be purposefully deployed either to take care of people in trouble, the sick, or the injured, or else to transport them to hospitals.

Military field kitchens would additionally be very capable of providing an extensive network along the roads for satisfying the hunger and thirst of refugee and evacuation columns.

With the equipment of the armed forces, mobile fueling stations could be established, so that no vehicles would be left standing because of lack of fuel.

How many vehicles will be left standing because of technical defects and thus become obstacles? Here again, the soldiers in maintenance services, who are also trained on civilian vehicles, must jump in and help.

Key:

1. BATTLEFIELD
2. 30 percent of population
3. 25 percent of industrial potential
4. 60 million inhabitants/20 million private cars
5. 6 million inhabitants; 2 million private cars

There is heavy recovery equipment available which, in case of more severe accidents--such as the overturning of a truck, et cetera--can and must be used in order to assure fast-moving traffic. Especially this is in the interest of the armed forces.

One could thus imagine, along important roads, a network of "supply points" which would, in as close succession as possible, contribute to the support of population movements. Without the assistance of the armed forces, population movements are neither plannable nor achievable.

Plan and Act Jointly

The problems associated with evacuations and population movements are too complex to be solved with simple measures. The recommendations assembled here should be understood as encouragement to seek more communality between civilian and military agencies.

The processes and criteria for military evacuation recommendations agreed upon by the federal defense ministry and the federal interior ministry are a good basis for entering into concrete, joint planning. The resources are available. They need only to be brought in.

Regulations, training, and exercises of the armed forces are based mainly upon the assumption, as if the main battle area had been cleared of population. This is a dangerous misconception. Perhaps all of us can become more strongly aware of which place value the civilian population must have in our defense planning, if we carefully examine just once the problems associated with deployment and population movements.

13275

CSO: 3620/79

SWEDISH PRIME MINISTER ON FINNISH RELATIONS, ACCORD, NNWFZ

Carlsson: Genuine Accord in Security

Helsinki HUFVUDSTADSBLADET in Swedish 29 Nov 86 p 2

[Editorial: "Concordant Views"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] Prime Minister Ingvar Carlsson's speech in Helsinki confirmed that few countries in Europe can show the same degree of genuine agreement on central questions of security policy as that existing between Sweden and Finland.

Prime Minister Ingvar Carlsson's speech at the House of Estates on Thursday was awaited with interest, perhaps not so much because it was expected to reveal epoch-making new views and proposals but because people were curious as to how the new head of the Swedish Government views the problems and how he would word his message. Although Carlsson has close ties with Finland, and although he himself admits to having lost count of the number of times he has been here, it can be said that a large portion of our public has never before been brought face to face with him. The speech was also his first unified statement on foreign policy since becoming prime minister.

Although he certainly does not desire it, Carlsson is going to be compared for some time to come with his predecessor, Olof Palme. Apart from his different personal style, it was noted that in his speech, Carlsson avoided specific remarks of the more spectacular sort that Palme often included in his public statements. Carlsson's address was chiefly in the nature of a survey and summary.

Despite that, it was remarkable how Ingvar Carlsson endeavored to preserve continuity with respect to his predecessor. The banner raised by Palme was still being held high. This was especially apparent in Carlsson's reference to the so-called five-continent initiative for halting the nuclear arms race--in which Europe is represented by Sweden and Greece--and to the Palme Commission, through which a number of prominent persons are striving toward the same goal in their capacity as committed individuals. The speech as a whole contained several references to previous Swedish initiatives in the area of disarmament, to Alva Myrdal, and to Osten Unden. The overall impression

was one of a proud Swedish tradition in the service of peace that stretches back to the postwar years.

In other respects as well, and despite its objective tone, the speech kept a high Swedish profile. The prime minister brought home the point that the nuclear-free states have "an absolute moral right" to demand that the superpowers build further on the agreements reached in Reykjavik and overcome their differences of opinion. Realization that the Nordic states alone cannot dictate the conditions for stability in our part of the world must not make us passive or lead us to accept the role of pawns in the game being played by the superpowers, Carlsson also said. Essentially, we in Finland are in complete agreement with that, even though our traditional "healing role" makes us aim for more moderate ways of expressing our convictions.

