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# West Europe Report

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9 October 1984

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## PREMIER'S AIDE COENEN ON REGIONALIZATION, ADMINISTRATION

Brussels LA LIBRE BELGIQUE in French 14-15 Aug 84 p 2

[Interview with Omer Coenen, head of the prime minister's political cabinet, by Andre Mean: "National Power Is Not the Sum of Regional and Community Powers"; date and place of interview not given]

[Text] Chance sometimes adds an appropriate touch. Thus it was at the "Swiss House" in Brussels that we sat down with Omer Coenen, head of the prime minister's political cabinet. It would be hard to imagine a more symbolic place to begin our nearly 4-hour discussion on our federalism, the state and our future. Not every day does one find a cabinet head who agrees to speak on the record. The opportunity had to be grasped.

"A cabinet head should not remain quiet. He can often speak more freely than the minister over him. I am not making any judgment about people or parties, I am only expressing my concerns. I am an analyst of public affairs."

Indeed, Mr Coenen has the advantage of seeing from both the inside and outside how the system works. He can give his students at the University of Antwerp the advantage of his experience in his courses on the workings of "legislative politics."

Omer Coenen was born in Saint-Trond in 1933. He does not look his age. He is athletic, a wind-surfing addict (a charter member of the Flemish club), a tennis player and a runner. He holds a doctor of law degree from the KUL [Catholic University of Louvain] and a doctorate in commercial law from the University of Paris.

He practiced law in Antwerp for 5 years as a colleague of Mr Josse Mertens de Wilmars, an eminent specialist in administrative law. He then began his career in ministerial cabinets: he was a cabinet head for Mr Kinsbergen, the governor of Antwerp province in 1967; in 1968 he was a counselor of Mr Leo Tindemans, who was then state secretary for Community Relations; in 1971 he was a cabinet head for Interior Minister Van Elslande; and he was a cabinet head for Mr Chabert (Flemish Regional Affairs) in the Leburton government.

He passed the civil service exam and became a government council auditor in 1972. He soon gave up this position and became a cabinet chief and secretary of the ministerial committee for Flemish Affairs under Mrs De Backer.

In 1977 Omer Coenen served as cabinet head for Ferdinand De Bondt, the state secretary for Institutional Reforms in charge of applying the Egmont agreement.

"De Bondt is a mathematician, a man gifted with a sense of logic that sometimes goes beyond political logic. The innovative ideas that came out of his cabinet at the Stuyvenberg conference irritated some politicians (especially Mr Andre Cools). Many of his ideas were rejected on the spot, but they appear in the laws of 1980: the possibility of merging community and regional institutions and the real legislative and fiscal power of the regions. All that went a lot farther than the solutions adopted in the Egmont pact, but we developed the ideas."

In 1978 Omer Coenen became the Antwerp provincial secretary. He worked mainly at what is a hobby of his, computerizing provincial services. He established the Computer Center for Local and Provincial Administrations (CIPA) and no longer dreamed of a cabinet career. In December 1981 he received a telephone call from Wilfried Martens: "Jean-Luc Dehaene has become a minister. Do you want to be my cabinet chief?" That is how Omer Coenen arrived at 16 Rue de la Loi.

Since then, Omer Coenen has been overseeing the implementation of the laws of August 1980, mainly in his position as secretary of the Committee for Government and Executive Branch Coordination. "I don't like the expression, 'state reform,' because it isn't accurate. The laws of 1980 have merely redistributed the powers of the legislative and executive branches. The state has not been reformed, only that which is 'national.' Nothing has been done for the local and intermediate powers that must be adapted to the new state structures. The present government has taken initiatives to ease the burden on the provinces and communes in order to improve the workings of the provincial political structures and to undertake a thorough review of the law on intercommunity structures. A lot remains to be done."

The Central Government is Weak

[Question] What kind of government do we have?

[Answer] "As the lawyers say, we live under a "suigeneris" type of government. In some respects it does not go as far as the conventional federal regime. In other respects, it goes much farther. Thus, since 1980 we have experienced legislative assemblies and administrations that have been entirely and exclusively competent in a series of areas. We do not know under what system of concurrent expertise the central government could always have the last word.

"A strong central government is necessary to the survival of any federal state. The federation must be very strong to maintain and guarantee the existence of the federated states. That is what is lacking in Belgium; it is our number one problem.

"As for political support, national power is the weakest. The national government and parliament have become fictions, because they are structured along bicomunity lines. The 1970 constitution recognized this by establishing linguistic parity within the Council of Ministers and creating linguistic groups in parliament. Another example is the recent creation of regional ministerial committees for national sectors within the central government. Nor are there national political parties any more. Actually, governments are set up by regional parties, and government declarations are only compromises between regional interests.

"As things stand today, all that really counts is the communities and regions. Everybody is adapting to this: look at the political parties, the unions, managerial organizations, even the business world."

Mr Coenen thinks people did not adequately realize in 1980 the danger that the lack of a strong central government posed to the state. Since 1974, people had gotten familiar with the system of executives within the central government. That system made it possible to defend the interests of the communities and regions without jeopardizing government solidarity. In 1980, it was planned that the executives would be replaced for a long time to come. That is indeed what happened in December 1981. The Socialists then went into the opposition. The French-speaking Socialists, at any rate, used the new institutions to oppose the Liberal-Social-Christian government. Mr Coenen's conclusions: if a state is to work well, especially a federalized state, a hierarchy must be set up, and the national government must be made to depend on forces that are not strictly regional ones. Mr Martens' cabinet head then cited the example of Canada, where the large national political parties have no direct, official links with the provincial parties of the same stripe. In Belgium, contradictions were built into the very conception of national policy by asking regional parties to support the national government. This situation has become increasingly worrisome since the executives left the government in December 1981--much earlier than expected.

[Question] When you talk about a hierarchy, does that mean establishing a hierarchical system of laws, the national parliament being able to overrule a regional or community law?

[Answer] No, the system of exclusive jurisdictions ought to be maintained as much as possible. Where there are jurisdictional conflicts, there are courts for arbitrating them. Where there are conflicts of interests, an agency must be found that would make the final decision. This agency might be a bicomunity federal Senate (where the two large communities would be represented equally). This Senate would be charged with resolving inter-community problems. The Chamber would run the national government, and there democratic majority rule would still prevail. First, though, an equitable division of power must be made, and jurisdictions must be transferred as broadly as possible.

[Question] You don't condemn bipartite federalism?

[Answer] No. We must be realistic. We have to admit that there are two distinct entities in Belgium. We have to find the mechanisms that will make it possible to make such a dualistic state work. It must be admitted, especially, that national power is different from the sum of the other powers. Authentically national forces must be rediscovered.

## Four Solutions

How can this be achieved? This is Mr Coenen's concern. He sees four solutions.

(1) The creation of new national political structures. This seems to be Mr Coenen's preferred option. Should it be based on the present regional parties? That would seem to be difficult, especially for the Socialists. We have to be thinking about entirely new national political structures.

(2) The creation of an at-large electoral district comprising the entire country. Prof Dewachter, of the KUL, has proposed that the prime minister be elected by the voters at large.

(3) A kind of confederalism under which institutional administration and national jurisdictions would be the joint responsibility of the parliaments and governments of the language communities. However, Mr Coenen says that such a system would be a stepping stone to separatism, a solution that would benefit neither the Walloons nor the Flemings.

(4) Provincial federalism. According to Mr Coenen, who is a fervent defender of modernized provinces as intermediary bodies, provincial feeling does exist in Belgium, but it is limited and cannot be the basis for strong federalism. The system cannot work without some kind of management.

A cure must be found soon for the national government's ineffectiveness or the nation may fall apart, even though nobody wants it to. The Socialists are a dominant force on the French-speaking side and an important one in Flanders; the fact that they are in the opposition makes it even more urgent to find a solution. They can take the liberty of serving only the interests of their communities without having to look for compromises; they can leave the less popular chore of compromise to the parties supporting the national government. For the Socialists, the coordinating committee is now only a political forum.

### What About Brussels?

[Question] How does Brussels fit into all this?

[Answer] "The Brussels administration, which remains a part of the central government, is in a more advantageous position than the others because it can count on national solidarity within the government. Doing nothing in 1980 may have been the magic formula. The joint parliamentary commission on Brussels has not gotten started on its work because there is no more political necessity for it. Everybody seems to be happy with the present situation, and those who think differently are a minority."

While he is concerned with maintaining a strong national government that would retain control over the indispensable areas of monetary and economic policy, Mr Coenen remains a staunch regionalist: "We must go farther than we did in 1980. More power and resources must be given to the communities and regions, or nothing will be gained. As it is now, many regional ministers have little to do."

## The Retailers Respond

The Common Front of Fuel Retailers wished to respond to Mr Knoop's communique.

In a letter addressed to the state secretary, the Common Front asked to meet with Mr Knoop as soon as possible "in order to get answers to a few questions." The Front says that in 10 years the dealers' profit margins have dropped more than 50 percent, while their investments have more than tripled. In 1973, when gasoline cost 10.7 francs, the profit margin was 60 centimes, or 5.6 percent. In 1984, gasoline costs 33.4 francs a liter, and the profit is 90 centimes, or 2.6 percent. The Common Front asks, "Do you think it is out of line to get a profit of 1.23 francs, or 3.6 percent, when we would have to be getting 1.87 francs if we were to have the same profits as in 1973 and a taxable profit proportional to investment?"

The Common Front of Fuel Retailers and Distributors concludes, "Do you think it is normal and in agreement with present business practices for a supplier to determine his customer's profits according to his customer's revenue? Do you really think that any other form of negotiations than 'take it or leave it' is possible between oil companies and the managers?"

## Democracy

Over the Chantilly strawberries and Swiss plums, Mr Coenen struck up another favorite theme of his: the workings of Belgian democracy. "I get furious when I hear people talk about particracy pure and simple. Political parties are necessary to the proper workings of democracy. They are an organized means of communication between the voters, who are supposed to vote once every 4 years, and the government." As for political appointments, they should not be exaggerated. The office of government employment does its work with complete impartiality, and the state council can step in whenever the laws are violated. However, if the public is to be well served, the competency of the employee must be taken into account, not just his seniority."

Another subject on which Mr Coenen likes to dwell is that of the ministerial cabinets. "As the administration functions today, it is not meeting the needs. You have to have ideas and conviction to be a good manager. You have to find men who will support government policy. Why not set up a staff of high-level civil servants who could be called on when the legislature is in session? In the United States, administration heads and diplomats are replaced when a new president takes office."

Omer Coenen seems to have great admiration for the prime minister: "He has shown statesmanlike qualities in both institutional administration and economic crises; he also has the courage and foresight that the country needs. He is only doing his duty: to be prime minister."

Omer Coenen talks to his three sons about all that on Sunday mornings, at the "pistol ceremony." His eldest son has graduated from Namur and is completing his law studies at Leuven "in order to have a good knowledge of French." He has a good model to follow.

## SDP STRESSES GREEN ISSUES, JOBS IN ELECTION CAMPAIGN

Helsinki HELSINGIN SANOMAT in Finnish 16 Sep 84 p 6

[Article by Erkki Pennanen]

[Text] The Social Democratic share of local elections has been close to constant since the early 1950's--approximately one quarter of all votes cast. Support for the Social Democrats seems to be still firm. Nevertheless, there are uneasy sentiments within the Social Democratic Party in regard to the coming elections: What if the voters, tired of the society's atmosphere of consensus, turn in droves to look for a refreshing change with the Greens or some other movement with a single cause?

Party Secretary Erkki Liikanen admits with some regret that people in Finland have not been able to notice the simple connection between the favorable economic development and the general election atmosphere.

"People have begun to take the results of the policies of mutual understanding for granted which will come without asking. People seem to think that what is achieved in addition is what is significant. That's when various marginal phenomena gain greater significance."

In other words, the Democrats are worried that not all Democratic voters will appreciate the responsibilities and the policies of low profile of the party in charge of the republic but will, instead, especially in large population centers vote for the more exciting alternatives. There are more of those to be chosen from in local elections than in parliamentary elections.

"Those who feel drawn to single cause movements should give some thought to the fact that in the elections the representatives are elected to influence a myriad of issues for four years," Party Secretary Liikanen stresses.

"The Greens, for example, have a couple of good causes, but in the majority of other issues, they remain totally out."

## Are People Buying a Pig in a Poke?

It is Liikanen's opinion that in voting for the single cause movements, people are buying a pig in a poke. Besides, it could be dangerous to trust that others will attend to the basic issues, he warns.

The SDP (Finnish Social Democratic Party) leadership has tried to put partial blame for these developments on the media. The party believes that various marginal phenomena of politics and their public relations gimmicks get too much publicity, while traditional party politics will get a predominantly negative coverage.

At the SDP party congress last summer, Party Chairman, Prime Minister Kalevi Sorsa went as far as saying that he saw the challenge to parliamentary democracy as being "infocracy," media power.

As the largest and the leading government party, the SDP believes that local elections have an undisputed significance as far as overall politics are concerned. The success of the party in national politics is largely influenced by its success in local election campaigns. The entire party leadership, Prime Minister Sorsa included, has been pulled into the campaign to cover ground all over the country.

## Concrete Is No Longer Popular

According to their status, the Social Democrats are launching their election campaign with the theme: "Future Is Being Decided Today" in the spirit of broad national issues. Even though there is enough joking at the expense of the Greens and the Softies, election poster slogan sound very much "in": "More personal work--less concrete." The poster in Swedish even more clearly speaks of "cold concrete."

How is it--personal work and concrete on opposing sides? No doubt the purpose of the SDP's admen was to appeal to as many voters as possible, from the unemployed to the Greens and the Softies, through slogans that can be interpreted in many ways.

Party Secretary Liikanen is prepared to attribute some self criticism to the ads: the Social Democrats have reached the end of the road in their activity of previous years, institutional construction. The main emphasis has to be placed on the development of more people-oriented open services, above all, social and health policies, care of the aged.

However, the SDP refutes the charges by the Coalition Party of excessive ballooning and bureaucratization of local social services. On the contrary, with the slogan "more personal work," the Social Democrats want to say that counties must create new jobs exactly by widening social and health services.

About 70 percent of today's social services are the responsibility of counties or county federations, Social Democrats like to point out. Therefore, counties can essentially influence the standards of services. The Social Democrats radically condemn the trend of privatizing basic services and making them operate on the basis of business principles, as it is seen to promote social inequality.

With the same determination, the Social Democrats are planning to brighten their ideological and environmental policy profiles in the dispute that has surfaced in relation to the construction law reform. According to the Social Democrats, the issue is how much protection is needed for the common values of the society when they are in conflict with the interests of private landowners. According to the SDP, in environmental issues the interest of the society must be given more weight than is being done now.

The SDP has a total of somewhat more than 14,000 candidates, which is slightly less than in the previous elections and less than the projected goal. The number is clearly less than that of the Center Party which traditionally has the most candidates in local elections.

The number of parliament members dropping out of the candidate lists for local elections is growing. The same trend is visible in all parties. According to Party Secretary Liikanen this is good, even though it is very useful for a member of the parliament to be familiar with local politics and its problems.

In the long run, however, it is very difficult to do both jobs well, Liikanen admits. He himself will be giving up his candidacy in Mikkeli.

#### Independents Were Not Included

Contrary to the bourgeois parties, the SDP has not recruited uncommitted candidates on its election lists. In the recent elections for the presidential electorate, uncommitted candidates were fine with the Democrats. According to Liikanen, the point of departure was then quite different.

The uncommitted candidates on the SDP lists during the elections for the presidential electorate had pledged to support the election of Mauno Koivisto for president, nothing else, Liikanen points out. The uncommitted candidates on the local election lists of the Coalition Party, the Center Party, and the Rural Party behave as if, once elected to county councils, they could act independently, outside of their party and unbridled by their group discipline. In practice, that is not possible.

In Liikanen's opinion, being on the candidate list of a party means political commitment, claiming otherwise would be trickery. Truly uncommitted are only those who are on the uncommitted lists.

It is true that including the uncommitted did come under consideration among the Social Democrats. "The honesty line won among the party leadership, however," Liikanen explains using typical Vennamo vernacular.

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## LEFT, RIGHT, NATIONALISTS GAIN IN CORSICAN ELECTIONS

Paris LE FIGARO in French 14 Aug 84 p 5

[Article by Daniel Seguin: "Corsican Assembly in Quest of a Majority: Despite the Loss of the Separatists, 88 Percent of the Voters Rejected Risk-Taking"]

[Text] On Sunday more than 88 percent of the Corsican voters said "No" to risk-taking by refusing to vote for autonomists and separatists. However, throughout the night it was the separatists who noisily celebrated their success with a great many shots, patriotic songs and vengeful slogans. An explainable paradox: by obtaining elected representatives, the apostles of violence were in a way legalized by the election, and this fact raises more problems than it solves.

The quest for a stable majority was the principal stake in these regional elections. Even with a threshold raised to 5 percent, the proportional representation did not allow it to be reached. With 30 seats (31 were needed), the opposition missed its objective slightly, but it should nonetheless take back the presidency for the left if it arrives at an agreement with Jean-Marie le Pen's National Front. The latter's friends reject Jean-Paul de Rocca-Serra, who is 73, an RPR deputy and number one on the opposition's union list; they want "a young man."

Ajaccio--An election held for nothing? That was the question being asked yesterday by many Corsicans when they learned the results of the regional voting. The verdict was so confused that the two local dailies announced contradictory certainties on their front pages. "A slight increase for the opposition," headlined the NICE-MATIN. "The RPR, the UDF [French Democratic Union] and the Bonapartists declining," LE PROVENCAL "assured" its readers.

One thing is certain, however: no consistent absolute majority emerged from the ballot boxes, and the three major political forces--right, left and nationalist--are standing firmly on positions close to those they held in 1982.

However, this appearance of stability assumes a misleading character, because inside each camp, the new deal of the cards represents a real change.

In the opposition, the 46.26 percent of the three 1984 lists (Union, CNI [expansion unknown] and the National Front) represent an increase of 0.94 percent over the 45.32 percent obtained in 1982 by the addition of the RPR, UDF, Albertini, Colonna and Ceccaldi lists. We observe, however, that the Union list, led by RPR Deputy Jean-Paul de Rocca-Serra is, with 29.17 percent, far from the 42.89 percent received by the Simone Veil list in the European elections, even if one adds the 7.87 percent of Dr Chiarelli (CNI).

With 9.22 percent, Pascal Arrighi (National Front) does not get back the 13.18 percent of Jean-Marie Pen last June, but this score surprised observers as much as it appeared to satisfy the interested parties.

On the left, the increase is scarcely significant, since Sunday's 39.70 percent appears to be close to the 38.42 percent of 1982 (+ 1.38 percent), figures that were obtained then through four principal lists and four marginal lists.

The PCF, despite a slight gain (+ 0.89 percent), with 11.73 percent loses its place as the left's leading force on the island and finds itself in third place, preceded by the MRG [expansion unknown] of Francois Giacobbi (14.17 percent on Sunday, 10.33 percent in 1982, under the leadership of the outgoing president of the assembly, Prosper Alfonsi) and by the coalition of the Southern radicals and the Socialists led by Deputy Nicolas Alfonsi (13.80 percent this time, 12.04 percent out of two lists 2 years ago).

#### The Admission by the PS

It is significant that within the governmental majority the leadership has returned to the team that makes the toughest speeches against the separatists and seeks to erase its political coloration by enrolling a few moderates.