Ingvar Carlsson's speech was entitled "The World After Reykjavik," and it was therefore concerned mainly with current relations between the superpowers. Carlsson expressed emphatic optimism concerning probable developments, especially in comparison with the stagnation of the early 1980's. The reason, obviously, is to be found in the historic unanimity achieved in Reykjavik on several major issues. The same optimism was expressed by Finland's president in an impromptu addition to his speech at the Paasikivi Society, and it has also been the general view in Finnish media, including this column.

Nor is there reason to abandon that optimism, at least if we take the somewhat longer view. The realization that a large portion of the currently existing nuclear arsenals is unnecessary was clearly acknowledged by both superpowers, and their admissions can no longer be retracted. It must be noted, however, that things have happened since then to cloud the picture. The unsuccessful meeting in Vienna between Secretary of State Shultz and Minister of Foreign Affairs Shevardnadze, the protests by West European allies against U.S. readiness to make concessions in Reykjavik, the confusion in the United States over what was really agreed on, and the fact that at least for now, the Soviet Union is insisting that all the proposals in Reykjavik are a package--all of that puts a damper on short-range optimism.

In his speech, the prime minister laid particular stress on the question of the SDI initiative--naturally enough, since that became the issue on which agreement in Reykjavik eventually foundered. Here, too, he expressed some confidence that the differences of opinion could be overcome and mentioned, among other things, the proposals made by the Palme Commission in that regard.

That confidence is not unwarranted, and above all, it is a necessary working hypothesis if we are going to progress at all. Both parties--including the United States--have certainly shown some willingness to talk their way to a solution. One must keep in mind, however, that the SDI question is tied to a number of ambitions and misgivings which make rational argument difficult.

At the ensuing press conference, Carlsson added to his statements. He strongly emphasized his belief that decisive progress is possible even before the end of Reagan's term as President. Nor does Gorbachev have any reason to wait: he, too, is depending on results.

It is noted that that assessment runs parallel with the one expressed by Yegor Ligachov during his visit to Helsinki. He, too, said that there was no reason to wait until after the presidential election in the United States, but that efforts should be made to reach an agreement with the current administration.

An unpredictable factor, naturally, is the confusion which currently prevails in Washington and which is influencing President Reagan's possibilities for action. On the other hand, quick results on disarmament issues may provide Reagan with an opportunity to strengthen his authority again.

Carlsson concluded his speech by going into matters more limited in scope. He rightly described the results of the Stockholm Conference as "the first substantial agreement of a specifically military nature to be reached during the 1980's." Concerning the work of the Vienna Conference, the prime minister expressed himself in a way that came very close to Finnish views. He said he hoped that the sequel to the Stockholm Conference would be able to deal with real disarmament issues, and that, of course, is our own country's position. And he wanted to see more headway made with the matters included in the CSCE's second basket, especially economic cooperation and environmental issues.

Concerning the Nordic scene, Carlsson noted increased interest and increased intrusiveness on the part of the military alliances. He clearly supported Koivisto's and Norwegian Minister of Defense Holst's ideas about extending confidence-inspiring measures to the naval area. Concerning the Nordic nuclear-free zone, he agreed with the policy laid down by Olof Palme during the latter's speech in Helsinki in 1983. One can agree with Carlsson's statement that in itself, increased activity around the Nordic region does not mean a greater risk of war--only if there is a major European war might the Nordic region be affected, and the risk of such a war has not increased. But the prime minister noted that if there is a war, we will be affected sooner.

There was some interest in finding out what the Swedish prime minister would have to say about Ligachov's attention-getting move in Helsinki. Carlsson's words could be described as a cautious admission: Ligachov had made some "interesting clarifications" that would be carefully weighed along with other statements by the nuclear powers in connection with work on the zone issue.

Ingvar Carlsson's speech confirms that probably no two countries in Europe can equal Sweden and Finland when it comes to the genuine way in which they share the same basic views, even on central questions of security policy. And it is gratifying that the general trend from decade to decade indicates that agreement will grow even further.

Press Commentaries on Carlsson Views

Helsinki HUFVUDSTADSBLADET in Swedish 29 Nov 86 p 2

[Text] Finland and Sweden are drawing closer and closer to each other. That is the conclusion being drawn by newspapers from Prime Minister Ingvar Carlsson's appearance in Helsinki on Thursday. Especially noted was his opinion about the nuclear-free zone in the Nordic region.

Closer Relations

UUSI SUOMI says that although Prime Minister Ingvar Carlsson's speech did not contain anything really new, one can, from the long-range standpoint, see a considerable change in emphases:

"There has come to be an increasingly strong emphasis on Sweden's immediate vicinity. Sweden is more interested than formerly in influencing the shape of the Nordic region's situation with respect to security policy.

"The reference to the meeting of Nordic foreign ministers in March, where a joint group of senior officials will probably be appointed to examine the issue of the nuclear-free zone, is significant in this respect. Sweden views such thoroughgoing Nordic dialogues on security policy issues as useful.

"Since the disappearance of President Kekkonen and Prime Minister Palme, relations between Finland and Sweden have become more routine but also clearly closer in character. Mutual interaction, cooperation in the CSCE and the United Nations, and, above all, the emphasis on Nordic matters are uniting Finland and Sweden more than formerly.

"Fits of feeling superior or inferior are no longer assigned the importance that they were from time to time in the past. And Prime Minister Carlsson's low profile in approaching the Finns deserves appreciation.

"Cooperation between Finland and Sweden has become more and more clearly one of the factors exerting the strongest influence on the situation throughout the Nordic region."

Far-Reaching Agreement

HELSINGIN SANOMAT writes that Prime Minister Ingvar Carlsson directed a disguised admonition at the rightwing opposition in Norway, which has stressed that it is important for NATO's naval forces to safeguard the West's interests in the Norwegian Sea:

"According to Carlsson, it is not in the interest of any Nordic country whatever for the superpower fleets to begin patrolling our area permanently as they already do in the Mediterranean.

"The reception given to Ligachov's four-point program could probably be characterized as politely reserved. According to Carlsson, it contained some interesting clarifications which he hopes he can interpret as reflecting willingness by the Soviet Union to take other specific measures besides the removal of nuclear weapons in connection with the zone. What Carlsson probably had in mind was a reduction in conventional weapons.

"When it comes to pushing for a Nordic nuclear-free zone, Sweden's and Finland's views coincide to a large extent. Even Sweden sees the zone as being primarily a Nordic issue. The next step would be a decision concerning

a committee of senior Nordic government officials. That is said to have been agreed on by the ministers of foreign affairs as early as last fall."

Zone Idea Making Progress

In its commentary on Prime Minister Ingvar Carlsson's speech, SUOMEN SOSIALIDEMOKRAATTI says:

"It is also the Swedish view that definite progress has been made with the plan for establishing a nuclear-free zone in the Nordic region. Carlsson supports the zone and is continuing the policy established by Olof Palme. A new phase is expected in late winter. In all probability, study of the project by the joint committee of senior Nordic government officials will get underway when the Nordic foreign ministers meet in March.

"Finland and Sweden agree on their important role in the work on behalf of peace and security. Carlsson summed it up when he said that there is a continuous thread running from Helsinki in 1975 through Stockholm in 1986 to new measures to establish joint security in the future."

11798
CSO: 3650/25

U.S. BASES ISSUE: SCENARIO FOR PERMANENCE

Athens ELEVTHEROTYPIA in Greek 23 Nov 86 p 8

[Article by Giorgis Massavetas]

[Text] A magic picture without a picture on which each person is called on to use his imagination, providing his own interpretations and extrapolations, is the picture that the Greek citizen is once again getting on the Greek-American issue. And specifically with regard to Minister of Foreign Affairs K. Papoulias' visit to the United States and his talks with his counterpart Mr George Shultz. Indeed, the promotion of ambiguity and nebulous wording relates to the most critical point around which overall Greek-American issues in abeyance revolves, namely the bases issue.