On the other hand, this is a failure for the list that was supported by the government. Bertrand Delanoe, the national secretary of the PS, privately admitted yesterday morning in Ajaccio, despite the official self-satisfaction expressed by the interior minister, "Our objective was not attained. The modernization of the left is yet to be accomplished in Corsica."

Regardless of the usual quibbling, the governmental majority will have a problem just the same, explaining that it comes out ahead in these elections by losing the presidency, since the odds in favor of that happening are nine in ten. The magic of words has its limitations against the mathematical power struggle: 25 seats for the left, 30 seats for the right, 6 seats for the autonomists and the separatists.

In 1982, the nationalists persuaded 12.73 percent of the voters, thanks to the UPC [Union for the Corsican People] of Edmond Simeoni and thanks to Dominique Alfonsi. Their influence has just dropped to 11.39 percent (-1.34 percent), but they are more worried today than they were yesterday, because the hardline faction of Unita Nazionalista [Nationalist Unity], justifying military resistance and advocating independence, has taken the lead (5.22 percent) over the autonomists who are losing half of their votes (5.21 percent compared to 10.60 percent in 1982 for the UPC alone).

Determined, arrogant and provocative in their public behavior, the separatists have thus received the blessing of the electorate, and the Corsican leftist political class, like that of the right, was worried yesterday about the complicity of over 7,000 voters with those who plant bombs and the authors of murderous attacks. The leader of these "hardliners" recruited for the most part from the ranks of the former FNLC [Corsican National Liberation Front], Pierre Poggioli, refused to say whether he would agree to sit in the regional assembly, a hesitation that is revelatory of his ulterior motives. Those who might be naive enough to believe that Unita has now come out in favor of the democratic way in order to try to obtain what violence has not enabled it to grab, would be committing a grave error. No one in Corsica is deceived, and Pascal Arrighi says what many are thinking silently, when he asserts:

"They will do two things at the same time from now on: in the daytime they will be on the benches of the assembly, and at night, alas, they will continue to do what they have always done."

Waiting for St Barthelemy

Beginning with this picture of the new assembly, what now remains to be done is to find a coalition that will support the presidency.

Sunday's figures are Machiavellian. The opposition is one seat short of an absolute majority, and if no accord is sealed with the National Front, the left has one more vote than the right.

The alliance with the friends of Jean-Marie le Pen thus becomes an obligatory route. Agreement on the essential subject, a resounding "no" to all the dreamers about the "Corsican people", whether they are sincere or dangerous, is easy, and the only real obstacle concerns the selection of the president. Pascal Arrighi is taking a stand on a solid position: "We want a young, competent man. We will not accept the candidacy of Dr de Rocca-Serra; let him draw the obvious conclusions from his failure."

In the National Front, they believe "Corsica does not emerge from these elections the winner, because of the radicalization." They think it is time to entrust the responsibility to a generation of new men who are rid of the oppressive and unproductive influence of the clans.

The ball is therefore in the court of the deputy mayor of Porto-Vecchio. Dr de Rocca-Serra, a prudent man, explained yesterday afternoon: I did not head a list in order to be president, but rather to bring about the triumph of ideas. The problem of the presidency is of secondary importance. The priority belongs to finding a cohesive majority." The door is therefore open to all negotiation, and yesterday there was a meeting between Arrighi and d'Ornano (who was number two on the opposition list), to try to find an area of agreement. Until that time arrives, the Corsican pot will remain at the boiling point, no doubt until 24 August, the date of the presidential election, St Barthelemy day.

Région	Haute-Corse (1)		Corse-du-Sud (2)		Bastia		Ajaccio	
	Inscrits : Votants : Exprimés : Voix (6)	Pourcentages (6)	Inscrits : Votants : Exprimés : Voix (6)	Pourcentages (6)	Inscrits : Votants : Exprimés : Voix (6)	Pourcentages (6)	Inscrits : Votants : Exprimés : Voix (6)	Pourcentages (6)
	203 366 139 439 (68,57 %) 136 844		90 182 (3) (4) 62 053 (68,80 %) 60 889 (5) (7)		20 830 (3) (4) 12 286 (58,62 %) 11 794 (5) (7)		25 350 (3) (4) 15 156 (60,73 %) 15 610 (5) (7)	
Liste Buccichini (P.C.)	16 077	11,74	7 512	12,30	2 263	19,19	2 156	13,81
Liste Giacobbi (M.R.G.)	19 405	14,17	2 885	4,70	2 898	24,57	698	4,47
Liste Alfonsi (M.R.G.-P.S.)	18 899	13,80	11 161	18,30	726	6,16	1 862	11,92
Liste J.-P. de Rocca-Serra (union opp.)	39 953	29,17	21 404	35,10	1 557	13,20	5 295	33,92
Liste Chiarelli (C.N.I.P.)	10 781	7,87	1 841	3,00	1 499	12,71	351	2,24
Liste Arrighi (F.N.)	12 831	9,22	6 787	11,10	1 143	9,69	2 646	16,95
Liste Denis de Rocca-Serra (div. g.)	3 568	2,61	2 185	3,60	198	1,68	588	3,76
Liste Simeoni (U.P.C.)	7 146	5,22	2 646	4,40	821	6,96	750	4,80
Liste Santoni (M.C.S.-P.P.C.)	1 323	0,97	660	1,10	110	0,93	124	0,79
Liste Poggioni (M.C.A.)	7 161	5,23	3 846	6,30	579	4,90	1 140	7,30

9)  
10)  
11)  
12)  
13)  
14)

Key:

1. Upper Corsica
2. Southern Corsica
3. Registered
4. Voting
5. Preference stated
6. Votes
7. Percentages
8. Seats
9. Opposition coalition
10. National Center of Independents and Peasants
11. National Front
12. (Expansion unknown)
13. (Expansion unknown)
14. Corsican Self-Determination Movement

## ARMED SEPARATISTS' ANTI-FRENCH DEMONSTRATIONS UNCHECKED

Paris LE FIGARO in French 14 Aug 84 p 5

[Article by Daniel Seguin: "In the Street, Weapons Have the Floor"]

[Text] Shots are part of election nights in Corsican folklore, but much more serious things occurred during the night of Sunday and Monday in Ajaccio.

Toward midnight, when it had become certain that the separatists would obtain the elected representatives, the separatists took possession of the streets. A noisy procession went back and forth across the city around flags showing a representation of a Moorish head. Young people were crammed into automobiles and broadcasting patriotic songs through loudspeakers.

A demonstration of joy that quickly took another, more disagreeable turn. Napoleon Avenue in front of the prefecture became the rallying place for bands of youths. Slogans hostile to France and the French people gave way to shots. Hunting rifles first, followed by large-caliber revolvers and finally by automatic rifles. Watched by the police, who were imperturbable, the gunmen devoted themselves to shooting to their heart's content; the street was strewn with cartridges.

In the prefecture, Pierre Poggioli, number one on the Unita Nationalista list, spoke words that were equal to a declaration of war, two paces from the office of Prefect Broussard, who was in charge of shutting up terrorists.

Outside, the shots increased. Soon, a group of 200 to 300 demonstrators reached the prison. Weapons emerged from the cars, someone even saw a submachine gun! The demonstrators had become an armed gang in front of a few unfortunate policemen who visibly longed to be somewhere else. Songs composed by imprisoned terrorists were started up, punctuated by steady shots in the direction of the sky. The atmosphere became heavy. A little later, tricolor flags were used as targets. For several hours, the street belonged to the armed separatists, with no intervention by the police.

This passivity is blamed on the government by the opposition, all the more so because in June several gunmen, celebrating in Propriano the victory of the RPR mayor, had been arrested and charged. Would the repression be selective?

But the other night in Ajaccio, the climate was such that ex-chief Broussard confessed that to question the people with the weapons in order to take them to the police station would be to risk a real assault on the part of the most excitable ones.

Officially, therefore, the government wanted to prevent the worst from happening. It remains to be seen whether, by avoiding it, it is not going to end up by provoking it. Has the authority of the state become a concept that is "unexportable" to Corsica? In Ajaccio, the separatists challenged the government with total impunity at the end of an election that nevertheless saw 88 percent of the Corsicans voting for firmness.

This is no longer softness, this is resignation!

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CSO: 3519/471

## MILITANT NATIONALIST WINS CORSICAN ASSEMBLY SEAT

Paris LE FIGARO in French 14 Aug 84 p 5

[Text] Calm and determined, honest and tough; this is how his friends describe him. Pierre Poggioli is 34 years old, he is a law-school graduate and a social and educational leader in Ajaccio. Last Sunday he led the Unita Naziunalista list in the regional elections. With two of his fellow members of the list, he therefore enters the Assembly of Corsica, thus stealing the limelight from the Simeoni brothers, especially Dr Edmond Simeoni, who in 1982 carried the hopes of the island's autonomists.

But last Sunday, the list of the Union for the Corsican People, led by Dr Max Simeoni (taking over from Edmond, who had to withdraw for reasons of health), collapsed. Today, the MCA [Corsican Self-Determination Movement] occupies the stage in the nationalist ranks, to wage a battle that claims to be without concessions. That is what its leader, Pierre Poggioli, said and repeated during the whole electoral campaign and up to the evening the results were announced on regional television. Appearing on the screen, Pierre Poggioli violently attacked the rightist clans of the island and the socialist government, also giving a bad time in passing to the UPC [Union for the Corsican People] of the Simeoni brothers, which is considered too tepid in the fight against repression. This was indisputably an allusion to the Orsoni affair.

To Pierre Poggioli, that tepidness of the UPC was condemned by the nationalist voter and by the young above all, who want the battle against "colonialism" to be radicalized.

His language leaves no room for doubt in that regard: "The Corsican problem will not be solved until the Corsican people acquire recognition as the only rightist community in this land," he said on his arrival at the prefecture.

The spokesman for the former CCN (Corsican Nationalist Committee), which was dissolved by the Council of Ministers, Pierre Poggioli today is regarded as one of the great doctrinaires of the MCA, the new "window of the FLNC [Corsican National Liberation Front]. Pierre Poggioli is a leading nationalist militant.

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## CPI'S PAJETTA ON SOCIALISTS, EUROCOMMUNISM

Belgrade KOMUNIST in Serbo-Croatian 24 Aug 84 pp 6-7

[Interview with Giancarlo Pajetta, member of the Directorate of the Italian Communist Party (CPI), by Nina Komparic and Pero Rakocevic, in Bled, Yugoslavia: "Only Dogmatists Can Think That They Have Remained Faithful to Marx Because They Repeat His Words"; date not specified]

[Text] Giancarlo Pajetta, member of the CPI Directorate, recently took a vacation in Bled. On that occasion the distinguished official of the largest communist party in western Europe and Enrico Berlinguer's close collaborators for many years spoke with KOMUNIST reporters Nina Komparic and Pero Rakocevic about the current political situation in his own country, about socialism and democracy, about Eurocommunism, about Berlinguer....

## The Essence of the Democratic Alternative

[Question] It is quite certain that the Italian communists, when they speak about the democratic alternative, they do not speak of this only as some remote political goal, but also refer to it as something which might be Italian reality within a day or so. What are the actual prospects for collaboration among the leftwing forces in your country?

[Answer] When we speak about the democratic alternative, we stress above all that we are not offering the proposal of a parliamentary combination or coalition. We pose the problem of the alternative more as a joining of forces. We speak, then, both about political changes and also about changes of political formations. We favor changes in Italian life in general. That is, at all levels--political, economic and cultural.

That proposal includes a dialogue with the other political parties. This follows from our program. The reference here is not to a formal separation or simplification, nor to an alternative of leftist forces nor an alternative to the right. We advocate changes of Italian politics as they now stand, in which the Christian Democrats predominate and to which they give the direction. We are looking for possibilities, then, to get beyond this state of affairs.

The Communist Party of Italy is collaborating closely with the Socialist Party in an authentic way; we are jointly governing several communes; we are together in the Italian Federation of Labor, that is, in the strongest trade union, and also in the cooperative movement. Meanwhile, we are also conducting extensive debates and polemics with the Socialist Party.

[Question] What do you most have against the Socialists?

[Answer] What do we have against them? First, that they accept uncritically what the Christian Democrats impose on them, in certain cases even conservative aid, which weakens the collaboration and thus holds back the political changes. We feel, that is, that collaboration among the working class forces must be firm. Our proposal for dialogue is based on the constructive experiences we have had in our collaboration so far, and at the same time we also desire to call attention to the dangers that exist if the CPI continues to be excluded from possible government combinations. We want to call attention to the danger of shattering the present collaboration between the CPI and the Socialist Party, which could occur even at the local level if we go along with the basic initiatives of the Christian Democrats, who want to separate our party from government combinations.

The great victory in the elections which we recently achieved will certainly influence even many Socialists to give this more thought. Actually, many are already thinking, but unfortunately there are also exceptions.

For example, the mayor of Turin is a communist. Communists also head the municipal administration. We proposed participation in the municipal administration to the Socialists. They agreed to support the municipal administration with their votes, since in that city no other sort of administration would be possible. In spite of that, at the national level of the Socialists are behaving differently.

These days the provincial government on Sardinia is under discussion in Italy. The communists have proposed a leftwing government which would be made up of them and the Sardinian autonomists. Although the Socialists are supporting that government at the provincial level, they themselves will not become part of it. That official position has aroused extensive discussion among Sardinian Socialists.

I have cited these examples in order to explain the difficulties we encounter and at the same time the possibilities that exist for implementing the policy we are proposing. In the Sardinian government, that is, there should be not only communists and autonomists, but also Social Democrats and Republicans. On the other hand, in certain cities such as Rome, Milan and hundreds of other communes we have attempts to cause crises in the administrations made up of communists and Socialists. However, the desire and determination on both sides for us to remain united have prevailed nevertheless.

The emphasis in Italy before the elections was on the discussions concerning government decisions to allow reduction of worker wages. The Socialists attributed parliamentary obstructionism and maximalism to us in the form of an

accusation. Their position on these matters was different from ours even within our trade union. More voters confirmed our position in the election, so that the Socialists came out of the electoral struggle disappointed, since they did not achieve a single one of the goals they set themselves in the election; those goals were essentially related to their policy of concessions.

We can say that what the government parties have in common is that they keep the communists out of the government. Yet the struggles and differences between them are increasing. This is also confirmed by the fact that only one day after Craxi received a personal vote of confidence, three important laws proposed by the government were not passed in the Parliament.

We think that once again we need to construct Italian policy, which ought to be based on the orientations of all the parties and to think about relations with the communists. That is, it is a fact that it is becoming increasingly difficult to reject discussions about our constructive proposals, since we are capable of opposing the conservative proposals and those which go against the people.

#### Compromises Are Inevitable

[Question] Evaluating the debate at the party's 16th congress, Berlinguer used the expression "unity in polyphony," and he also said that "more ideas come from a multiplicity of voices; this signifies greater openness to the outside world, to a ramified and complicated society and to the ideas of friends and indeed also of opponents...." What kind of unity was he referring to, in what way is the CPI building unity of a political direction and a collective will?

[Answer] We have large national problems at the present moment. In debating them we must put emphasis on the desire and will for us to awaken an awareness of those problems regardless of the interests which an individual party might have. It is therefore possible--and I think also indispensable--to conclude compromises, especially at this critical moment. The same also applies to the large international problems, such as the problem of peace, for example. In that respect we have persisted in our demands for arms reduction; we advocate a balance of power on both sides and we want supervision over disarmament to be guaranteed. We have held to those positions for a long time now, since these are not the problems of any one of the parties, but problems important to the nation in a comprehensive way.

[Question] In one of the comments on the elections to the European Parliament it was said that the greater strength the CPI gained in the recent elections will in no case be used for small matters or mediocre political solutions. What, then, are those "large issues"?

[Answer] The reference is to the democratic alternative, to the possibilities of cooperation in the European integration, to the possibilities for expanding the European Community through the entry of Spain and Portugal, while at the same time we would not shatter the Atlantic Alliance, but would conduct a policy which would make it possible for Europe to defend its interests and rights.

For example, preventing the dollar from being decisive in shaping economic policy to the detriment of the European countries is no small problem. On the other hand, the problem of peace and nuclear disarmament at various levels and in various political currents, both in the world and also in Europe, is becoming more and more appreciable. The statement that we would not use the victory for small things means that we will not conclude compromises on petty matters. This certainly does not mean that we will be neglecting "small" things. We will take them into account within the framework of all dimensions, since we know that large things are made up of small things.

[Question] More than 60 years ago Antonio Gramsci asked in L'ORDINE NUOVO "how to firmly bind the present to the future, satisfy the potential needs of the present and working effectively toward creation and anticipation of the future?" This is obviously a major problem which every communist and Socialist faces even today. In what way--under the present conditions of a highly advanced society--is the Communist Party of Italy thinking about "anticipation" of the future?

[Answer] I think that this is now a time when communists both from the capitalist and the socialist countries must be inventive, must do some thorough thinking in order to find or to attempt to find new forms of the transformations we desire. However, I must say that many elements on which we have relied in the past have proved to be solutions that were excessively simple. As the communists in the capitalist countries mature, the revolutionary movements, which are especially being brought into being by the economic crises, also mature.

I would like to emphasize that we have always thought and we have taken the position that greater attention must be paid in the socialist countries to planning so that possible economic crises do not stand in the way of social development. It is true that the capitalists have found new ways and more refined new means of reacting to crises. However, what Marx and Lenin said still applies to the effect that capitalist society is developing and tackling periods of crisis with the help of imperialist pressure. It follows, then, that capitalism has not found solutions. The situation is more difficult in those capitalist countries where the communists are not so strong, and the Socialists and Social Democrats are more at the center of attention and have a more pronounced role and are seeking ways of development. I am thinking here particularly of Sweden, West Germany and France. I can say that we now evaluate certain positions and activity of the Social Democrats differently than we once did. The communists must delve deeper into all these problems; which, of course also applies to the Socialists and Social Democrats. However, if we want to achieve social progress, we should resolve the problems gradually. This cannot be achieved exclusively through the activity of the communists. We can achieve social and technological changes primarily through the joint action of all the working class forces, all the workers and in collaboration with the independent producers. In that way the transition from capitalism to socialism will be less drastic. Along that road we must seek new forms of pluralism and new forms of a mixed economy, which the bourgeoisie speaks about when it is referring to our proposal. We communists do not use that expression, since we feel that the socialist state must in any case guide development

and must not replace all forms of ownership with state ownership. We refer to this as social diversity; which means that alongside government enterprises there would also exist the private initiative of small producers. We are certainly talking about a gradual development. That is, we must ascertain how we can achieve coexistence between the experiences of the socialized enterprises and the diverse forms and experiences of private ownership. This, of course, is also related to experiences and reality from country to country. We cannot adopt models uncritically; nor can we critically assess the difficulties of the individual models or on the other hand advocate only a particular model. We have to achieve development through an exchange of ideas and experiences. We have to take advantage of and use the constructive experiences from various countries. The Russian Revolution, which is a point of departure for all of us, has taught us a great deal and has inspired us. There is no doubt that in that context the Soviet Union is the strongest socialist country, but still we cannot transfer the Soviet model to Italy. Nor can we export to the Soviet Union our own models and new ways, as we refer to them in Italy.

### "I Do Not Know What 'Purity of Marxism' Means"

This is driving us to seek new directions and to think about political renewal even in theoretical terms. To reflect and to take part in the affairs of the development of the Third World (developing countries), to evaluate how neocapitalism is taking command, to see whether their development is being set up only as survival, whether in their development they should be helped only by multinational companies, or whether that development is based on the dollar from the United States. Is this the right way or is it on the other hand possible--and we think it is--for those countries to achieve independent development with the cooperation and aid of the socialist countries; of course, in forms which are acceptable, since in various periods of history which we Europeans still remember, positions were different.

It is important, then, for us to evaluate how the countries of the Third World led by progressive forces are introducing socialist elements and other progressive ways still under investigation into their development.

The Yugoslav communists have undoubtedly contributed a very great deal to development of the independent socialist way. I have repeated on several occasions already that the Yugoslav communists can help effectively in seeking the new ways we are emphasizing in those countries through their theory of labor and their experiences. I know what kind of importance you attribute to self-management, which is an essential element of your socialist development. I think, however, that the Yugoslav model does not stand in opposition to other models. The fundamental element in the Yugoslav experience is the cooperation and coresponsibility of the workers and the independence of enterprises, communes and republics. You are still debating what that level of independence is. So, even in your country it has not been cleared up once and for all what the independence of the self-managing enterprise should be vis-a-vis the programs of the republic or the Federation. I do not say this in order to be critical in my attitude, but to emphasize my deep personal belief that we now live in a period of exploration and that the process of renewal--theoretical and ideological--is an essential element for Marxists. Only dogmatists can

think that they have remained faithful to Marx because they have been repeating his words. When I hear people talk about the purity of Marxism, I must say that I do not know what that means. After all, both Marx and Lenin always kept up with the processes that were taking place, they studied them, and they faithfully followed historical processes in which they were also important protagonists.

#### The Communists Are the Most European Political Party in Italy

[Question] The strategy of the CPI presupposes in all its essential elements a democratic way for coming to or leaving power. Please tell us something more about the possibilities and conditions for achieving that kind of transformation in your country?

[Answer] I think that our presence in the local governments in extensive areas of Italy is constructive, as indeed is confirmed by the development of the CPI since World War II both in economic and also in social processes, which have undergone marked change. I will refer to Emilia-Romagna Province, where after the Liberation 51 percent of the population was employed in agriculture, as an example. At that time the base of the Communist (and also of the Socialist) Party were the "half-farmers" (peasants with half a farm) and workers in agriculture. Today in that province only 10 percent of the population is still dependent upon agriculture. Now most of the workers there are in the tertiary sector, owners of small enterprises, crafts and trades, and workers in tourism. Even so, the communists in Emilia-Romagna have more than 50 percent of the provincial councilors. The communists also head the provincial administration and the administrations in all the regions and cities. This demonstrates that our party has been able to adapt to the social changes which, according to certain assessments, ought to have been to the advantage of the small bourgeois parties. We wonder whether a unified policy of an alternative, with a coalition of the workers in all strata of the population, would make it possible to achieve a progressivist government? We are working to find an affirmative answer to that question.

[Question] An analysis of the results of the elections to the European Parliament from country to country reveals utterly contradictory movements. How would you estimate the June test of strength on the European political scene?

[Answer] In Europe both the progressive political forces and also those who have opposite views have understood the importance and necessity of European integration.

The solutions for the problems which arise at the national level in the countries of western Europe can be found only in broader dimensions. I can give as an example the struggle for shorter working hours. It is going on in various European countries, but in Italy the communists have figured as the most European political party. We have broadened relations with the Socialist and Social Democrat parties in western Europe. Those relations have been developing even better than with the Socialist Party which we have at home. However, we also desire to prove to it how important a unified policy is.

We have a very critical attitude toward the politics of the European Community, as well as toward the way in which the Italian government has been collaborating with it. We have a critical attitude because we are looking further ahead. In the European Parliament we were the initiators of the movement for greater power for the Parliament and thereby for more democracy in the European Community as well. We have carried over to the European Parliament the constructive criticism we are also nurturing in Italy. We joined the bourgeois parties in voting against the overwrought Mrs Thatcher. Our group enjoys considerably greater power and respect in the European Parliament than one might judge from its numbers. Aside from the Italian communists, that is, there are 10 more French communists, 4 from Holland (divided between two parties) and, I think, 1 Dane.

[Question] It is quite certain that something new is happening in the strategy of the working class struggle. In what directions, in your opinion, should that struggle move in the years ahead of us?

[Answer] That fact demands more thorough reflection and renewal both of the Communist and also of the Socialist and Social Democrat parties. This is a process which could develop constructively, although, of course, there are many difficulties, and we have indeed been witnesses of many crises in the communist parties in Europe. In many countries the communist parties represent only extraparliamentary groups which have not been included in the national parliaments. This certainly does not mean that there are no opportunities for their development any longer.

I must say that we have good relations with communist parties: for example, with the Spanish and Portuguese communists, though we cannot deny that there was also the period when Carillo spoke the way the Italian communists did about certain problems and differently from Cunhal. However, it has turned out that the policy conducted by Carillo for Spain was less realistic than that of Cunhal, who, incidentally, had opinions different from ours. However, we also have good relations with him, since he is leading a party which is very strong and consistent in Portugal. On the other hand our relations with the Portuguese Socialists, led by Soares, are lagging behind somewhat. I do not feel, however, that this is our fault. Yet I must say that I was very happy a few days ago to read in the newspaper that they have named a street in Lisbon after Enrico Berlinguer.

Berlinguer Was Distinguished by His Moral Consistency

[Question] Enrico Berlinguer was undoubtedly a major political figure in the very recent history of Italy and Europe. For a long time you were one of his closest collaborators. I therefore would like for you to offer our readers some of the basic elements of his human and political portrait.

[Answer] I would say that Comrade Berlinguer was an important element in our international policy, since he had a great ability to preserve relations with the Soviet Union, and that not because he refused forms of subordination, which never did exist, but because he was able to eliminate any mythicization. Before Comrade Berlinguer died, he had accepted an invitation to meet

Chernenko. Recently he had also established relations with the Communist Party of China, and they are now developing well. You can best understand what the policy of independence and internationalism means, since you have nurtured and developed it for many years beginning in the time of Comrade Tito.

When we speak about Enrico Berlinguer's position in Italian political life and in the Communist Party I must say that he was a leader who distinguished himself by his moral consistency and because he represented a new type of Italian politician. He proved that the characteristics inherent in Togliatti and Longo did not belong only to past generations, but that we can personify them in the present and carry them over into the future. Moreover, he proved that the characteristic thing about continuity is a renewal which must never be allowed to stop. Because of all his characteristic attributes, he enjoyed great political prestige in Italy and in the world.

7045

CSO: 2800/479

POLITICAL

NETHERLANDS

### LABOR PARTY DIVIDED OVER POSSIBLE COALITIONS, ECONOMIC POLICY

Amsterdam DE TELEGRAAF in Dutch 28 Aug 84 p 7

[Article by Kees Lunshof: "Bickering Has Now Broken Out in PvdA [Labor Party]" ]

[Text] The Hague, Tuesday--After a period of--electorally speaking attractive--tranquility, the Labor Party has drifted into turbulent waters again, the only certainty being that Den Uyl [leader of the Labor Party] will stay until 1986.

Questions such as who will presently have to lead the party; what attitude will be assumed towards other parties; and what has to be the policy, will take a central place in the internal party discussions in the time to come. The bickering about this has erupted with the publication of two reports on the economic policy in the coming years. It is too early to see whether an unambiguous answer will be given to the questions, or whether the party will resort to all kinds of magical formulas.

With his announcement that he wanted to stay, Den Uyl gave the signal that he wants to direct the plotting of the course in the time to come. With his announcement that he would be willing, "if need be", to head the ticket again at the next elections, Den Uyl does not only keep all options open for himself, but he also informs his party that he will be just forced to pull the cart if there is no candidate who is acceptable to all the branches.

#### Suspicion

In doing so, Den Uyl is determining who will presently succeed him, and when. In the meantime, the hurly-burly about the succession, the backbiting and the pushing and shoving is continuing. In a party with so much mutual suspicion, the method which Wiegel [former leader of the People's Party for Freedom and Democracy] and Van Agt [former leader of the Christian Democratic Appeal] used will not work.

There is ambiguity in the relationship with other parties. Everything is open: governing with the small left-wing parties (hardly feasible), governing with CDA [Christian Democratic Appeal] or with VVD [People's Party for Freedom and Democracy]. The great resemblance to the KVP [Catholic People's Party, now a constituent of CDA] in the 1960's and the CDA in the 1970's is inescapable. For years, the PvdA has been aspiring to push the Christian parties from their

comfortable position of power (without them, governing was impossible), in order to--but that was never said out loud--fill that center of power itself.

In order to be able to operate as the pivot in Dutch politics, the PvdA still has a lot to learn from those Christian parties. The ability to play off all potential opponents against one another, who are also potential members of a coalition, from the extreme left to the right-of-center, requires a mental flexibility, a supreme maneuverability, not only of the top people in the party, but especially of the cadre, as well. It remains to be seen whether this cultural change in the party is possible.

#### Undemocratic

Striking and significant in this respect was the unexpected attack by Den Uyl on the small right-wing conventional [as printed] parties, which he called "undemocratic". Until now, Den Uyl has never wasted a single word on those parties. It had a two-fold goal. If the PvdA is going to govern with the small left-wing parties, then it can always be put against the reproaches of CDA and VVD, that the small left is now considerably more democratic than the small right. Also, he is trying to keep (voters for) CDA and VVD from a right-of-center minority cabinet backed by the small right, the arrival of which Den Uyl is apparently taking into account.

The policy remains: apart from some generalities about which almost everyone, also outside of the PvdA, agrees (promotion of economic growth; promotion of a decrease in the number of working hours, among other things by a relief of [social security] burdens; making growth more labor-intensive), the boards of the delegation [of the party to the Dutch House of Representatives] and of the party have distanced themselves from important proposals of Van Kemenade et al. Party Chairman Max van den Berg rejected them out of hand, the divided but well-read delegation chose a middle road. A large number of important thoughts are not being adopted, but are being further studied.

No studying, says Van den Berg; no determination of the extent and the speed of the decrease of working hours in a central, top-down, and if need be legally enforceable manner, at best a precaution in order to make sure that people will work a maximum of 32 hours [a week] in 1990, a considerably more realistic option than the one of Van Kemenade. No taxation according to the capacity of the economic unit, not in the future, either, but individual taxation, also in the final situation when there will be work for everyone, the central board says against Van Kemenade. Be careful with stimulating the economy, Van Kemenade says on the contrary; spend a good lot of money on it, the party board proposes.

#### Rejection

Reduce the social security package to a basic provision, with the possibility for the employed to (semi-privately) insure themselves on top of that, says Van Kemenade. That is rejected in principle in a paper of the party board. The party board does not care for an extension of the notion of suitable work, and consequently, an obligation for the unemployed to apply for jobs.

As for business and the generating of economic growth, the party board and Van Kemenade et al. do make some proposals. In this respect, the latter go considerably further than the former. It still is meager fare for business, which does get some sweets, but which simultaneously must provide full employment, and must award a large extent of influence to employees on the policy of the enterprise and on the capital stock. That is not the way to generate growth.

That party will remain to be in trouble for so long, despite the renunciation of some sacred cows of old (profit is no longer dirty; all good no longer from the state; distributing the cake actually made a central issue, instead of enlarging it). And then, the discussion about peace and security (nuclear weapons!) is yet to begin for real! And the dirty work is at the moment being done by CDA and VVD.

12568

CSO: 3614/119

## SIMILARITIES BETWEEN SECURITY LAW, SALAZAR REGIME LAWS

Lisbon O JORNAL in Portuguese 10 Aug 84 pp 11-12

[Compilation of similar passages from draft internal security law and decrees issued under Salazar; original paragraphing not strictly followed]

[Text] At one of the last meetings by the Council of Ministers before the summer vacation, the government drew attention to the importance of familiarity with the full text of its proposed internal security law, feeling that such disclosure might contribute to a less "distorted" or cataclysmic view of a law that is being challenged at both ends--right and left--of the spectrum represented at Sao Bento Palace. The note from the Council of Ministers did not mention a number of similarities between this initiative by a post-25 April [1974] government and the legislation decreed by cabinets under Salazar, specifically two documents of unhappy fame: Decree No 37,447 of 13 June 1949 and Decree No 35,046 of 22 October 1945. The first of those decrees established the Public Security Council, and the second "dealt with" the scope of activity and operations of the former PIDE-DGS [Police for the Control of Foreigners and Defense of the State-Directorate General for Security]. Both decrees were signed by Prof Cavaleiro Ferreira, Oliveira Salazar's minister of justice.

Decree No 37,447 was also signed, however, by others: Antonio Oscar Fragoso Carmona (president of the republic), Antonio Oliveira Salazar (prime minister), and Ministers Augusto Cancela de Abreu, Casal Ribeiro (Ulrich), Teofilo Duarte, Pires de Lima, Castro Fernandes, and Manuel Gomes de Araujo, who eventually was transferred from the Ministry of Communications to the Ministry of Defense. The decree organizing the former PIDE-DGS was signed not only by Oliveira Salazar and his minister of justice, Cavaleiro Ferreira, but also by Botelho Moniz, Costa Leite (Lumbralles), Santos Costa, Americo Thomaz (who was minister of navy before being appointed president of the republic), Augusto Cancela de Abreu, Caeiro da Mata, and Luis Supico Pinto.

For the benefit of those unfamiliar with the points of similarity between the government bill and those two decrees by Salazar's cabinets--to say nothing of the full text of the coalition government's bill--we are reproducing below the texts resulting from a comparative reading presented by the MDP-CDE [Portuguese Democratic Movement--Democratic Electoral Commission] (through Deputy Joao Corregedor da Fonseca) during the debates that concluded the Assembly of the Republic's prorogation period.

### Objectives

One of the objectives of internal security is to prevent crime, especially organized crime and terrorism, and to lessen its effects (article 1 of the government bill).

To police terrorists, individuals suspected of activities directed against the internal and external security of the state, and associations, organizations, or gangs dedicated to the commission of crimes (article 8, No 4 of the PIDE Law).

### Foreigners

To prevent infiltration by and initiate expulsion from the national territory of foreigners intending to commit acts against the internal security of the state, specifically acts of espionage, sabotage, and terrorism (article 1, paragraph g) of the government bill).

To police foreigners and monitor their activities, initiating the expulsion of undocumented or undesirable foreigners as well as those convicted by Portuguese courts as soon as they have served their sentences (article 7, No 2 of the PIDE Law).

### Scope of Activity

Activity in connection with internal security is exercised throughout the national territory, in territorial waters, in contiguous seabeds, and in the air-space under Portuguese jurisdiction (article 3 of the government bill).

To guard the land and sea frontiers and prevent the crossing of those frontiers by undocumented individuals as well as entry by undesirable foreigners (article 8 of the PIDE Law).

### Coordination

The prime minister is the national authority in internal security matters. In peacetime, that authority is considered to be automatically delegated to the minister of internal administration, who, in the exercise of that power, will be assisted by a coordinating office on internal security (article 6, Nos 2 and 3 of the government bill).

For the coordination of activities by the various public security organizations, there is established the Public Security Council, presided over by the minister of interior and consisting of the commander-general of the Republican National Guard, the commander-general of the Public Security Police, and the director of the Police for the Control of Foreigners and Defense of the State (article 1 of Decree No 37,447, which established the Public Security Council).

It should be noted that under the fascist regime, the council was presided over by the minister of interior, who conferred with the prime minister in the exercise of his authority; under the current bill, it is the prime minister himself who is the national authority in internal security matters and confers with the minister of internal administration (interior), who is delegated to exercise that authority.

### Organizations

There will be a Higher Council for Internal Security and Civil Protection (article 7 of the government bill).

The Public Security Council is hereby established (article 1 of Decree No 37,447).

The first-mentioned council consists of the commanders of the Republican National Guard, the Fiscal Guard, and the Public Security Police, the directors general of the Judicial Police and the Department for the Control of Foreigners, and the director of the Security Intelligence Service. In the case of the second-named council (the Public Security Council), it was stated that under the chairmanship of the minister of interior, that council would consist of the commander-general of the Republican National Guard, the commander-general of the Public Security Police, and the director of PIDE.

### Authorities

Each district council for internal security and civil protection is presided over by the civil governor and consists of the district commander of the Public Security Police, the head of the Maritime Department in coastal districts, the director or inspector of the Judicial Police, the attorney general's magistrate assigned to the court in the administrative center of the district, the district representative of the Department for the Control of Foreigners, and the representatives of the National Department for Civil Protection (article 10 of the government bill).

The following are the officials responsible for public security in their respective areas of legal competence: the civil governors, the commanders of the Republican National Guard battalions and the district commanders of the Public Security Police, the deputy directors of the Police for the Control of Foreigners and Defense of the State, and the chairmen of the municipal chambers when exercising police powers under the terms of the Administrative Code (article 2 of Decree No 37,447).

The following are security forces and departments: the Republican National Guard, the Fiscal Guard, the Public Security Police, the Judicial Police, the Department for the Control of Foreigners, the Maritime Authority Police, and the Security Intelligence Service (article 11 of the government bill).

The following are public security authorities throughout the home territory: the commander-general and deputy commander-general of the Republican National Guard, the commander-general of the Public Security Police, and the senior director and inspector of the Police for the Control of Foreigners and Defense of the State (Decree-Law No 37,447).

#### Surveillance

Police surveillance of persons, buildings, and establishments for specified periods of time (article 20, No 1, a) of the government bill).

To be responsible for the security of persons and property (article 4, No 2 of Decree No 37,447).

#### Confiscations

As a special measure: the temporary confiscation of weapons as provided by law. (Paragraph d) says: the temporary closing of explosives warehouses and factories.) (Article 20, No 1, c) of the government bill).

The confiscation of weapons and explosives in conformity with the relevant legislation (PIDE Law).

#### Movement

To prevent the entry of foreigners and establish limits to their presence or movements in national territory as provided by law (article 20, No 1, e) of the government bill).

Included in their duties are services relative to the regulations governing the presence or passage of foreigners in Portugal.... As regards the repression of crime, their authority extends to offenses committed by foreigners in connection with entry by the latter and the regulations governing their stay in national territory (article 3, No 3 and article 4, No 1 of the PIDE Law).

#### Searches

The authorities referred to in article 12 (police authorities) may decide to conduct house searches without prior authorization during daytime hours when there is a serious threat to the right to life or physical or moral integrity of any individual and when urgent reasons incompatible with the prior obtaining of authorization from the occupant or proper legal authority make it necessary to take that exceptional step (article 22 of the government bill).

The authorities responsible for surveillance may also conduct searches of the residences of those under surveillance and proceed with their apprehension for

failure to comply with conditions imposed on them (article 19, paragraph 1 of the PIDE Law).

#### Disobedience

In the cases covered in the preceding section, and when refusing to obey an order to appear, an individual may be forced to appear under custody.... Disobeying an order properly issued in the exercise of the duties referred to in the preceding article is subject to a penalty of up to 2 years in prison and a fine of from 50 to 100 days' earnings (article 21, Nos 4 and 5 of the government bill).

The authorities responsible for surveillance may... proceed with their apprehension for failure to comply with conditions imposed on them (article 19, paragraph 1 of the PIDE Law).

#### Demonstrations

The minister of internal administration and, in an autonomous region, the chairman of the regional government, may, in exceptional circumstances, ban meetings or demonstrations entirely or only in certain places or along certain routes when there are strong indications that the meeting or demonstration is intended to create, or may create, situations of serious disturbance to public order or of serious danger to the security of persons and property, whether public or private, when the need to prevent such a situation outweighs the values sacrificed as a result of such a measure, and when there is no alternative for avoiding the danger in question (article 26 of the government bill).