The state news media have joyfully announced that the road has been opened for a forthcoming visit to Washington by Prime Minister Papandreou. In a statement issued, Mr M. Armacost, U.S. Under Secretary of State and a key person for the course of Greek-American relations, linked this trip to the rapprochement of views on open issues all of which revolve on the "bases" issue. The government spokesman in Athens, answering Mr Armacost indirectly with clearly moderate pride directed to the Greek people, stated that the government does not link the issue of the visit to that of the bases.

On one day the government spokesman --who obviously communicates with the prime minister himself before making statements on such matters-- proudly repeated the well-known statement of Mr A. Papandreou, namely that the 1983 agreement is a "withdrawal agreement," that the bases will leave.

On the next day the government spokesman whose voice was the voice of Kourtis while his thought was the thought of Andreas, left behind him even those well-known things such as "if the Americans don't like it let them denounce it." And he told us that, 5 months prior to the expiration of the agreement, the United States has the right to ask for a new agreement, while Greece has the right "to discuss" and "to judge."

The question is, therefore, raised; Perhaps what has already been agreed to is not to denounce the agreement before the 5-month expiration period is reached.

This, of course, could greatly be of interest to Athens only in case where it had decided to agree to a "request" for a renewal of the agreement. Or even the achievement of a new, even more "nationally proud" one. However, it does not, in the intervening period, want to have the bases issue become the subject of domestic political life. The government does not want to show, during this period, its cards publicly.

If this were to occur why should the United States agree to forget the line "we are in a hurry" and give Athens the convenience of time? Logically for only one reason: Because, possibly, it already has, as of now, an express political desire on what is to be done, within legal contexts, so that it does not need to take any premature steps. In other words, that there was a mutual understanding between the two parties. They came to an "understanding" --to use the American word that has made the Athens-Washington run many times.

At this time it is very difficult for one to determine if the government is merely moving forward in this process, the "step by step" approach but is holding negotiable reservations vis-a-vis the United States and at the same time sets the mood at home so as to forestall and dispel opposition by the communist Left and also intra-party opposition, or else is moving forward slowly in a process that is designed to reassure the Americans up to the time of crisis at which time it will transform the bases issue into an issue involving a political reckoning, namely recourse to elections having a referendum type nature and asking from the people new strength to drive out the Americans. (I ask forgiveness from my readers for this very long proposition. But with so much rope-walking what do you expect?)

If the latter thought enters Mr Papandreou's mind, two things are certain: that his own associates do not know it and that the country, in the meantime, is managing from the standpoint of armaments so as to have "defense cooperation" with the United States continue uninterrupted.

From that time on each person may then "discuss" and "judge."

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CSO: 3521/41

FORMER NAVY CHIEF CRITICIZES SITUATION, LEADERSHIP

Athens I KATHIMERINI in Greek 24 Dec 86 pp 1, 3

/Article by Nikos Gerakaris/

/Text/ Vice Adm N. Pappas, former GEN /Navy General Staff/ chief, used his farewell speech as a vehicle for a host of critical references to "persons and things" in the armed forces. The criticism alluded to involved cases of mistrust and "self-interested slander" among armed forces officers and the government's policy in carrying out sudden changes in the military leadership, something that is described as "bad and damaging." Mr Pappas' criticism, a result of his own personal experience and his 5-year assignment in the navy command caused considerable embarrassment to the Ministry of National Defense which, in a communique issued today, described his views as his own personal ones that have absolutely no relationship with reality.

The special (and sudden this year) ranking and promotions listing for the armed forces command continued yesterday with the announcement of sensational retirements. Another four lieutenant generals and nine major generals, one vice admiral, one air force lieutenant general and one air force major general were retired, while new army, fleet and tactical air force chiefs were appointed.

The most surprising event yesterday, however, was the "bomb shell" announcement of the retirement of Vice Adm N. Pappas, GEN chief, during the ceremonies turning over navy command to his successor, Vice Adm L. Vasilakopoulos, at the Navy Cadets School. The government, that had assigned him as navy chief and had kept him in that position for 4-1/2 years, received from him yesterday an unexpected --for the government-- attack.