Meetings or gatherings at which there are displays in which the authorities are subject to abusiveness or mistreatment, as well as those that might jeopardize public order or the security of citizens or at which laws are violated in any way, are to be broken up (article 10 of the PIDE Law).

#### Breakup of Gatherings

The same organizations may also order the suspension or breakup of meetings or demonstrations where it has become clearly apparent that the situations and other circumstances justifying a ban under the terms of No 1 above are occurring or that there is an imminent danger of their occurring (article 26, No 3 of the government bill).

In the case contemplated by this article (meetings, gatherings, and so on), the authorities or their representatives will order that the meeting or gathering be broken up, and if they are not obeyed, they will use the police force to enforce their order (PIDE Law).

#### Wiretapping and Correspondence

Provided that there are strong indications of danger of the perpetration of an act of terrorism or other serious crime against the life or physical or moral integrity of any person for which the corresponding penalty is imprisonment for more than 3 years, and provided that the indications are such that they create a need for urgent measures to monitor communications to or from any suspect and

the situation does not allow time for prior completion of the corresponding procedures under the penal process before the crime is committed or the perpetrators escape prosecution, the minister of internal administration or the minister of justice may authorize those measures, on an exceptional and case-by-case basis, at the request of any police authority (article 24 of the government bill).

The PIDE Law has no corresponding provision.

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CSO: 3542/121

## POSSIBLE PSD-CDS ALLIANCE IN PRESIDENTIAL ELECTIONS

## CDS Secretary General's Statement

Lisbon TEMPO in Portuguese 16 Aug 84 p 2

[Excerpt] If the candidacy of Mario Soares to the Belem Palace does take off, as everything indicates it will, an energy may be generated within the PSD and the CDS that could lead them to present a joint candidate to Belem. The likelihood of such a possibility was predicted some time ago by Social Democrat leaders disenchanted with Mota Pinto. Freitas do Amaral led the list of various possibilities.

What had only been mentioned in the corridors of Sao Bento and in informal conversations went on to make the front pages of the newspapers with the statement in which Vieira de Carvalho, general secretary of the centrists, openly admitted the reconstitution of a new Democratic Alliance, but with the single objective of supporting a joint PSD-CDS candidate.

Taking this position publicly anticipates the theme of the polemics that are certainly going to burst forth as soon as the politicians return from their vacations, during which they've kept generally quiet and restrained.

## General Secretary's Strategy Criticized

Lisbon O DIABO in Portuguese 21 Aug 84 p 2

[Commentary by Jose Miguel Judice: "The Wars in the CDS"]

[Excerpts] The CDS has a nature that makes itself known, so it seems, through changes in its leadership, in its leading political personnel and in its line of strategy. That nature is that of a party that cannot stand internal crises, that takes a dim view of conflicts, and that judges that the best way to avoid them is to act as if they do not exist. The ideal that has dominated the CDS is that nothing happens inside it, nothing seeps through to the outside, no conflict is revealed. To that extent, it is a kind of PCP in reverse, but with the great difference that the PCP manages to hide its inner workings.

I think that such a nature, during the phase of building a party system like the one we are going through now, does the party itself no favor. Whether we like it or not, a party that has no visible internal strife is a party that, in terms of public attention, does not exist in Portugal.

Be that as it may, the CDS seems at last to be turning into a healthily contentious party in which the contentiousness bubbles forth to the outside.

The [internal] strife has been revealed through the well-known split between its general secretary, Vieira de Carvalho, and the chairman of its steering committee, Azevedo Soares, and has to do directly with the presidential elections, and underneath with the role reserved for the CDS in the Portuguese party-politics system. The general secretary is still in favor of the CDS and the PSD presenting a joint presidential candidacy, obviously possible only if the government falls ahead of time: Portugal is a surrealist country, but it would be too much even for Portugal for a party to be in a coalition with the Socialists in the government and with the CDS in the presidential campaign. Azevedo Soares, for his part, wants to put up a viable CDS candidate against the central bloc and, thus, against the PSD and the PS. This split, which concerns political strategy, is also evident in a real personality conflict between the two politicians whose functions in the inner workings of the party are not always easy to keep apart.

Vieira de Carvalho's strategic conception is obviously a conception that aims for the quick return of the CDS to the area of power, and for that he is ready to pay a price, which would be the relative subordination to the PSD, such as it is. Azevedo Soares' conception seeks the growth of the CDS, even at the price of a period of opposition, which could be long, until the CDS can transform itself into the main Portuguese party, or at least into the polarizing party of the right half of the political spectrum, thus "stealing" that role from the PSD.

To me the only correct conception is that of Azevedo Soares. In fact, it does not seem logical for the CDS to abdicate its advantage in being the opposition in a period of crisis and to try to hand over its electorate to the PSD, relegating it to a small center-left party, as some Social Democrat geniuses wish. The CDS would be giving this up for the mess of pottage of being part of a coalition to choose a presidential candidate who, even were he to win, would not transform the CDS into the principal Portuguese party.

But I also think that this conception will have no chance of success in the CDS, unless the PSD gives the CDS the minimum conditions for the application of Vieira de Carvalho's strategy. By this I mean that if the PSD does not support Mario Soares on the first turn or if it does not select a regular party candidate, it is almost inevitable that the CDS would opt to support a joint candidate with the PSD.

The main reason is simple and obvious. For the CDS to be able to resist the siren songs of a joint candidacy, the CDS would have to be ready heart and soul to be a real and aggressive opposition party, willing to spend several years in

the opposition, to fight for a change in the PSD's political position, "forcing it" to become a leftist party. But that would be a CDS that does not exist, that would be to admit that the CDS is a party with a fundamental dynamic, with a real ideological and political cohesion, with a capacity for effective autonomous survival.

Vieira de Carvalho's strategy is a confession that the CDS does not have an autonomous political strategy in Portugal. It is a confession that the principal adversaries of Freitas do Amaral and the friends of the Lisbon professor, after all, see eye to eye in spite of their scrapping. That Azevedo Soares fellow is right. But he is isolated and will be beaten. Just as the PSD will not let Vieira de Carvalho's strategy reach its end.

12430

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## POLL SHOWS UNFLATTERING VIEW OF POLITICAL PERSONALITIES

Lisbon O JORNAL in Portuguese 17 Aug 84 pp 2-3

[Text] What do the voters think of the men who have dominated the political scene for years now? For an answer to this question, an opinion poll has been carried out by Marktest for O JORNAL and the results are significant. The three party leaders--Soares, Mota Pinto, and Cunhal (with enormous distinction for the current prime minister) carry the attribute of "phony" among the principal characteristics of their profile. Freitas and Eanes, the other targets of the poll, were not similarly tagged.

"Troca-tintas"--persons without sincerity, say the dictionaries. The criticism will be bruising, but it certainly gives food for thought. According to the poll, this is Mario Soares's principal characteristic. That was the opinion of 47 percent of the electorate. That was what most of the electorate thought of all the parties, even of the PS.

But Soares is also regarded as the most amiable of the politicians and the one who has the best sense of humor, by 36 and 32 percent of those polled, respectively.

Cunhal came through especially as a hard worker, but not so much as Eanes, who got 33 percent of the replies in this category, as against the Communist leader's 30 percent. That, however, is the principal attribute conferred upon the general secretary of the PCP. Next...well, next Cunhal is likewise tagged a "troca-tintas" by 27 percent of the electorate. Consistency is also mentioned by 26 percent of those interviewed as a characteristic of Cunhal, while a sense of humor is mentioned by 25 percent.

If for voters in the PS, Soares is noted especially as likeable, charming, possessor of a sense of humor, and a phony, Cunhal for the voters of the APU is essentially consistent, hard-working, and a man with humor. However, as for honesty and patriotism, the preferences of the APU go to Eanes, which is the same in the first case with the PS voters and in the second (patriotism) with voters of all parties.

The principal attributes of Mota Pinto are summed up in the fact that he is regarded as a well-dressed man (contradicting the image that he had before he took over the leadership of the PSD) and a phony. If Mota Pinto comes in behind

Eanes in clothing and with the same 30 percent as Freitas, in the category of "troca-tintismo" (as Odorico would say), he gets 21 percent of the poll, well behind Soares and a little behind Cunhal. In fact, when it comes to this particular category, the party militants are the ones who don't do too well.

Freitas is considered well dressed, patriotic, and likeable. Well-dressed say 30 percent; patriotic, 26 percent; likeable, 24 percent. Like Mota Pinto and Cunhal, Freitas does not come in on top in any of the components of the profile. Only Eanes and Soares are rivals for top placement in each of the attributes.

In his party, Mota Pinto wins in the category of charming, and drops off after that. For the PSD, the patriot is Eanes, hard worker is Soares; honest, consistent and attractive is Freitas.

In the CDS, the most highly esteemed is the ex-leader. For the centrists he is regarded as the most honest, consistent, likeable, charming, attractive, sports-minded, and hard-working. The centrists concede to Mota Pinto the "glory" of being the best dressed and to Soares the attribute of having a good sense of humor and of being a phony. To Eanes they grant the titles of timid, patriotic (as indeed in all the parties), having a serious air, and being closest to the average Portuguese.

Eanes has quite a few ties. For the PS as well as for the PSD, CDS, and APU, he is the patriot, the timid one, and a man with a serious air. As for the person considered to be closest to the average Portuguese, that tie is broken by the voters of the APU, who find, in contrast to the voters of all the other parties, that it is not Eanes but Cunhal.

#### A Patriot President and a Likeable Prime Minister

Let us now group together some portions of the profile that the voters confer upon the leaders. Honesty, consistency, patriotism, and hard work--almost a "slogan" for an electoral campaign. Well then, on average the president of the republic is far out in front (45 percent), Freitas and Cunhal (both 23 percent) dispute second place, with Soares (20 percent) next, leaving Mota Pinto (15 percent) to hold down last place.

We can also group together likeableness, charm, sense of humor, being well-dressed, and also the attractiveness of each of the politicians singled out in this survey. Soares, on average, beats all (24 percent), Eanes is second (21 percent), Freitas third (18 percent), Mota Pinto fourth (14 percent), and Cunhal last (10 percent).

It remains to be said that for women, independent of their electoral sympathies, Soares is the most likeable, Eanes the best dressed, Freitas the most attractive.

Let it yet be said that for the voters in general, to be charming, attractive, and sports-minded are characteristics that these politicians have little of.

[Graphics:]

Whom do you consider closest to the average Portuguese?

Eanes	29%
Soares	18%
Cunhal	16%
M. Pinto	10%
Freitas	5%
Nobody	14%

What profile for the leaders? Eanes has a serious air, Soares is phony.

Ramalho Eanes	Has serious air	78%
	Is a patriot	57%
	Is honest	54%
	Dresses well	38%
	Is consistent	37%
	Is hard working	33%
	Is timid	32%
Mario Soares	Is a "troca-tintas" (phony)	47%
	Is likeable (simpatico)	36%
	Has a sense of humor	32%
Mota Pinto	Dresses well	30%
	Is a phony	21%
Freitas do Amaral	Dresses well	30%
	Is a patriot	26%
	Is likeable	24%
Alvaro Cunhal	Is hard working	30%
	Is a phony	27%
	Has a sense of humor	25%
	Is consistent	26%

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## FORMER PCP MEMBER ON PARTY'S FUTURE, CUNHAL

Lisbon DIARIO DE NOTICIAS in Portuguese 2 Sep 84 pp 30-31

[Text of interview with Candida Ventura, former member of the Portuguese Communist Party, by Simoes Ilharco, date and place not provided]

[Excerpts] "Put it down in your newspaper that, between dictatorships called socialist and capitalist democracies, I prefer the latter." Considering their source, these words are a model of frankness, because they come from Candida Ventura, who was a member of the Portuguese Communist Party [PCP] for 40 years. She abandoned the party in 1976, but not her life-long struggle for liberty, evidence of which is her recent book entitled "The Socialism Which I Have Lived." With hearty expression, she told us: "One of the reasons--the decisive reason--that I published the book was that I felt liberty was threatened in Portugal." Always a controversial woman, with a fighting and determined spirit, Claudia Ventura could not be otherwise in the interview which she granted to us.

[Question] You left the PCP in 1976, some 10 years after the Revolution of the Carnations. Some observers--the great majority of them--believe that the party will remain faithful to Stalinism and to the Soviet Union after Alvaro Cunhal, the current leader of the Communists, is succeeded. However, other observers foresee a different path for the PCP after the succession. What do you think? To which group of observers do you belong?

[Answer] I would say that I am among those who believe that the PCP will remain very faithful to the line of the CPSU. I believe that, in this regard as in others, the PCP will remain the same after the succession of Alvaro Cunhal.

[Question] What leads you to this prediction? Why do you think the PCP will remain the same after the "Cunhal era"?

[Answer] My statement is based on the fact that ever since it hooked up with the Communist International, the PCP has been economically and politically dependent on the CPSU.

[Answer] I think not. In effect, I do not believe that any member of the present government--with the proof they have already given, in the past and in the present, in defense of human rights, Prime Minister Mario Soares, for example--has any intention of restricting the freedom of the citizens. The PCP argument that they are trying to turn Portugal into a totalitarian state makes no sense whatever. It is totally unfounded. Basically, the PCP accuses the government of trying to adopt and carry out what they (the Communists) would like to do. Having said this, I do not believe that, with this law, Portugal runs any risk of becoming a police state similar to Salazarism.

[Question] For you, the circumstance of intensely and passionately experiencing the Prague Spring meant the break with the international communist movement. Beyond what has already happened in Poland, do you believe the Kremlin policy has more "Prague Springs" in store?

[Answer] Unfortunately, there is reason to fear that this is the case. These "Prague Springs" could even occur in the Soviet Union itself. In fact, without exception, a "Prague spring" could occur in any of the republics of the Soviet Union, inasmuch as their people are exploited and oppressed by Russian imperialism.

[Question] What future do you predict for the international communist movement in the 1980's?

[Answer] The international communist movement has fallen apart. The Communist parties in the Eastern countries have no influence whatever over their peoples. They are despised by their own peoples. In the West, the Communist parties are equally doomed, because the policy they pursue is not in accordance with the interests of the people.

[Question] Do you think that Chernenko could change the Kremlin policy in some way, or would we be deluding ourselves to admit of such a possibility?

[Answer] I do not think anything will change. He is not in command. By this, I do not mean to say that he would change anything if he were in command. It is certain that Chernenko would in no way change the Soviet policy pursued by his predecessor.

#### Popular Participation

[Question] You have always played an active part in politics. What is your view of the Portuguese people's participation in political life nowadays? Do you feel they are very active or not very active?

[Answer] I think there has been a certain disenchantment. I think people are discouraged. The people are tending to hand over responsibility for what happens to the governors. I believe that every one of us must make an effort to understand the situation and take an active stand in the political life of the country where we were born.

[Question] Do you think that Europe can become an alternative to the hegemony of the United States and the Soviet Union?

[Question] In a recent interview, you stated publicly that Alvaro Cunhal sought to be, in practice, the Portuguese Lenin. I ask you now why he was not. What basically prevented him from realizing this possible dream?

[Answer] I think there was two decisive reasons. The first was the development of events in the international communist movement (I refer to the foreign policy of the Soviet Union, with the continued occupation of Czechoslovakia, the invasion of Afghanistan and everything that occurred in Poland, which was another "Prague Spring"). The second decisive reason, it should be noted, was the development of the situation in Portugal itself and the political maturity of our people, who could not accept the mythology of the PCP.

#### Electoral Weight of the PCP

[Question] Some say that if the PCP did not follow the Soviet Union so slavishly, it would have a bigger constituency in our country. Do you agree?

[Answer] No. No, I do not agree with this analysis. For the PCP to gain more votes, it would have to revise its whole policy. It would not be enough for the Party just to stop being politically and financially dependent on the Soviet Union. To increase its numerical strength, it would have to adopt a policy entirely different from what it has been.

[Question] In these 1980's, should I see you as a follower of democratic socialism or of social democracy?

[Answer] In my reply to [a] prior question, I think this matter was already covered, although I think it should be added that no one yet knows what democratic socialism is, and people who talk a good deal about democratic socialism have not explained what they think democratic socialism should be. They just keep saying what Rosa Luxemburgo has already said ("There is no democracy without socialism, and no socialism without democracy.").

[Question] In the family of parties which lay claim to democratic socialism, which one says this today?

[Answer] The Italian Communist Party, which, as you know, professes to democratic socialism.

[Question] Oh, well. How about social democracy?

[Answer] With regard to social democracy, people already know what it represents, because there has been some experience with social democracy in various countries.

#### Security Law

[Question] You were a prisoner of the PIDE [International and State Defense Police] for 3 years. Do you think the Intelligence Service, recently approved and decreed, and the Internal Security Law, already approved in general terms, could give Portugal the character of a police state, closely resembling the Salazar regime, of such grim memory?

[Answer] I think not.

[Question] Why?

[Answer] Actually, there has been an attempt to achieve this. But I think that, at this moment, Europe will have to strengthen its ties with the United States, to join forces against Soviet expansionism.

[Question] Finally, do you think we run the risk of a Third World War?

[Answer] Under the present circumstances, it is very difficult to answer your question. I think we must do everything possible to prevent another war. But to do everything possible does not mean to make concessions to the Soviet Union. It means, really, that the European states must reach an agreement to arrive at platforms for unity in every sense--economic, social, political and cultural. When I say we must do everything possible, I am speaking in these terms.

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CSO: 3542/128

## COMMITTEE REJECTS BASQUE COUNTRY INTEGRATION OF NAVARRE

Madrid YA in Spanish 29 Aug 84 p 7

[Text] The permanent committee of the Navarre regional parliament yesterday rejected the news item which appeared in the French weekly LE NOUVEL OBSERVATEUR which referred to the possibility of a referendum in Navarre on integrating it into the Basque autonomous community. The above-mentioned committee also reaffirmed in an institutional statement that "the Navarre parliament alone is empowered to adopt an initiative on the decision of whether or not to incorporate Navarre into the Basque Country, according to the stipulations of the fourth temporary provision of the Constitution and our law of recovery."

This institutional statement was proposed by Jose Ardaiz, of the PSN-PSOE [Navarre Socialist Party-Spanish Socialist Workers Party] and adopted with his vote and that of Pedro Pegenaute, of the AP [Popular Alliance]. The representative of the Union of the Navarre People, Albito Viguria, cast an opposition vote, because according to him the rejection of a news item does not mean that its contents may not be true, and because the government of the nation should have repudiated it.

In regard to this subject, the permanent committee agreed to open proceedings on and send to the regional government a question from the UPN [Union of the Navarre People] in which they ask for an oral response regarding the position of the Navarre executive branch about possible negotiations on holding the above-mentioned referendum in the regional community.

## Urralburu's Statements

The minister of territorial administration, Tomas de la Quadra, yesterday denied in statements made to YA that the government had started negotiations with France, related to the antiterrorist struggle, on the integration of Navarre into the Basque Country. The Navarre popular coalition had asked the regional government to issue an official communique in which the

statements of President Urralburu about separating the Basque Country from Spain would be definitely clarified.

The coalition believes that "Mr Urralburu committed a serious error in making these statements, and the coalition welcomes his interest in correcting them, but that is not enough--the government should be the one to make the official statement."