Mr Pappas mentioned his 38 years of service and discoursed at length on the "Velos" affair at the time of the dictatorship and discussed its political significance. He said he ended up making his personal choice, namely remaining in the navy rejecting political positions and certain promotion in rank in accordance with the "well-known law." Immediately after that Mr Pappas launched into the controversial part of his speech in which he criticized conditions and individuals without naming them. Specifically, he commented as follows:

"I stand on the word 'trial' because from the very outset until just recently I had to fight day and night and to make denials, very often becoming disagreeable to self-interested instigators who continually saw the ghosts of junta-like officers

surrounding the Ministry of National Defense and vital state services, ready to seize power as was the case on 21 April 1967.

"From the very first day I assumed my duties I set as our primary goal the establishment of an overall plan for constructing war vessels in Greece. We rejected every improvised or impromptu solution.

"I stubbornly insisted on this avenue despite opposition and persistent and time-consuming filibustering by short-sighted persons who did not come to realize the tremendous importance that naval strength has for the defense of the nation." At the same time, I constantly brought to the attention of all concerned the speedy and impressive increase in the opponent's navy.

"In full knowledge of the fact that the state had not yet reached the point of getting rid of bad habits inherited from a bad past in connection with how to go about making changes in leadership, and exactly for that reason, I considered it proper to systematically promote the capabilities, the upright character and moral integrity of Vice Adm Leon. Vasilakopoulos, at that time fleet commander and today my replacement.

"I am proud because at this moment dozens of men are serving in the navy, from the highest command to the ranks of non-commissioned officers, who, in difficult times, stood up to and resisted torture and exile by the junta resolutely and steadfastly.

"Today, I inform you that I never neglected protecting them whenever they became targets of suspect self-interested slander.

"And this time too, leadership changes were made in a surprise fashion. It is a bad policy and unfortunately it is continuing. It is a bad policy because it reveals a lack of sincerity, courage and respect toward leaders who because of their mission, position and responsibilities are symbols. And symbols too have a right to proper respect.

"It is time that this improper process finally stop, a process that, without reason, creates feelings of bitterness. And it is the duty of the state to make timely announcements about any change whatsoever which, of course, constitutes its inalienable right. This tactic grievously hurts and degrades the authority of the name and symbol of the leaders and not their personality, their background or their value."

The following statement, given in answer to Vice Admiral Pappas' speech, was issued late yesterday by Ministry of National Defense circles:

"As is known, the special ranking and promotion listing, can, in accordance to the law, take place at any given time within the context of the renovation of the leadership. What the retired GEN chief said was his own personal opinions and do not have any relationship with reality. It is sad that these views were expressed by an officer who was for a whole 5-year period the head of our navy."

MILITARY

GREECE

PROMOTED OFFICER RESIGNS COMMISSION IN PROTEST

Athens I KATHIMERINI in Greek 25 Dec 86 p 1

[Excerpt] Only a few hours after the changes in the armed forces leadership, the way the government goes about making selections in the military was severely criticized. Lt Gen D. Manikas, commander of the 4th Army Corps, has, according to reliable information, submitted his resignation and rejected his promotion and assignment to the position of GEETHA [National Defense General Staff] deputy chief.

Lt General Manikas considered his promotion to the position as GEETHA deputy chief as a demotion, judging it as being merely a figurehead position, at least when compared to the sensitive post he had until now.

Mr Manikas' refusal to accept his promotion, coming at the time when Admiral Pappas made his jabs the other day, "is depicting" a picture that has formed in the armed forces as a result of the government's policy and the expediciencies that appear to be taken into consideration for the "evaluation" of military officers.

It is not by chance that Mr Papandreou, addressing himself to the new armed forces leadership during the formal visit paid by the new staff chiefs to the prime minister's official residence, thought it proper to promote "the points of support" for the new staffers in the military and people! An observation that reveals the scepticism prevailing in the armed forces today --and that was expressed through Manikas' resignation-- and is considered humiliating for the predecessors of the current leadership.

Moreover, according to the same information, an issue was also created involving Vice Adm V. Marangoudakis, to whom a proposal was made to remain in his post (first GEETHA deputy chief) since Rear Adm Khr. Lymberis, having the same rank but his junior, was scheduled to be assigned to the fleet commander position.

Rear Admiral Marangoudakis did not, however, agree to the promotion of his junior. Thus, he retired and Rear Adm Khr. Lymberis, promoted now to vice admiral, was, as is well known, assigned to the position of fleet commander.

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OUTDATED G-3 RIFLE BEING SOLD FOR USE IN NEAR EAST

Lisbon O JORNAL in Portuguese 28 Nov-8 Dec 86 p 32

[Article by Antonio Duarte]

[Excerpts] The automatic G-3 rifle, which has a German patent, has had a checkered history in the hands of the Portuguese. It was used in the defense of the Salazar regime and to oppress the colonized peoples; it was a protagonist in the events of 25 April, with a red carnation at the end of the barrel; it bounced back and forth in coups and counter coups; it was used in some instances in defense of the ideals of the revolutionary left, and again to defend the "democratic legality" of those who fought against the "excesses" committed. Today it is almost a museum piece, but its viability is being tested again, because it is being exported for use in the war between Iran and Iraq.

The Portuguese Army adopted the G-3 rifle in 1961 to replace the Mauser repeating rifle (German) and the FN model (Belgian).

The first G-3s used by the Portuguese military were imported from the FRG. Then an embargo was placed on the sale of arms to Portugal, and the Portuguese authorities decided to manufacture the G-3 under the German patent.

Characteristics

The Braco de Prata Military Factory, which produced the FBP machine pistol, began in 1973 to produce the G-3 as well, with some slight modifications to the original model. Some plastic parts were used, among other things for the stock, to make it lighter, while retaining its firing characteristics.

The G-3 is a gun which fires straight (direct-line trajectory), in military parlance, unlike weapons with a curved trajectory (mortars). It is light and individual. It was used as the basis for marksmanship in the Portuguese Army.

The G-3 fires direct in a range of up to 400 meters, both in the automatic and manual firing modes (up to 600 meters with a telescopic sight). The weapon can also launch grenades and can have a saber attached for hand-to-hand fighting.

The maximum firing range of the G-3 is 3,800 meters (drop of the bullet) but accuracy is still good at 1,700 (400 meters is the limit for useful deadly firing).

The automatic G-3 rifle weighs about 4.5 kilograms and has a clip with a capacity of 20 cartridges. The firing rate is 500 to 600 shots per minute.

The Portuguese Army had a total of about 150,000 men in combat in the former colonies. This figure gives some idea of the production level for these weapons at the Braco de Prata Factory, which is now the National Defense Industry (INDEP).

When the colonial war ended, production dropped drastically for what is today the INDEP.

The Portuguese military industry is passing through a difficult period today, and about 6,000 jobs in all of the government enterprises engaged exclusively in this activity are in jeopardy.

This is the reason for the export of the G-3 to Iran and other countries in Africa and Latin America, and even to NATO and the United States (civilian market) and Canada. Each rifle costs about 60 contos.

Dwindling Market

The Portuguese Army now absorbs only 5 percent of the domestic G-3 production. On the other hand, the G-3 is beginning to fall into disuse in the majority of the developed countries. The market is dwindling steadily.

Following the eventful developments in 1975, in which the rifle fell successively into the hands of the extreme leftists and the PS security guard, the G-3 began to die slowly. However, a laser gun developed at the National Industrial Engineering and Technology Laboratory (LNETI) will shortly make the recycling of the traditional G-3 and the export of this invention to foreign markets possible.

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CINCIBERLANT INTEGRATION REQUEST STRESSED

Lisbon DIARIO DE NOTICIAS in Portuguese 4 Dec 86 p 8

[Editorial: "Among Allies"]

[Text] Portugal, which has been praised on many occasions and on many levels for its demonstrated fidelity to NATO, of which moreover it is a founding member, has been accorded by its partners, especially the most powerful ones, treatment which sometimes tilts toward disagreeable paternalism, and in other cases takes the form, more or less directly, of subtle minimization of its role and the importance of its strategic position within the context of the Alliance. And to these less than suitable attitudes on the part of certain allies--we know what the specific weight, and as a result the inherent responsibility, of each of them within the NATO context is, we must add another, which derives from them and which also contrasts with the eulogistic speeches repeatedly addressed to our country. It has to do with the sovereign indifference evidenced toward some of the absolutely legitimate aspirations of the government and/or the military commands in Lisbon.