According to the coalition, what Navarre needs is not for the president to resign--as the president of the PDP [Peoples Democratic Party], Jaime Ignacio del Burgo, had recently demanded--but "let us all work to solve our problems, and let us accept once and for all the existence of a socialist government, which is going to need cooperation from the regional parliament." Pedro Pegenaute, AP parliamentarian, stated that "the time has come for the Navarre Government to leave behind its complexes, finger-pointing [? dedocracia], the stratagems of the Navarre oligarchic groups, and to work out a liberal and progressive program." As for bringing Navarre to the Basque Country negotiating table, the coalition rejects that idea, because "only parliament has the authority to make a pronouncement to this effect, and if that time should come, we would say no."

#### "The Partition of the Kingdom"

Moreover, the secretary general of the PDP, Julen Guimon, asserted in statements made to the DIARIO DE NAVARRA that "Gabriel Urralburu, in a fever delirium, must have believed that he was Sancho the Great, carrying out the partition of the kingdom."

Guimon's words refer to statements made by the president of the Navarre Government, Gabriel Urralburu, in which the latter suggested the possibility that the Basque Country might secede from Spain after 10 years if terrorism did not come to an end before that time.

The secretary general of the PDP called the proposal of the minister of the interior to negotiate with the ETA [Basque Fatherland and Liberty Group] "reminiscent of the Third World, and grotesque." He gave as an example the failure of the PNV [Basque Nationalist Party] to comply with the agreement reached with the popular coalition. "If it was impossible for us to make the PNV--which is a serious and supposedly democratic party--live up to the agreement, how was Iturbe Abasolo going to make the infinite number of tiny groups which make up the ETA carry out the agreement with Barrionuevo in the case that they should come to an accord?"

8131

CSO: 3548/333

## RABAT, COMMUNISTS CHALLENGE SPANISH 'COLONIALISM'

Madrid EL ALCAZAR in Spanish 4 Sep 84 p 8

[Text] The secretary general of the Moroccan Government party, Istaqlal, Mohamed Buceta, has claimed that the Moroccan position regarding the Spanish cities of Ceuta and Melilla (which he describes as "occupied") has not changed, nor will it change, according to a report from the Libyan news agency JANA.

Quoting statements made to the magazine CAMBIO 16, it adds that Buceta is of the opinion that "Morocco's right" to "recover" Ceuta and Melilla "is backed by the countries of the Magreb, based on the fundamental principles of decolonization." The JANA story notes that Buceta expressed his "hope that a solution to this situation will be reached as promptly as possible," within the context of "friendship and understanding with Spain."

These statements, which are a serious affront to Spanish territorial integrity, have occurred shortly after several key incidents: the new claim to Ceuta and Melilla made by Hassan II himself on television, the treaty of unity with Libya and the rumors to the effect that the Spanish garrison in both cities might be reduced. The assumption of this position has also been joined by the Moroccan Communist Party, while the Socialist government in Madrid has not disclosed its position.

The Party of Progress and Socialism, a euphemistic description of the Moroccan Communists, has included as the second point in its electoral program what they term "the recovery of Ceuta, Melilla and all the other enclaves colonized by Spain." The Communists, in their 23-point program submitted before the holding of elections on 14 September, have attached more importance only to the "struggle to ensure the final victory of the cause in our Saharan provinces," the former Spanish Sahara.

The ambition to annex the Spanish territories is one of the few points in the program agreed upon by the majority of Moroccan parties which, taking advantage of the election campaign, have intensified their requests for the "recovery" of the Spanish cities and rocky hills on the North African coast.

Meanwhile, following this union, the diplomatic visits to Morocco, particularly by the French and Americans, have proliferated. The United States, through

Secretary of State Shultz, has already expressed its displeasure at this union in a country such as Morocco, considered a traditional Western ally in the Magreb, with Libya, which is regarded as one of the United States' worst enemies at present.

From a strategic standpoint, the concern is focused on the fact that this military alliance (which would force Rabat to back Tripoli in a potential war against the U.S.) means the opening of the Atlantic, through the Moroccan and Saharan coasts of Libya.

This feature appears particularly disturbing to Spain, especially when it has become evident quite recently that Libyan espionage has heightened its activities dangerously in the Canaries. The archipelago is also a long-term target for Morocco, and there have been constant statements regarding the progressive threat entailed by the "colonization" (clandestine in most instances) that is being carried out on the islands by the aforementioned Alauites [a Moroccan dynasty].

As may be recalled, military sources have pointed out that, from this new angle, the overall defense of Ceuta and Melilla and the reevaluation of the strategic Balears-Strait-Canaries axis must be included in the negotiations with the Alliance. The activity warrants particular stress on the fact that these are the most real defense problems of Spain and, as such, they should receive complete backing from NATO.

As for the obvious Communist allusion to the Spanish territories, it should also be remembered that Spanish military circles have stressed that one of the most disturbing dangers would be a deterioration in the Moroccan domestic political situation caused by the intervention of the Soviet Union, which has a splendid ally in Qadhafi.

The parties of Communist discipline have repeated their attacks against the Spanish nationality of the districts on various occasions. Despite the strong reaction which occurred, particularly in the two cities, the Communist Party has upheld the proposition of negotiating their turnover to Morocco, both in the 1978 elections and in 1982; because this issue is a constant in their foreign policy "program."

The PC has expressed approval of a policy of rapprochement with the Arab population in the districts, wherein the Septa Liberation movement is especially entrenched, with a base in Casablanca, a city that is heavily dominated by the Moroccan Communists.

Like various leaders of the PCE [Spanish Communist Party], Javier Alvarez Dorrnsoro, a political leader of the pro-Soviet Communist Movement, for his part, voiced in February 1983 the total support of his ideology for the turnover of the two cities, as had been demanded by the Arab Parliamentarian Union. According to Alvarez, "there is no historical or legal reason to justify the presence of Spain."

2909

CSO: 3548/336

## GONZALEZ SEEN FAILING TO PROTECT NORTH AFRICAN INTERESTS

Madrid ABC in Spanish 5 Sep 84 p 11

[Text] The treaty between Libya and Morocco is one of the events of the summer and a new item of information on the international chessboard, the possible implications of which have, for the present, mobilized the U.S. State Department and the European Community. France has immediately responded with a diplomatic movement that has taken President Mitterrand to Morocco twice in a period of 48 hours, with his ministers of defense, and foreign and European relations, simultaneously detailed to Tunisia, Mauritania, Algeria and Chad. Hassan II is currently preparing to negotiate in Tripoli, while the U.S. secretary of state has called an emergency meeting.

Meanwhile, what has the government of Don Felipe Gonzalez done? Absolutely nothing but talk. France does not have, as we do, two sovereign districts in North Africa; it bears no direct responsibility for the Strait of Gibraltar; it is not a country bordering Morocco; finally, it is not faced with negotiations with the EEC that would affect the relations with its North African neighbor. And yet the mobilization of Paris has occurred on the highest level, in a precipitous manner. Mitterrand has appeared ready to jump into the act where an unexpected change or a jeopardizing situation demands him. In contrast to that reaction, the Spanish Government's escapism is disheartening. The candor of Don Fernando Moran was serious ("I have received assurance from Morocco that the agreement with Libya is not aimed against Spain or against Ceuta and Melilla"); but the comment made by Don Felipe Gonzalez at his latest press conference was even more serious: "I consider that it does not affect me" was his response, with a Gallicism included, when he was asked about the repercussions that the new alliance would have on Spain. It was, in fact, a dreadful, symbolic response. Great moments in history have their own remarks, from the "tu quoque" [you too] addressed to Brutus to the pathetic "we shall never surrender" of Churchill. But there are also symbols of political triviality, and in this respect no one can deny any longer that the rhetoric of the transition is marked by that memorable "different and distant" and this terrible "I consider that it does not affect me."

Nowadays, the dictator Qadhafi is the strongest protagonist in the Mediterranean against Western policy: The American president has not hesitated to describe the Libyan leader as a "orchestra leader of international terrorism."

This very Saturday, the impetuous colonel was explicit in his remarks: "From Nicaragua and Cuba to Iran and Afghanistan, from Namibia and Palestine to South Africa and Northern Ireland, all these peoples should act together to establish, with the grace of God, a world front against imperialism." The urging is very strong, because it is not easy for Rabat to tame the unpredictable Qadhafi. But this is a calculation problem for Hassan II, who has shown himself to be, with the passage of years, the most expert calculator in the Arab world. The agreement signed with Libya may perhaps be the only path to peace in the Western Sahara, achieved in exchange for an understanding in Chad. It would not be impossible; but what is unlikely is that the Libyan-Moroccan agreement will fail to affect Rabat's claim to "the cities of the north." And in this respect the "I consider that it does not affect me" is evidence of a political quietism that public opinion will not be able to understand.

2909

CSO: 3548/336

## LITERATURE OF WAR, POSTWAR PERIOD SHAPES NEUTRALITY CONCEPT

Stockholm SVENSKA DAGBLADET in Swedish 16 May 84 p 16

[Article by Synnove Clason, Associate Professor of German ]

[Text] The influence neutrality in the Second World War actually had upon the soul of the Swedish people is possibly most clearly seen in literature. Radko Kejzlar, a professor in Munich, has grasped this difficult subject like no Swede has really dared to do, and has written a comprehensive work on what our writers have had to say about happily surviving the war and a society in "winter hibernation."

The Swedes did not take part in the Second World War. Therefore, they cannot assimilate this in their train of thought. This European event, and the experiences during and after the war, is something the Swedes cannot or will not understand--so deeply have several generations been affected by the consequences of neutrality. Later on, when Sweden turned toward the Third World and took upon itself the role of the world's conscience, it was also because she had not made up with her closest neighbors and Europe. The inner psychological debt from the time of neutrality is apparently still not paid, even though the sons (or in this case, the writers) have tried to make up with the fathers. Like soothsayers they stand in an unbroken tradition from the 1930s, but the voice has had a difficult time making itself heard in the Swedish debate.

Radko Kejzlar, Nordic specialist, literature researcher and recently-named professor at the University of Munich, states these ideas in a comprehensive study with the title "Literatur und Neutralitaet. Zur schwedischen Literatur der Kriegs- und Nachkriegszeit" [Literature and Neutrality: On Swedish Literature of the War and Postwar Period], published in the literature series "Beitraege zur nordischen Philologie" [Contributions to Nordic Philology] (Helbing & Lichtenhahn Verlag AG, Basel/Frankfurt am Main).

In this perspective, stand such as the courageously launched "third point of view" during the Cold War was a comfortable position to take in a debate which really dealt with neutrality during the war and the justification of the same. According to Kejzlar, this forged a new kind of neutrality in the form of political radicalism, and this was a radicalism which for traditional reasons came to view the conflicts on the European continent as irrelevant. The role of spectator and commentator, which was forced from

above since the Finnish Winter War and even during the 1930s, was well rehearsed.

However, in literature other voices speak which relate how well or ill at ease one felt in justifying this role. Radko Kejzlar, a Czech citizen up until 1977 and a scholarship student in Sweden in 1976, compares the famous anguish theme in the Swedish literature of the 1940s with the soldier's anguish before an attack. For the Swedes this attack never came. With an outsider's clarity of vision and by screening Swedish literature between the 1930s and 1970s, he has attempted to draw a picture of what can be called "the price of neutrality."

As was the case in Germany, this overall view as well as examination and "evaluation" fell upon the generation of writers who were children during the war and were hence "free of guilt." Kejzlar believes this process has still not been completed as in work after work he has analyzed Swedish views and Swedish feelings in the crossroads between political realities and literary participation. He does this with respect to contemporary criticism and debate and with the knowledge of the general political Swedish viewpoint of the era, under the chapter titles: Preparatory Literature 1933-1939; the Real Preparatory Literature 1940-1945; the Post-War Period; the 1950s Escapism; and the Questioning Generation.

Kejzlar starts by defining the concept for his purposes and says the word "preparatory literature" can easily receive a paradoxical double meaning. This is partly due to official documents intended to support the spirit which formed a slogan of awareness and silence, and partly as a protest precisely against this type of spirit. He emphasizes that the Swedish league of authors did not allow itself to be used by the state authorities for propaganda purposes. On the contrary, at least during the first half of the world war, literature afforded the only practical possibility to criticize government policy. Eyvind Johnson, who did not like the word "preparatory poem," guaranteed in a presentation in 1945 (also printed in the "Swedish Literature Journal") imbued with his moralistic integrity and model position in fighting for democracy, that literature written during the war was "to a high degree individualistic reactions to what was happening around us."

Concerning the period up to 1940 Kejzlar summarizes that, "the literary front probably was more conscious of the situation and the threat of danger than the politicians in charge."

They got their strength to resist from humanism, vitality and "watered-down Socialism." The language of pessimism and despair is also heard in poetry, prose and reporting. Par Lagerkvist's early allegory on the people's blindness and lack of direction, "The Executioner" (1933), stands as a memento to the hopelessness which could result from clarity of vision. Less common was the elegant satire and many seem to have been surprised when Olle Hedberg took a stand against anti-Semitism in the novel "Out with the Blondes" (1939). In the novel "Give Us Land!" Vilhelm Moberg writes in the same year with a clear reference to the fall of Czechoslovakia, "A robbery and a conquest is still a robbery and a conquest, even if it is organized by a gang comprised of millions of members and even if the gang of criminals calls itself a country."

In the chapter on the wartime period itself, Kejzlar maintains in the introductory part that the 30th of November 1939 came to play a completely different role in literature than did the 9th of April 1940. The Russian attack on Finland and the Winter War seems to have completely aroused the depths of Swedish indignation, which naturally went along with the disappointment with the government's behavior and the factual experiences of Swedish authors as volunteers in the Winter War. Even now it can be difficult for historians to distinguish between active neutrality policy and the so-called post-marriage policy, which is a dilemma which literature had greater freedom to articulate than did the press debate. At any rate, the occupation of Denmark and Norway never became a theme in Swedish literature.

In the issue of the Winter War, in scanning the novels with the theme from this front one sees that the humanism and liberalism in the Finnish trenches expressed by Arvid Moerne had to compete with other political fronts including Hitler and Stalin, and not so much with the individuals' freedom or rights. Harry Martinson appears to be deeply shaken in "Mortal Reality" (1940) by "Stockholm's" way of behaving, and documents the soldiers' strong feeling of having been abandoned and the hate which arose from the experience of being left for dead. Here and in many other places Kejzlar makes himself into a careful yet controversial opponent to certain concealed formulations in Tage Erlander's memoirs. He asks himself the same question as the press did at that time: Was "the question of conscience" really a question of conscience? Martinson comments after the Finnish defeat; "Humanity lives beyond its moral means."

Disillusion is also the theme in Eyvind Johnson's "Return of the Soldier" (1940), an "activist novel" which makes up with defeatism as well as with Nazism and Socialism of the Stalinist mode. As was the case later in the "Krilon Suite," the message is that only democracy is worth fighting for.

The war which never came about is the aggregate theme for the reserve novels which describe keeping watch on the Swedish borders. Lack of content, and the emptiness and agony of the eternal waiting itself show that few works strived toward a literary synthesis of this experience, which was shared by a whole generation of Swedish men and indirectly also by the entire civilian population.

When the war was over the Swedish soldier did not have a single traumatic experience, according to Kejzlar. He returns home with one feeling: that of having thrown away a few years. Only Dagerman succeeds in lifting the boredom into agony and sheer horror in "The Snake" (1945). On the other hand, Dagerman's agony is an end in itself where the threat of war only serves as a pretext of finding his own expression for a timeless human experience, according to Kejzlar. Against the same background, Kejzlar is critical of "German Autumn" (1946), Dagerman's report from defeated Germany.

After dealing with allegorical novels such as "Ride Tonight!" (1941) and "The Dwarf" (1944), Kejzlar devotes 25 pages to the 1950s and its "escapism." Different Swedish authors and critics are cited in order to determine the Swedish literary climate between the recovery and preparation for something new. In Kejzlar's eyes the Swedish opposition to a purely

Western indoctrination after the Allied split is seen as a preventive measure before a possible third world war: neutrality made survival possible, which taking a position for "freedom" at any price did not do.

When the Swedish corps of authors in the 1960s leave the duck pond and open their eyes to the world, the third standpoint is changed in the "Third World." Goran Palm, Sara Lidman, Jan Myrdal, Folke Isaksson, Goran Sonnevi, Sven Lindqvist and others then move their critique of capitalism and imperialism and their desire to "document" from Asia and Africa to the home level. A series of report books from the Swedish class society is begun. Kejzlar finds Maja Ekelof and Marit Paulsen more interesting because they are genuinely proletarian and less predictable.

At the same time, Sven Delblanc expresses his protest that he wants to affect the society debate "through the temperament and figures who live in my novels." He and Lars Ardelius, P.C. Jersild, Lars Gustafsson, Per Wastberg, Per Gunnar Evander and others further the epic-psychological story-teller tradition which also makes the war and the Swedish neutrality a literary theme.

On the "questioning" generation, Kejzlar says in his concluding chapter that it gives expression to "a conscience which never comes to rest." The historical studies which interest in Marxism brought about in the 1960s, bore a series of novels with the theme from their own recent past. Satirically motivated authors such as Hasseatage ("Oh, What Wonderful Peace," 1966) and Delblanc succeeded best with the art of whipping the Swedish attitudes and subterfuges and doing it with innate understanding. Kejzlar summarizes the picture of the preparatory period in literature in a categorical statement:

"One thing is clear today: the result of research has shown that the happily survived war was not a heroic period. One can certainly laugh at it, but if one takes it seriously one begins to ponder. The self-confidence and difficult self-denial of those who made the decisions in 1939-1945 later made the nation pay with a loss of dignity and self-consciousness."

In this connection, Kejzlar cites Delblanc's "Hedeby Suite" as the great monument to a society in "winter hibernation," a neutral country with non-neutral mountains. Here the most intense answer that he has found in screening Swedish literature is provided to the question "What is one like when one is Swedish?" (asked by Delblanc himself in "Jackass Bridge," 1969).

"Literature and neutrality" is an impressive scientific and literary feat by a person who does not even have Swedish as a mother tongue. Unfortunately, in the foreword Kejzlar provides no background for his personal motivation to deal with the theme of neutrality in Swedish literature. However, probably only a foreigner can be daring and energetic enough to dedicate himself to such a difficult subject. His bibliography does not include any reference to a similar study having been done by a Swedish researcher, which is why we can thank him and accept this.

Here, I shall not anticipate any possible polemic against Kejzlar, I just want to complement the piece with a couple of questions which the author

does not ask but perhaps should have. How is it possible that the 1950s, 1960s, and 1970s trends that he cites also appear in the rest of Europe and America and sometimes even appear to be "borrowed"? Also, written from the vantage point of Munich, why are there no comparisons with the neutral Switzerland--have no studies been done on our western neighbor? The bibliography is silent concerning this.

Finally, why are not decisive events such as Hungary in 1956, Prague in 1968 and Poland in 1981 cited? Is it only here at home that we believe they have played a role?

12562

CSO: 8150/1904

## AIRCRAFT CORPORATION TO BUY F-5 JETS

Vienna DIE PRESSE in German 31 Aug 84 p 1

[Article signed ju/has: "Austria Is Buying U.S. Interceptor Aircraft After All"]

[Text] Vienna--Austria will most probably buy Northrop F-5 interceptors. A basic agreement to that effect between the U.S. firm and the Austrian Aircraft Corporation--which would buy the aircraft and lease them to the federal armed forces--is about to be signed. The political decision approving this procurement will be made in the next few weeks and in any case prior to the 1985 budget decision.