These attitudes, which do nothing to strengthen the cohesive spirit to be desired within the Alliance, are illustrated by some of the inconsistent episodes seen in recent years, and they are also reflected in a specific situation which has existed since the founding of NATO, despite the fact that it is visibly abstruse, from whatever angle one may analyze it. I refer to the fact that the Azores come under the jurisdiction, in the military structure of the organization, not of the NATO command with headquarters in Portuguese territory--the CINCIBERLANT, in Oeiras--but under the Western Atlantic Command headquartered in Norfolk, in the United States. In fact, in operational terms and in the event of a conflict, the forces headquartered in the Autonomous Azores Region would be under orders issued from Norfolk, and not from Oeiras. This is something which certain individuals may regard as irrelevant, among other things because the majority of these forces are American human and operational resources, in accordance with the bilateral U.S.-Portuguese agreement, but in fact it acquires even greater importance if we bear in mind that the national whole is thus divided, and the famous Portuguese strategic triangle is destroyed within the NATO context.

The technical advantages of including the Azores in the Iberian-Atlantic area, either for Portugal or for NATO as a whole, has been made clear by officials

in Lisbon in recent years, but as yet no formal public reaction to this has been forthcoming. In any case, it is not difficult to guess that there will be some substantial resistance, just as it is not hard to see its origin, knowing as we do the strategic importance of the Azores not only for the plans for the defense of the southern flank of NATO, but for the North Atlantic, in particular, as well. Overcoming this resistance is, moreover, the task of the Portuguese government and diplomats, and one which the present minister of defense has undertaken, according to reports published recently, and which he is now about to pursue at the meeting of the NATO Defense and Planning Committee to be held in Brussels.

There is no guarantee, however, that Lisbon's efforts will be crowned with total success in the short run, for the simple reason that, even among allies, and sometimes particularly among allies, the specific and private interests of the more powerful not infrequently prevail, despite the fact that those of the other, more directly interested, parties are justified. The desires of Lisbon were however revealed long enough in advance that all of the members of the alliance will have formed a more or less definitive opinion, and they have already, moreover, been favorably viewed by the president of the NATO Military Committee--undoubtedly an encouraging indication for the old Portuguese aspirations. It now remains to be seen if his voice will be enough of a force in defense of Lisbon's position to move the more recalcitrant parties.

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CSO:3542/26

GREEK SHIPS SEEN AS TARGET OF MARMARA CLEAN WATER FINE

Istanbul CUMHURİYET in Turkish 31 Oct 86 p 10

[Text] Istanbul Metropolitan Mayor Bedrettin Dalan disclosed that two helicopters, each costing \$500,000, will arrive in Turkey at the beginning of December to enforce new anti-pollution laws. Ships found to be polluting the sea will be fined 50 million Turkish lira. Dalan stated that Greek ships dump their bilge water primarily in Istanbul and said: "When they start paying 50 million Turkish lira they will come to their senses." At a press conference jointly organized by the Environmental Directorate General of the Prime Ministry and the Marmara Municipalities Association, it was disclosed that the municipalities will work jointly to steer environmental conservation work in the Marmara Sea. Environmental Director General Muzaffer Evirgen and Mayor Dalan said in their joint press conference that the Environmental Directorate General will provide technical and financial aid to the municipalities in the Marmara region to help them prepare a "Marmara Region Environmental Management Plan" which will coordinate environmental conservation work in the area. Evirgen said in his statement: "The good work carried out in Istanbul on this issue is not enough to save the Marmara Sea. Large sums of money are needed to purify the waste waters that are dumped into Marmara. First an economic balance must be established. The same work must be carried out in all parts of Marmara." Speaking as the head of the Marmara Municipalities Association, Mayor Dalan said that the pollution of the Marmara Sea has exceeded acceptable standards and added: "The sea that is polluted in Izmir will also affect Istanbul. Work on cleaning up the Marmara Sea is proceeding step by step."

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