At this moment a delegation from the U.S. aircraft manufacturer Northrop is negotiating with representatives of the Austrian Aircraft Corporation (AAC) concerning compensatory deals in connection with the F-5 interceptor purchase. The negotiations are said to be virtually concluded: shortly, possibly even today, an agreement in principle is said to be awaiting signature by the two enterprises.

This just about concludes the decisionmaking process as to the aircraft model: the defense ministry emphasizes that the interceptor model will be chosen "not according to military, but rather according to economic policy criteria." Up to now, the French Dassault "Mirage" and the Swedish Saab "Draken" had been in competition with the Northrop F-5.

The French are practically eliminated from the competition, because they refuse to identify the prior owners of the used Mirages. Whether in the end the second-hand Drakens or the brand-new Northrop F-5s win out depends, according to the defense ministry, "of the compensatory deals which the two firms can work out with the AAC."

The Austrian Aircraft Corporation, owned by Austrian Airlines and the United Metal Works Ranshofen-Berndorf, has just about decided in favor of Northrop. However, with one reservation: "if the leasing deal is implemented." The idea of the AAC purchasing the aircraft and then leasing it to the federal armed forces is very likely to see the light of day--according to the ministry of defense, it would cost the federal treasury "less than one-third of the National Theater deficit."

By the time the 1985 budget is approved, i.e., within the next 7-8 weeks, the political decision about the procurement should be made also. By making such haste, the government could avoid a threatened internal discussion within the Socialist Party about interceptor aircraft policy. Even now, the defense ministry is getting ready for an inner-Austrian "counter-arming debate" which Young Socialist leader Alfred Gusenbauer plans to initiate in the fall.

9273

CSO: 3620/444

MILITARY

FEDERAL REPUBLIC OF GERMANY

DEFENSE SHARE OF FEDERAL BUDGET UP 3.7 PERCENT OVER 1984

Bonn WEHRTECHNIK in German Sep 84 pp 15, 16

[Article by W. F.: "The 1985 Defense Budget; Clear Plus for Research and Development"]

[Text] From the disproportionate rate of increase for the 1984 defense budget with 3.7 percent, as compared to only 1.2 percent for the overall budget, it is, according to Defense Minister Dr Manfred Woerner's statement to the press, possible to infer the high priority which the Federal Government places on defense. And the present government is fulfilling the promises, given when still in opposition and under considerably more favorable economic conditions: In the coming year the defense spending share of the total budget will grow from a low of 18.1 percent in 1981 to 19.2 percent next year. Particularly gratifying: The spending for research and development will grow by 29.2 percent to not quite DM 2.5 billion; that is 5 percent of the total defense budget of DM 49,926 billion.

With that, the defense budget continues to form the second largest single item of the entire DM 260.2 billion budget, after social spending (DM 57.6 billion, minus 3.1 percent) and ahead of the federal debt (DM 33.8 billion, plus 3.4 percent). The 3.7 percent increase, which is an additional DM 1,785 billion, puts the defense quite well ahead in the "race," behind the budgets for Posts and Telecommunications (+ 51.3 percent to DM 15 billion), general financial administration (+ 13.3 percent to DM 19.3 billion), Federal Council (+ 5.8 percent to DM 21 billion), defense burdens (+ 5.6 percent to DM 1.7 billion) and foodstuffs and agriculture (+ 3.4 percent to DM 6.4 billion).

According to present concepts, the defense budget will increase 3.7 percent annually in the intermediate-range financial plans as well; only in this manner can the Federal Armed Forces maintain full deployment strength and increase their combat strength in the late 1980's and early 1990's, in Woerner's opinion. Despite all the planning optimism, 1986 could become a critical year, since the economic foundations for solving the problems of the 1990's must be laid during the period 1985-88, and they lie in the costly personnel sector. Hence there are plans for providing about 1,000 to 1,500 soldiers born between 1934 and 1944 with certain financial incentives, in order for them to seek new professional lives outside the Armed Forces before the end of their enlistment. Furthermore, if professional soldiers find no

Area of spending	1984			1985			
	Budget amount (DM 1,000)	Gain over last year	Share of total	Budget amount (DM 1,000)	Gain over last year	Share of total	More/less
Operating Costs							
--personnel costs (HGr 4)	19,722,720	+2.3%	41.0%	20,880,133	5.9%	41.8%	+1,157,413
--materiel maintenance & operation (Gr 552/553)	4,419,210	-0.8%	9.2%	4,340,410	-1.8%	8.7%	- 78,800
--other operating costs (OGr 51-54), parts HGr 6 and 9), for example food, fuel, rent for communications lines & EDP facilities, fixed asset management, management cost reimbursements to the lands, subsistence guarantees to conscripts and their families, NATO contributions	7,088,298	+1.0%	14.7%	7,101,681	+0.2%	14.2%	+ 13,383
Total Operating Costs:	31,230,228	+1.5%	64.9%	32,322,224	+3.5%	64.7%	+1,091,936
Defense Investment Costs							
--Research, development, testing (incl. grants, allocations to research institutions)	1,927,000	+5.6%	4.0%	2,488,800	+29.2%	5.0%	+ 561,800
--Military procurements	12,404,310	+5.0%	25.8%	12,275,150	- 1.0%	24.6%	- 129,160
--Military installations (construction incl. NATO infrastructure)	2,040,000	+10.2%	4.2%	265,000	+11.0%	4.5%	+ 225,000
--other investments (for example land purchases, acquisition of equipment and vehicles for management purposes)	539,457	+10.1%	1.1%	574,826	+ 6.6%	1.2%	+ 35,369
Total Defense Inv. Costs:	16,910,767	+ 5.9%	35.1%	17,603,776	+ 4.1%	35.3%	+ 693,009
Budget Amount:	48,140,995	+ 3.0%	100.0%	49,926,000	+ 3.7%	100.0%	+1,785,005

employment at the end of their enlistment, they are to be situated legally and financially so that they can receive unemployment compensation. Similarly, recruitment bonuses may have to be raised, if in the future fewer people sign up for long duty tours than had been hoped.

#### Decreasing Armament Deflator

With the 3.7 percent increase Germany does not, of course, reach the goal of a real increase of 3 or even 4 percent repeatedly demanded by the U.S. administration, but since a 1985 inflation rate of 2.9 percent is anticipated at the moment, a real increase of 0.8 percent will still result. Not much, but in relation to the expenses for armament investments it is still something, primarily against the background of a steadily decreasing armament deflator. In 1974 this was still 12.8 percent (with a 6.8 percent general deflator resulting from the gross social product of the FRG), but in the 1982 accounting year, with about DM 10 billion in investment expenditures, it fell to 4.2 percent, and for 1983 the ministry anticipates about 3 percent, according to preliminary calculations. With that, the armament deflator has come very close to the general deflator. The 4-percent additional spending demanded by the United States is too much, according to Woerner, when measured against the needs of the Federal Armed Forces. Woerner: "With this budget the Armed Forces have nothing to be ashamed of in the alliance."

The DM 49,926-billion defense budget--that is individual plan 14 plus about DM 600 million in supplemental personnel funds--is again approaching a share of approximately 20 percent of the Federal budget, as it had in the mid-1970's. In 1982 the share had dropped to 18.1 percent; after the "turnaround" it grew again, in 1983 to 18.5 percent and in 1984 to 18.7 percent. In 1985 it is to reach 19.2 percent.

#### More Freedom of Planning Again

As can be seen from the table, the operating costs continue to account for about two-thirds of the expenditures, with emphasis on the personnel costs. Defense investment spending increases slightly from 35.1 to 35.3 percent. Notable at first glance is the drop in procurement funds by about 1 percent to DM 12.275 billion. Here there is no new trend visible; on the contrary, the declining share of funds needed for acquisition of the present second-generation weapon systems makes itself felt. In 1983 71 percent of the procurement budget went for these systems (for example LEOPARD 2, TORNADO, the 122-class frigate), but in 1984 this share drops to 61 percent, in 1985 to 51 percent, in 1986 to 44 percent and in 1987 to 29 percent. This will finally create "room" for introduction of new procurement projects, including the necessary peripheral equipment specially stressed by Woerner. In addition there will again be more freedom of planning. Years ago the procurement volume had already been planned for years to come--with the familiar consequences in the event price increases occurred or individual plan 14 did not grow, as had been planned.

A few individual projects: The TORNADO will "only" require DM 2.94 billion in 1985, as opposed to DM 3.35 billion this year. The last procurement funds for this program are due in 1989. The AWACS program comes to an end, and DM 250 million fewer will be spent in 1985 for LEOPARD 2 than in 1984.

On the other hand, however, munitions costs will increase by DM 300 million to DM 2.4 billion (which is even said to lead to difficulties for the German munitions industry, which is not capable of expanding its production that quickly), DM 175 million more will be spent on communications materiel and DM 220 million more for wheeled vehicles.

#### 29.2 Percent More

The highest rate of increase is noted for research and development spending: as much as 29.2 percent or DM 561.8 million, which brings the appropriation to DM 2,489 billion, or 5 percent of total defense spending, as compared to 4 percent this year. Half of the additional funds goes to defense-technological development projects, and for the first time DM 180 million were allocated to Fighter 90, for whose development an initial DM 3.68 billion have been included in the intermediate and long-range plans up to 1996, without the Federal Government for that reason having given its final consent to a development project for Fighter 90. According to Woerner no conclusions should be drawn from this figure concerning a specific German development share in the future European fighter aircraft. Furthermore, it appears as if each country will not have an equal share of all components. On the part of the FRG there might be a possibility that for the Luftwaffe's JF 90's, for example, a modified version of the radar to be installed in the F-4F in the course of the planned increase in combat strength will be selected.

The R & D funds also include money for development-technological support of the TORNADO, including some work with respect to the ECR version. In the research sector, the long-awaited breakthrough cannot yet be perceived, at least for the defense research institutes--here the rates of increase are still very modest.

The spending for military installations will also grow disproportionately by 11 percent to DM 2,265 billion. Part of that goes into the national expenditures for Wartime Host Nation Support; DM 140 million have been planned for this in 1985, to which are added certain items from the so-called allocation bottleneck funds. According to Woerner, the obligations to the WHNS will be met both for personnel and materiel.

With DM 4.34 billion the cost of materiel maintenance and operation is the smallest item of the running expenses, which happily drop 1.8 percent because of the increase in new materiel for the Federal Armed Forces. In addition, economy and rationalization efforts were successful--as Minister Woerner reported, the military branches were even able to improve the training activity, according to their own information.

#### Goal: 266,000 Professional or Regular Soldiers

The largest chunk of the budget continues to be the personnel costs, which have grown by 5.9 percent to DM 20.88 billion. When it comes to solving the personnel problems--to which Woerner devotes his principal effort--the minister can record some initial successes. In 1985 2,000 more long-termers will again be recruited, so that the number of professional and regular soldiers will then increase to 260,500. By 1988 it is hoped that the goal of 266,000, in Woerner's eyes a "balanced ratio between time soldiers and conscripts," will have been reached. (In comparison: In 1981 there were 259,000 professional and regular soldiers, in 1982 251,000, in 1983 254,000 and in 1984 258,500 of whom 62,000 were professional soldiers.) The increase in the number of professional and regular soldiers can also be regarded as a certain precautionary measure in view of the decline in incoming conscripts occurring in the late 1970's [sic].

In 1985 the number of reserve duty training slots will again be increased by 6,100, so that a total of 183,000 reservists will have the opportunity of serving in the Armed Forces during the year. The highest level is to be reached in 1986 with 200,000 reservists, for which the number of slots must be increased by another 6,500.

#### Reduction of the Allocation Bottleneck

Contrary to the firm intention of the Federal Government not to create any additional positions in 1985, 1,022 new service positions for soldiers will be established: 287 positions to complete Army Structure 4 (as the last of a total of 2,733--3,000 had been asked for), 164 additional officer candidate positions, 120 weapon systems officers for TORNADO (finally!), 110 officers in professional military service, 88 medical officers and one general's position each for MAD [Counterintelligence Service], KVAE [Conference on Defense and Disarmament in Europe] in Stockholm and NATO's Defense College in Rome. Furthermore, the allocation bottleneck can be reduced by 250 positions, which will make 3,500 appropriations changes possible within 3 years. In the civilian area of the Armed Forces (no new service positions there) 645 new training slots are to be established, so that the Armed Forces will then have a total of 4,820 trainees--one-third more than necessary for its own requirements.

The Federal Government will now go to the responsible committees with the abovementioned budget levels. The delegates will certainly still make a few changes upward or downward in the items. Perhaps that will permit one or another improvement in the research sector; failure to do so will take its toll in a few years.

11949

CSO: 3620/447

## LABOR PARTY SEEN WANTING TO REACH DEFENSE CONSENSUS

Oslo AFTENPOSTEN in Norwegian 18 Sep 84 p 11

[Article by Terje Svabø: "Labor Party's Platform Proposal Holds Tightly to Agreement: Security Policy Peace"]

[Excerpts] The Labor Party evidently does not want the security policy to be a dominant topic in the coming election campaign before the Storting election on 9 September of next year. The party is adhering to the compromise which was entered into in the Storting this spring. At a press conference yesterday, Party Chairman Gro Harlem Brundtland stressed that the proposal for the platform for 1985 to 1989 was in no point at variance with the agreement which was reached in the recommendation for the government's arms reduction report.

The proposal for the platform for the coming Storting period was presented at a seminar and a press conference yesterday. The proposal is to be discussed in the months to come in the party's local chapters, but the Labor Party is also interested in hearing the opinions of others regarding the platform. In this connection, a number of contact meetings have been planned between the party leadership and interest organizations regarding the proposal. The first meeting is being held already today with the leadership of the Norwegian Fishermen's Association, the United Organization for the Functionally Impaired and the Norwegian Federation of the Retired.

#### Peace Regarding Zones

The Labor Party does not want new controversies being stirred up regarding Norway's security policy. Therefore, the platform proposal represents a followup of a compromise which was entered into in the Storting this spring between the government parties and the Labor Party. It is being clearly emphasized, among other things, that work for a nuclear-weapons-free zone must occur within the framework of Norway's NATO membership and with regard for the security policy arrangements of the other Scandinavian countries.

If the Labor Party is again in the position of governing after the election, the party will commit itself to taking the initiative to develop a working plan in order to realize a nuclear-weapons-free zone in the Scandinavia area. It is asserted that the talks on nuclear weapons must be based on a freeze on

all types of nuclear weapons. Ex-Foreign-Minister Knut Frydenlund, now chairman of the Armed Forces Committee, made it clear at a press conference in Bergen yesterday that it goes without saying that the agreement to a freeze must be verifiable.

The Labor Party's youth organization, the AUF, is well satisfied with the wording included in the chapter regarding compulsory military service. Here it reads, among other things, that the door must be opened for permission to refuse military service on the basis of serious convictions having also to include a situation-determined conviction. In addition, the party will assess the differentiation of the length of compulsory military service if this is necessary to prevent cutbacks in the percentage serving their required time in the armed forces. The Labor Party wants draftees to be given an opportunity for political activity offerings like meetings and study groups.

#### Railway in North

The program plank regarding extension of the North Norway Railway will probably be met by a debate and possible disappointment for the most avid supporters of the railway. It reads that the remaining planning of the North Norway Railway must be concluded. It is being asked that construction work be begun on the Fauske-Narvik stretches. The progress of the construction work will be tailored to the budget situation of the moment.

8985

CSO: 3639/164

## INNOVATION WEAKNESS REVEALED BY TOO FEW 'KEY' PATENTS

Duesseldorf WIRTSCHAFTSWOCHE in German 20 Jul 84 pp 10-13

[Article: "Germans Loose Their Bounce"]

[Text] The thesis concerning the widespread weakness of German industry in regard to innovations has been carried too far. Nevertheless, weakness in important areas is of concern.

The prediction of Heinz Harnisch, director of Hoechst AG's research center, that "a country whose high technology is not on the right track will also go astray in its traditional production," is a warning to Germans. There are widespread doubts today about German industry's ability to be creative and innovative. Federal Minister of Economics Martin Bangemann barely in office, on the other hand sees no reason to doubt the German industry's ability to be competitive. He characterized its position in world markets as "relatively good," even though an in-house study points out that "German enterprises have problems in certain technological areas."

The minister finds support from IFO, the Munich Institute for Economic Research, which believes that the often referred to weakness in innovations on the part of German industry amounts to false speculation and panic-mongering. But even IFO has discovered weaknesses in important areas. IFO researchers have diagnosed "structural shortages in the area of product innovations." Inquiries with businesses revealed that products which are already more than 5 years old accounted for most of their sales and which, according to the product-life-cycle classification, fit into the stagnation or shrinking demand phase.

However, to remain competitive in the market place, a business must always include new products in its program. If old products predominate, there is danger of reduced growth, loss of competitive position, and eventually bankruptcy; at least this is the main thesis of the life-cycle-of-products theory developed by the science of applied economics. The situation is indeed dramatic. In 1979 products belonging to the stagnation or shrinking demand phase still accounted for only 57.3 percent, but in the next 3 years their share increased to over 70 percent.

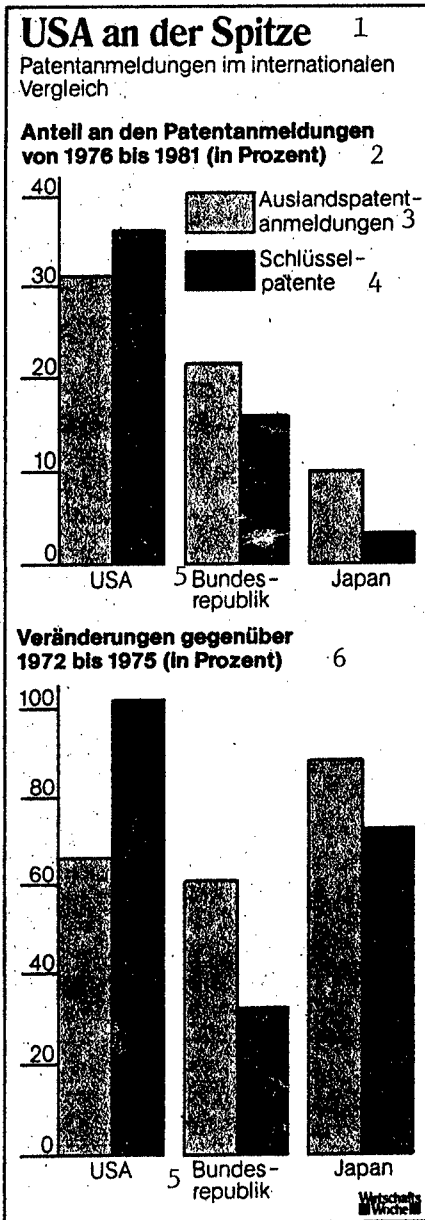
Nevertheless, the figures for 1983, which IFO is in the process of compiling, give some reason for hope. For the first time, newer products again increased

their share of sales. Therefore, according to the IFO Institute, "improved prospects for growth appear likely" for the medium-term. It would be premature, however, to express great joy over a new trend toward innovative strength since the results for 1983, as IFO researcher Heinz Schmalholz concedes, may also be overstated because of favorable economic developments.

The easiest way of measuring the future competitive position of German industry is through patent statistics. Experience has shown that the interval between the time an invention is patented to its economic profitability is about 4-7 years. Patent statistics, therefore, serve as an early indicator. If the Federal Republic's technology is in danger of losing its position, a decline in German activity in the area of inventions should already be an indicator of this threat.

The trend in this area is, however, ambiguous. In the international arena the Federal Republic is in good position with regard to foreign patents, that is patents for which applications have been filed in at least one foreign patent office; because of the expense involved, this is normally done only with patents considered economically relevant (see graph). Of all foreign patents applied for, a total of 1.5 million, every fifth is from the Federal Republic. Only the United States with 30.8 percent has a larger share. The competitor Japan, on the other hand, has only half as many as the Federal Republic; however, the former's rate of increase is better than average.

The situation looks quite different with regard to key patents. These are patents considered so important for technology and business that they are applied for in at least 15 countries worldwide. Key patents are therefore a yardstick for developments in high technology for which it is difficult to compile statistics. "The German position in this area is weaker," commented IFO's Konrad Faust, "Germany's advanced research is obviously lagging behind."



**KEY:**

1. US Leads Comparison of international patent applications
2. share of patent applications from 1976-81 (in percent)
3. Foreign patents
4. Key patents
5. FRG
6. Changes between 1972 and 1975 (in percent)

The Federal Republic is also showing signs of weakness with regard to patents relating to technologies affecting several industrial branches; such patents relate to basic inventions and are, therefore, indicative of innovative ability.

These technologies are the domain of the United States; they are basic for the growth of such new fields as microelectronics, optical electronics, or biotechnology. It is therefore of little solace that the Federal Republic, according to Faust, is "still in pretty good shape" compared to the rest of Europe.

According to IFO's patent analysis, the future for industries which could not keep pace in the accelerated development of microelectronics appears more difficult. While Germany was able to maintain its position with regard to mechanical engineering patents, patents in microelectronics--a field of particular importance to German export--are based primarily on research carried out in the United States and Japan. Consequently IFO concluded that "there obviously is a microelectronic gap" in the German engineering industry.

This gap is particularly pronounced in the machine tool industry. While microelectronic patents increased here by only 40 percent, the growth rates for the United States and Japan were 150 and 120 percent respectively. German mechanical engineering, therefore, has lost its bounce in the technical international competition to use microelectronics to achieve significant advances in production.

It is, therefore, no coincidence that Helmuth Schaak, executive manager of the Paul Leistritz machine works, complained to Karl Heinz Beckurts, manager of the electronic giant Siemens, during an IFO meeting that German machine tool manufacturers found "no partners" in the area of microelectronics. Contrary to the United States and Japan, the Federal Republic has no small manufacturers of component parts whose technology is geared toward the specific needs of German machine tool manufacturers operating in a predominantly middle-class environment.

12628

CSO: 3620/426

## TRANSFER OF FEDERAL HOLDINGS TO PRIVATE OWNERSHIP URGED

Duesseldorf WIRTSCHAFTSWOCHE in German 27 Jul 84 pp 18-20

[Article: "Transfer to Private Ownership. Bonn Takes Its Time"/]

[Text] Minister of Finance Gerhard Stoltenberg sees himself being subjected to increasing pressure by the coalition parties to finally make good on the promise to transfer federal holdings to private ownership.

Michael Glos, CSU deputy in the Bundestag, promised assistance in matters pertaining to such transfers to private ownership. "We at any rate," said Glos at the 1984 budget hearings, "will not only support the Minister of Finance in this endeavor, but will also, if necessary, urge him on."

Following the partial transfer of Veba AG to private ownership, which in terms of financial policy was a mistake, but which with revenues of DM 770 million (70 million more than expected) was financially profitable, Stoltenberg promised a "comprehensive concept for further reasonable transfers to private ownership."

Deputies from the coalition parties now see that promises of support are probably not adequate. Increased calls for action are now necessary. Bernhard Friedmann, CDU deputy in the Bundestag, even suspects that "apparently many officials in the Ministry of Finance are taking their time because they have begun to enjoy their positions on the boards of federal holdings."

The Ministry of Finance originally wanted to conclude its examination of additional federal holdings suitable for transfer to private ownership by the end of March. Now the plan will not be released until the fall. Unsure whether this will actually happen, the party spokesmen for matters of economic policy, Helmut Haussmann (FDP) and Matthias Wissmann (CDU), felt compelled to once again jointly emphasize the already well-known basic tenets of what transfer to private ownership means, to "welcome" the good intentions and to praise the "necessary care" with which the government was examining its holdings.

That the company management is being included in the decision-making process, a fact which Haussmann and Wissmann find worthy of mention, really goes without saying. But there is a specific reason for their mentioning the fact, because

the Minister of Finance is caught in a dilemma: On the one hand the coalition parties are demanding more and more stridently that the go-ahead finally be given, and this means naming by name each enterprise included on the list of those to be transferred to private ownership. On the other hand, the Lufthansa example shows that any premature publicity has grave consequences which could put the plan in disarray if it is not implemented concurrently with the release of publicity.

In the fall of last year already, Lufthansa thought it necessary to increase its nominal capital by DM 300 million from the prior DM 900 million, among other reasons because at the end of the 1980's about DM 6 billion will have to be invested in spare parts for its fleet of airplanes.

When it became clear, however, that Lufthansa headed the list of firms to be transferred to private ownership as per the plans of the Ministry of Finance in agreement with the Ministry of Transport, Heinz Ruhnau, the head of Lufthansa, immediately deferred the capital increase--even to the surprise of some of his fellow board members, according to sources within the company. The call by the FDP for "passive transfers to private ownership" as a first step, in other words at least to no longer go along with capital increases, is already taking place.

In the future Lufthansa and the other federal holdings must realize that they will have to obtain their funds in the capital market and not from their principal shareholder. This naturally involves entirely different arrangements.

Companies quoted on the stock exchange, such as Veba AG, Deutsche Lufthansa AG or Volkswagenwerk AG, must then look at the stock market structure in an entirely new light. A similar situation exists for federal holdings which as corporations must first want to obtain private capital through the stock exchanges.

The bellyaches plaguing many officials in Stoltenberg's ministry are so widespread that the question arises whether the announced transfers to complete or partial private ownership of several federal holdings can lead to the subscription of sufficient private share capital in the case of such flourishing enterprises as Lufthansa or the recently improved operations of the Viag Company.

Since the market prices of shares have been falling, such fears have increased. One would rather enter a bull market than a bear market. It appears certain that Stoltenberg will not be able to release a list of the enterprises to be transferred to private ownership, even to ward off increasing displeasure within the coalition parties. Essentially the federal government will limit itself to the following in order to promote transfers to private ownership: no further increases in holdings, jointly financing increases in share capital only in case of reorganization proceedings and appeals to the Laender and the local communities. The process is already well underway, as indicated by the partial transfer to private ownership of the Berliner Bank AG. The revenues of the local communities from the sale of assets has increased from DM 2.38 billion in 1975 to DM 5.4 billion in 1983.

Between 1982 and 1983 alone the local communities sold more assets for about a billion marks. In so doing, they followed the suggestion recently made by a panel of experts in its annual 1983/84 appraisal of overall economic development: "It is obvious that one should combat diminished investments with these funds," i.e. remain neutral in terms of assets. About 70 percent of these profits are derived from the sale of real estate. And according to a survey by the federal government these profits are regularly used again for the acquisition of real estate "to promote real estate policy in the local communities;" as the federal government presumes in answer to the question concerning the situation of the cities and local communities.

Basic legal principles such as those laid down in paragraph 65 of the federal budget regulations--participation only when the aim cannot be better and more economically achieved some other way--probably do not play the role they were intended to play either in the federal government or in many local communities. What is important is only what comes into the till and how any savings or profits can be used.

12552

CSO: 3620 /416

## COMPARISON OF NATIONAL STOCK EXCHANGE TO WORLD MARKETS

Paris LES ECHOS in French 1 Aug 84 p 8

[Article by Jean-Claude Roumat: "Not a Single French One Among the 500 First World Capitalizations"]

[Text] During this Olympic season, self-aggrandizement is not appropriate. On the world level, the French, contrary to what they believe, remain Lilliputians. And if the first results from the Games were not enough to give them a more accurate appreciation of their true value, the comparison with the various world Stock Markets, which are real and permanent financial Olympic stadiums, should also help them.

Within the government circles, they have finally realized the importance of international competition as far as business is concerned and the need for French companies to conquer foreign markets. They still have to acquire the concrete conditions for success. For the moment, they do not have the financial scope which would allow them to compete on an equal footing with their foreign competitors.

The Stock Market criterion, which is one element of appraisal among others, demonstrates that they do not measure up. Despite the almost continuous rise in French securities over the last 18 months, the Paris Stock Exchange still makes a poor showing in the eyes of the international financiers.

IBM is Worth 50 Percent More Than the Paris Stock Exchange

Admittedly, the nationalization of the main industrial and financial firms had taken from the Paris market some 50 billion francs. But, since then, a spectacular recovery has been made. And the capitalization of French shares at the end of June 1984 was 136 billion francs more than it was before the Left came into power in May 1981.

Despite this 57 percent improvement, the Parisian capitalization is far from filling the gap between it and the other principal world markets.

A spectacular example, well-known certainly, but which always strikes the imagination when one compares the figures: IBM by itself is worth 50 percent more than the totality of the 875 French companies negotiated on the Paris

Stock Exchange. Wall Street estimates its leader at approximately 570 billion francs, on 30 June 1984, while at the same date, the total Parisian capitalization amounted to 374 billion francs. And even adding the 50 billion subtracted by nationalization, one would reach a total of 425 billion, still lower by 145 billion francs than IBM's worth. The Europeans would do well to worry about the computer giant.

Another equally striking fact: of the first 500 world Stock Market capitalizations established on 30 June 1984, the Japanese brokerage firm Wako Economic Research Institute does not list any French companies. In this list there figure among others 272 American companies, 106 Japanese, 39 British, 21 Canadian and 16 West German.

Behind IBM, at the head of the list with a value of \$64.58 billion, come Exxon (\$34.48 billion), General Electric (23.93), General Motors (20.72), Standard Oil (16.69) and ATT (16.47). Toyota, the top Japanese car manufacturer, arrives in seventh position with \$13.51 billion.

The top French firm, Elf Aquitaine, with \$2.7 billion on 30 June was therefore not listed by the Japanese firm which established this world classification. And since then Elf Aquitaine's stock has collapsed. Its capitalization today is at \$1.75 billion.

Even the French athletes have a chance to do better in Los Angeles. That shows how much progress the national companies have to make.

8956

CSO: 3519/486

## AUTO INDUSTRY RECEIVES ADDITIONAL MODERNIZATION FUNDS

Paris LES ECHOS in French 1 Aug 84 p 5

[Article: "An Extra Billion for the Industrial Modernization Fund"]

[Text] The industrial modernization fund (FIM) is successful. Too much so for its financial capabilities. The government, therefore, decided yesterday at the Cabinet meeting to allocate to it an extra billion francs. Since its start, last 1 September, the fund will thus have been granted 11 billion francs. An impressive figure from which 600 companies have already benefitted.

Laurent Fabius is following closely the growth of his brain-child. Indeed, it was the present prime minister who, at the time he was in charge of Industry, succeeded in tearing himself away from the financial guardianship of the Rue de Rivoli. By grabbing part of the funds collected by the Codevi, he obtained his autonomy and the means to aid the technological mutation of the French companies, the big ones as well as the little ones. At the time of the revision of the steel plan, the government took advantage of the existence of this organization and of the speed of its actions, to entrust it also with responsibilities in the conversion poles. To this effect, 2 billion francs more had already been allocated to the FIM. Since its creation, that is within approximately 10 months, the fund has granted 5.5 billion francs to 600 enterprises in the form of participation loans or leasing.

#### The Automobile Principal Beneficiary

The ANVAR statistics (it is the national research development Agency which manages the fund's use) show that the transportation sector has benefitted the most by far from the FIM: 38 percent of the participation loans distributed, which represents the tidy sum of 1.6 billion francs.

Indeed, it is the automobile manufacturers who have monopolized most of this public aid. Renault and Peugeot have received 1.250 billion francs to modernize Poissy or to decrease the vehicles' gas consumption.

Although more modestly, the electronic network has been well endowed, with 400 million in participation loans, a little less than for agriculture and the agro-food industry (approximately 500 million). The textile industry, the chemical industry and the steel industry have received loans between 200 and 300 million francs.

This form of support covers in a general way half the sums which the companies have pledged.

With time, the success of the formula cannot be denied. ANVAR today has 160 files under consideration. French industry is modernizing. This is all the more true since the banks are supporting the FIM's action. They, too, are mobilizing part of the liquid assets obtained through the Codevi to distribute loans to the most enterprising industrialists.

They could do better provided that the Treasury authorizes them.

8956

CSO: 3519/486

## POST-ELECTORAL CHOICES FACING GOVERNMENT

Athens POLITIKA THEMATA in Greek 22-28 Jun 84 p 21

[Article by Ev. Androulidakis: "Choosing a Policy"]

[Excerpts] The electoral battle of the Euro-elections, fought with stubbornness and a general mobilization of forces from the two parties, did not produce results, did not produce a victory.

One phenomenon of wide significance, however, deserves to be noted: the highest-income areas, higher even than Athens and Salonica, gave a large majority to PASOK. Crete, Kavala, Kerkyra voted PASOK. Does that indicate a preference for socialism? It would be paradoxical to interpret the phenomenon in that way. It appears more likely either that the negative consequences of the socialist transformation being undertaken have not yet made themselves felt there, or that the desire for a change for the better, in conjunction with the economic well-being that still exists, is leading to the government's being given yet another chance.

The economy in ruins.

What is happening to the economy? There is no doubt that one of the main problems, if not the main one, occupying the government is the problem of the economy.

There are three paths that the government can take: a) Change goals. Content itself with radical but not extreme reforms. b) Speed up the pace of the socialist transformation. To choose this path would bring great economic, but also social dangers. The handling of these dangers would have an effect on our democracy, as Minister of National Economy and Finance Gerasimos Arsenis had already determined in 1979.

The extreme left elements inside and outside PASOK are pushing towards this path. After the results of the elections, the pressure from them may find political expression. The natural results of speeding up the socialist transformation, at least in the first stages, would be a deterioration in the economy and sharper opposition from the several social groups. Industrialists, merchants, craftsmen, farmers, even working people would

have every reason to react to the loss of control, or even ownership, of the means of production, and the working people to the variegated limitations on their trade union rights; these limitations range from the celebrated Article 4 to seizing the leadership of trade union organizations (GSEE [Greek General Confederation of Labor], ADEDY [Supreme Administrative Committee of Civil Servants], PASEGES [Panhellenic Supreme Confederation of Unions of Agricultural Cooperatives], etc) by various means.

The rallying of the productive classes around the organization that was born at the meeting on 31 May in Kolokotronis Square--an organization that confirms the deep crisis in relations with the government--is a disquieting reality that the government is obliged to take seriously into account in its calculations, unless it prefers force to popular consensus....

#### Slow Down

The third path that the government can follow is to slow down the pace of the socialist transformation. This would imitate France, which PASOK took for a model for a time. Such a tactic, with a parallel moderation of goals, would limit the turmoil in the economy, which has arrived at a truly critical state, when recourse to the IMF appears more likely all the time. This slowing down would also lead to a relaxation of the tension in the relations between the government and the productive classes, and perhaps to an improvement in the psychological climate. Such an improvement is a prerequisite for the private investments through which unemployment will moderate and the national income will increase in reality rather than in appearance only.

The conclusion is that, just as the results of the political battle of 17 June were ambiguous, so too economic policy is up in the air and uncertain. The situation, however, demands that decisions be made and that a policy be chosen, and perhaps also that goals be reviewed.

12593

CSO: 3521/284

## BRIEFS

BAUXITE EXPORTS TO USSR--Every year AEM Voxitai Parnassou [Parnassos Bauxites Metals Corporation] exports to the Soviet Union 300,000 [metric] tons of Greek bauxite, worth about \$10 million today. This point was stressed at the press conference given yesterday on the occasion of 30 years of Greek bauxite exports to the USSR by the Greek mining company Voxitai Parnassou. According to data provided by the company's managing director, Ms Kaiti Kyriakopoulou, in those 30 years since 1954, a total of 7.8 million tons of bauxite, worth \$100 million in foreign exchange, has been exported to the USSR. After the war Greek bauxite exports to the Soviet Union started up again in 1954 with 9,000 tons, worth around \$48,000, and reached 400,000 tons, worth \$12 million, in 1981. Since then exports have stabilized at a level of 300,000-320,000 tons a year, worth around \$10 million. During the past 30 years a fruitful cooperation has developed between Voxitai Parnassou and the Soviet organization (V/O Raznoimport). For Greece, this cooperation has secured a steady market for bauxite; for Soviet industry it has secured a reliable source of raw material required in the production of aluminum and various other products requiring high-quality bauxite. [Text] [Athens I VRADYNI in Greek 14 Jun 84 p 15] 12593

STATISTICS ON 1983 INDUSTRIAL EXPORTS--In 1983 exports of all sorts amounted to 392,652,098,000 drachmas, against imports of 848,294,806,000 drachmas. That is to say that exports of Greek products covered about 49 percent of the country's imports. This is one result of a study of Greek foreign trade data carried out by the statistical service of EEVP [Union of Industrial Exporters]. This EEVP study, which lays particular stress on industrial imports, is the latest in the series of statistical publications aimed at keeping EEVP members continuously and clearly informed on the basic figures of the nation's foreign trade, based on official statistical data. The study was published yesterday and includes a total of eight tables. Of these, five report data from customs statistics of the National Statistical Service. The other three tables provide data on foreign exchange statistics (receipts, payments) from the Bank of Greece, as well as yearly balance of payments figures in millions of dollars for 1981, 1982, and 1983 from the bank's economic studies directorate. It appears from this EEVP study that around 65 percent of total exports of Greek products go to the countries of Europe, and of this amount the EEC absorbs 53 percent. Industrial exports amounted to 279,546 million drachmas in 1983. According to the foreign exchange data, imports cost U.S. \$9,491,298,000 (payments and commercial credits) in 1983, against receipts from exports amounting to U.S. \$4,105,350 [as published] in the same year. [Text] [Athens MESIMVRINI in Greek 19 Jun 84 p 15] 12593  
CSO: 3521/284

## DATA ON IMPORTS, BALANCE OF TRADE DEFICIT

Lisbon DIARIO DE NOTICIAS in Portuguese 12 Aug 84 p 4

[Text] For the first half of 1984, exports covered imports at the rate of 64.41 percent, which represents 349,913,000 contos in exports and 541,739,000 contos worth of exports [sic], according to data from the National Statistical Institute.

The trade deficit from January to June was 192,826,000 contos, 19,485,000 contos less than for the same period in 1983, when there was a 212,311,000 conto deficit.

The improvement in the trade balance in escudos is attributed to a stronger growth of exports, which increased by 55 percent during the first 6 months of this year in comparison with the same period in 1983, and to a 23.84 percent increase in imports for the same period.

During the first half of 1983, imports totalled 437,447,000 contos and exports 225,136,000 contos.

The coverage rate for the first 6 months of 1983 was 51.47 percent.

During June, Portuguese exports totalled about 58.3 million contos and imports amounted to 68.8 million contos. In comparison with May 1984, this represented a decrease of approximately 5 million contos in exports and 37.6 million contos in imports.

The cumulative deficit for the first 5 months of this year was 182.3 million contos, and the January-June deficit was 192.8 million contos, for an increase of 10.5 million contos or 5.75 percent.

## Positive Balances with the EEC and EFTA

In trade with other economic regions, Portugal recorded a positive balance of 7.2 million contos with the European Economic Community, 12.3 million contos with EFTA, and 13.9 million contos with its former colonies for the first half of this year.

Portugal showed a negative balance of 71.5 million contos in its trade with the OECD, and a 90.9 million conto deficit with OPEC.

Portugal's 7.3 million conto positive balance for trade with the EEC corresponds to 201.8 million contos in exports (57.84 percent of total exports) and 194.5 in imports (35.9 percent of total imports).

For the same period of 1983, Portugal showed a trade deficit of 46.2 million contos, with 133.7 million contos worth of exports and 179.9 million contos for imports.

Within the EEC, Portugal recorded the largest surplus with the United Kingdom at about 16 million contos, followed by France with 4.9 million contos and Denmark with 2.5.

For the first half of the year, it showed deficits in its trade with Italy (about 11.9 million contos) and West Germany (5.8 million contos).

As regards EFTA countries, with the exception of Iceland (340,000 conto deficit) and Switzerland (466,000 conto deficit), Portugal had positive trade balances with the remaining partners in this economic zone, including more than 7 million contos with Sweden, 3 million with Finland and 1.9 with Norway.

For the first 6 months of this year, Portugal had a trade deficit of nearly 16 million contos with Spain (for the same period last year, the deficit was about 13 million contos), 60 million contos with the United States (around 53 in 1983), 9 million with Japan, and 121,000 contos with Canada.

Portugal had positive trade balances with all the former Portuguese-speaking countries, including a 9 million contos surplus with Angola, 3 million with Mozambique, and 1.2 million with Cape Verde.

As for the Eastern Bloc countries, there was a negative balance with the USSR (-2.4 million contos) and the GDR (-1 million contos).

Portugal's principal imports for the first 6 months of the year were vegetable products (about 76 million contos), "electrical machinery and equipment" (valued at 67 million contos), "chemicals" (49 million contos) and "transportation material" (about 39 million contos).

9805

CSO: 3542/110

## FOREIGN INVESTMENT SEEN FROM DIFFERENT PERSPECTIVES

## Service Sector

Lisbon DIARIO DE NOTICIAS in Portuguese 3 Sep 84 p 3

[Text] Direct foreign investment [IDE] in Portugal totaled 18.5 million contos last year, more than half of it in service sectors, according to the 1983 report from the Institute of Foreign Investment (IIE)

Direct foreign investment in the trade sector totaled 4.3 million contos (26.3 percent of the total), with emphasis on wholesale trade activities (3 million contos, or 18.3 percent of total investments).

In this area, the investments were concentrated on pharmaceuticals, which alone accounted for 1.7 million contos.

In service activities, the emphasis was on the banking sector and banking-related activities, with about 17.3 percent of the IDE, the report adds.

Authorized direct foreign investment in the service sector grew significantly in 1983: 4.7 percent in business, restaurants and hotels and 172 percent in other services.

The report notes a growth trend in investments in services, in contrast to a continuing decline in investments in the manufacturing industry.

Despite an absolute growth of 52.7 percent, corresponding to an authorized value of 6.2 million contos, the weight of the manufacturing industry declined, representing 38.1 percent of the authorized IDE, as against 41 percent in 1982.

Noteworthy among the industrial sectors were electrometalwork, with about 2.1 million contos, and base metallurgical industries, with almost 1 million contos. Investments in both sectors were largely linked to the Renault project.

## Continued Decline Noted

Lisbon EXPRESSO in Portuguese 25 Aug 84 p 11

[Text] Foreign investment continues to be frankly poor, pointing to a further decline during this year, according to data released this week by the Institute

of Foreign Investment (IIE); they indicate an increase of 15.1 percent in direct foreign investments in the first 6 months of this year over the first 6 months of 1983, but measured in escudos. Inasmuch as the inflation rate in the intervening period clearly exceeded 25 percent, it may be inferred that foreign investment declined again in real terms.

Continuing its practice of not divulging the dollar figures--with regard to foreign investments which involve a direct importation of foreign exchange--the IIE does not offer a comparison between the two 6-month periods; in the interim, the escudo was devalued more than 35 percent in relation to U.S. currency.

6362

CSO: 3542/125

## SAVINGS FROM CAHORA BASSA DAM ELECTRICITY PRODUCTION

Lisbon TEMPO in Portuguese 9 Aug 84 p 40

[Text] Portugal will cease its payments of \$1 million a month when production of electrical power for South Africa begins at the Cahora Bassa dam in October-November, according to a report to TEMPO by Antonio de Almeida, state treasury secretary, who recently participated in tripartite meetings of Portuguese, South African and Mozambican delegations.

According to the latest agreement on Cahora Bassa, any of the three participating countries may convene another meeting. The recent meeting in Lisbon was convened at the initiative of the Mozambican delegation, which wanted to bring Portugal and South Africa up to date on the situation regarding the dam and supply lines. As a result of security provided by the Armed Forces of Mozambique, with the support of South African officers and soldiers, the dam is no longer being sabotaged and should begin providing power in October or November. The Mozambican delegation that came to Lisbon was made up of the highest-level officials, including the Mozambican Minister of Industry and Energy, the new Mozambican managers of Cahora Bassa, Dr Gamito and Dr Veloso, the manager of the Bank of Mozambique and the Director General of Energy, Engineer Juliao. Portugal was asked to contribute to extending the dam by building a North power plant, which would involve an investment of 100 million contos. Although the Portuguese representative said that Portugal would study the matter, it is known that Portugal is not in a position to invest further in Cahora Bassa.

Portugal is interested primarily in freeing itself of its \$1 million a month obligation, not to mention its foreign debt, and so it is urgent for the supply lines to South Africa to begin operations. The operating "surplus" will be used by our country to pay the remaining debts arising from Cahora Bassa owed domestically and to West Germany and South Africa.

9805

CSO: 3542/110

## BRIEFS

UNEMPLOYMENT RISE PREDICTED--Twenty percent of the Northeastern migrant workers crossing the border this year are returning permanently to the country, according to a report by the Border Service to ANOP. The District Employment Services believe that the return of migrant workers will raise "unemployment in the northeast to worrisome levels." A report from the Services stated that "the infrastructure has not been established in the region and youths of less than 25 years of age are desperately seeking jobs without success, in spite of the fact that most of them are trained or have a university education. [Text] [Lisbon O JORNAL in Portuguese 10 Aug 84 p 64] 9805

JAPANESE LOAN--Portugal has contracted a loan for 500 million yen (about 300,000 contos) to finance investments under the plan or "other particularly productive projects." According to the document published this week in the "Gazette of the Republic," the loan will be for 10 years, in the form of bonds to be subscribed by Japanese financial institutions, with no public offering. It will be amortized in five equal annual installments beginning in 1990, at an interest rate to be fixed on the basis of the rates prevailing on the Japanese capital market. [Text] [Lisbon EXPRESSO in Portuguese 18 Aug 84 p 11] 9805

ESCUDO ZONE DISCUSSED--The possibility of setting up an African escudo zone for Portuguese-speaking countries, which would possibly be modelled after the French franc zone, was discussed officially for the first time by representatives of those countries, after the idea was officially announced in Lisbon during a visit by the President of Guinea-Bissau, Joao Bernardo Vieira. It was in Bissau, where the ministers of foreign affairs of the "five" met this week, that the matter was presented collectively. A decision, however, has been deferred until the next summit meeting of those countries, which will be held towards the end of the year in Sao Tome and Principe. The Guinean initiative, which was presented informally, was generally accepted by the other participants, according to some sources. The final communique, however, made no reference to the subject, or to cooperative arrangements in which Portugal may participate. The State Secretary for International Cooperation in the Bissau Government, Bernardino Gomes, who acted as the spokesman of the meeting, stressed the fact that the idea had only been introduced with an explanation of the underlying reasons. He added that the consensus of the "five" for now was "to receive more information on the subject." [Excerpts] [Lisbon EXPRESSO in Portuguese 11 Aug 84 p 3] 9805

DECREASE IN EMPLOYMENT--Total employment declined 1.1 percent between December 1983 and April 1984, although the decline was not as great as that registered in the last quarter of 1983 (1.9 percent). According to the quarterly survey of the Labor Ministry Statistical Service, released on Wednesday, the drop in employment was sharpest in the sectors of fishing (8.1 percent), civil construction (5.2 percent), tobacco (3.8 percent) and manufacture of transport equipment (3.3 percent). The Labor Ministry analysis reveals that permanent employees represented 87 percent of all workers, whereas 12.9 percent were under temporary contracts. This type of contract was more prevalent in the sectors of civil construction (40.2 percent), clothing (20.1 percent) and restaurants and hotels (21.7 percent). [Text] [Lisbon EXPRESSO in Portuguese 25 Aug 84 p 11] 6362

CSO: 3542/125

## SURVEY OF RECENT MADRID PESSIMISM OVER EEC TALKS

Madrid EL ALCAZAR in Spanish 4 Sep 84 p 10

[Text] The French minister for European affairs, Roland Dumas, has confirmed the situation marked by postponement and blocking of Spain's entry into the European Common Market that has been taking shape in recent months. According to EFE, Roland Dumas stated in Brussels that the EEC will complete the negotiations with Portugal before doing so with Spain. This means that Mitterrand's claims that the discussions with Spain "might end in a stalemate" are a proven fact.

According to Dumas, at the beginning of October the EEC and Portugal signed a "public declaration" in which was recorded the end of the negotiations "which will have abided by the planned timetable." The minister added that "the problems posed by Spain's entry are more serious"; however, he noted that the end of the negotiations should come during the next 2 or 3 months, something that does not seem foreseeable based on his own previous statements.

In this markedly negative context for Spain's aspirations, the meeting of the EEC's Council of Foreign Ministers took place yesterday for the purpose of planning the negotiating sessions for the entry of Spain and Portugal. Chaired by the head of the Irish diplomatic corps, Peter Barry, the community ministers' meeting studied the proposals to be submitted to Spain regarding olive oil and wine, which are the two last topics unresolved in the agricultural area.

This is the first meeting of the Council of Foreign Ministers of the "10" to be devoted exclusively to a discussion of the topic of the expansion of the European Economic Community with the entry of Spain and Portugal.

Both in community media and those of Spain and Portugal, no substantial progress is anticipated in the negotiating session that will start in the afternoon; but it was noted that the latter would be useful for defining the obstacles and for exchanging information on the points that were left in the "air" at the last meeting this past July.

The portion of the agenda for the Community's Council of Ministers meeting devoted to Spain includes the topics of social affairs, industry, foreign relations and olive oil, in addition to those relating to the common grape-growing and wine-making policy.

In the area of social affairs, the Community ministers will discuss the proposal of the EEC commission for a temporary period of 7 years for Spain, during which Spanish workers would not be able to benefit from the Community regulation that allows free circulation by the member nations.

With regard to industry, the EEC Council of Ministers will analyze the status of the negotiations in which Spain has not accepted a faster pace during the first years of transition proposed by the Community.

The EEC ministers will attempt to reach an agreement on the proposal to be submitted to Spain regarding olive oil, because the committee of permanent representatives (Coreper) did not succeed in establishing a declaration on the subject of the high cost involved in the absorption of the production from the two candidate countries into the common policy.

In the section devoted to Portugal, the ministers of the "10" will discuss the agricultural area, social matters, customs unity, patents, industry, foreign relations and olive oil.

Although it was indicated by Community sources that the negotiations with Portugal are more advanced than those with Spain, in Portuguese circles close to EEC it was thought that "there are still major obstacles remaining to be surmounted."

Moran, Pessimistic

The foreign affairs minister himself, Fernando Moran, stated shortly before leaving for Brussels that he did not expect the closing of major areas in the negotiations from the meeting. He only ventured to predict that "some progress may possibly be made" at the meeting on 17 and 18 September. "It is a warm-up session," remarked Moran.

In the Belgian capital, the minister sought guarantees from his Community colleagues that Spanish agriculture and industry would not be harmed by the terms of the negotiations. He also submitted three documents on agriculture, tariff dismantling in industry and restructuring of the iron and steel sector. According to Spanish sources queried by EFE, there is confusion among several Community delegations regarding the complex mechanism devised in Luxembourg to carry out the agricultural transition. The minister repeated that the transition would mean two types of measures: a first phase of 7 years for "non-sensitive" products and a special mechanism for those which could cause more damage to both Spanish and Community markets.

The Spanish document observes: "Spain is of the opinion that the troublesome factors do not give any reason for applying specific transition measures to them," and hence this sector should be included in the traditional type of transition lasting 7 years.

For "sensitive" fruits and vegetables, a first period has been stipulated, called one for checking convergence, with a maximum duration of 4 years, within the special 10-year interval.

Spain and the EEC must still establish the mechanisms for mutual protection of the sectors most affected by the expansion of the direct competition from the so-called sensitive products; but there is not yet agreement on whether quotas will be imposed on imports, as Spain wishes, or whether EEC will call for a more stringent mechanism.

As for the period to remove the tariffs which currently protect Spanish industry from excessive competition from the EEC, Spain gave a reminder that the agreement has already been reached to have the transition period consist of 7 years.

Nevertheless, Spain is opposed to the EEC proposition advising a rapid elimination of tariffs and requests that the tariff removal be carried out "gradually and progressively, easing the impact on the beginning of the period."

Spain gave a reminder that Spanish industry would have to expend a major effort for adaptation.

2909

CSO: 3548/334

## FINANCIAL INSTITUTIONS FAVORING LOWER INTEREST RATES

Madrid ABC in Spanish 5 Sep 84 p 43

[Text] Banks and savings institutions have evinced a position favoring cooperation with the monetary authorities in the attempt to reduce the price of money, according to sources in the issuing bank. This might represent a step in the negotiations for the economic and social agreement, but there will not be the financial pact sought by business owners.

Yesterday, the governor of the Bank of Spain, Mariano Rubio, met with representatives of the savings institutions to study the monetary changes and the recent trend in interest rates. Just as he did the day before with the presidents of the major banks, Mariano Rubio posed the question of whether, taking advantage of the current circumstances of the market, this might be the time to attempt another reduction in the price of money. After the one-point drop in interest rates in July, the monetary authorities proposed yesterday "another turn of the screw for the preferential ones," as an expert in the sector commented to this newspaper.

There was also another meeting yesterday with the presidents of the "eight greats," and of the AEB [Spanish Bank Management Association]. After Monday's proposal, the bank representatives studied yesterday the repercussions that their position would have on the bank balance sheets, and discussed the monetary policy that is to be carried out in the future with the governor of the Bank of Spain.

Both the institutions and the banks maintain that it is essential to enact a reduction in the price of money, and to cut the public deficit and the interest rates that the state is using for its financing. They also cited the burden represented by the indexes and their low rate of compensation as a factor distorting the money market.

Despite the favorable position of the financial entities for cooperating in the reduction of interest rates that would allow for a resumption of investment, and hence the creation of employment, "there will be no financial pact," according to comments made to ABC by bank sources. In a market economy (and bankers have repeated this on other occasions), this type of pact is "against nature." The market conditions establish interest rates and, on the other hand, each entity has a policy that it will carry out with different criteria.

It is commented in the sector that no one can understand how business owners could imagine the possibility of a pact of this kind.

Moreover, according to the financial analysts, it would be extremely difficult for a significant reduction to be possible in interest rates. The high costs of commissions in the national banks, the inability of the foreign banks to have a major influence on the market and the treasury's difficulty in collecting sufficient funds to finance the deficit if the rates for these assets were to be reduced, combined with the fact that inflation is not completely under control, are serious obstacles to a substantial cut in interest rates. The governor himself, in an article published by this newspaper, noted that the ultimate determining factor in productive investment is the business owners' expectations of income return.

2909

CSO: 3548/334

## DEVELOPMENT, PRODUCT SURVEY OF TARRAGONA CHEMICAL INDUSTRY

Barcelona AVUI in Catalan 10 Jul 84 pp 22,24

[Article by J. Mare]

[Excerpts] The first industrial zone in the province was started in 1957 and promoted by the Town Council of Tarragona. The reason for its establishment was the need to make use of industrial ground near the city which would allow for decongestion of the urban nucleus which had become cramped. In this way, profiting from a favorable economic moment--the sale of a market located at the center of the city, the fall in the prices of some poor quality lands and the excess supply of manpower arising from the finishing that year of the building of the Labor University--the local Tarragona Corporation decided to purchase 30 hectares of the aforementioned poor quality lands located at the edge of the aforementioned Labor University and between the lines of Tarragona-Valencia and Tarragona-Madrid railroad--the reason for christening this zone Entrevies [Between the Lines].

Between 1957 and 1962, many industries became established in this zone; but in time, some of them have faced a crisis situation and were going to have to shut down. Such was the case for Maibsa, Torres Heredia, Phimsa and Siata.

Although in 1968 the Town Council of Tarragona approved an extraordinary budget of about 109 million pesetas to finally solve the urban deficiencies of the zone, this budget never came to be applied and currently Entrevies has only just been started.

#### Expansion of Tarragona Industry

At the same time that different industries were being installed in the Entrevies zone, Tarragona industry began to expand and factories of some importance appeared in an area near the zone.

Some of these firms were Acerbi, a manufacturer of boilers, auto bodies and tanks, Seidenstiker, which manufactured shirts and had the support of German capital, Chemical Industries SA, which produces fertilizers, Catisa, which manufactures carbonic acid and Cepa SA, which manufactures aromatic products.

## The Second Industrial Zone

As 1962 was drawing to a close, a decree published in the BOE (2299/1,59 of 10 December) authorized the head office of City Planning of the Ministry of Housing to purchase the lands needed for the formation of what would be the second industrial zone in the province of Tarragona, to be known by its location, Francoli.

This decree specified the authorization to acquire 42 unencumbered land lots, all located inside the municipal boundaries of Tarragona and intended for the formation of an industrial zone. The total area came to 287,065 square meters and the price was 11, 701,725 pesetas.

Once classified and parceled, these lands were put up for sale at two auctions held between 1964 and 1966. According to the specific terms of the auctions, the price included the proportional cost of the works of city planning and it was incumbent on the public works [urbanitzacio] administration to provide for paving, water service and electric energy and drainage network. The cost of these works was 32.1 million pesetas.

The 31 lots into which the industrial zone was divided were all sold, except for a few which were set aside for the future diversion of the Francoli River.

Most of the companies which moved into this Francoli zone came from the urban nucleus of Tarragona. Thus it was obviously a means of providing relief from the congestion which the industry located in the center of the city was subjected to. This step made the expansion and growth of Tarragona industry possible.

## Trevol Area

In 1968, with the development and expansion of the Tarragona district, the province's deputies requested that a district plan be made which would provide an overall view and a territorial classification of the 14,632 hectares at the municipal boundaries of Tarragona, Reus, Vila-seca, Constanti, Els Pallaresos, Perafort, the town of Mafumet and El Morell for 15 years.

In the guidelines of this plan, an extensive industrial nucleus figured prominently called the Trevol area, with a spread of 1,382 hectares, extending through the municipal boundaries of Tarragona and Vila-seca, between the Mediterranean and the coastal highway, from the port of Tarragona to Cape Salou, and which included the two industrial zones of Tarragona--Entrevies and Francoli.

The petrochemical complex of Tarragona was created in the 1960's and early 1970's in the original nucleus of the Trevol area, where very soon there appeared modern, highly automated industrial chemical plants of considerable dimensions and also a high rate of investment, both Spanish as well as foreign, and a volume of work limited in relation to the investment.

Once the process of industrialization had started, many positive factors--infrastructural and organizational--made possible the consolidation of the Tarragona chemical and petrochemical industry. To this effect, mention should

be made of the production of ethylene at the IQA plant, which supplied a raw material manufactured in the same industrial complex. Other positive factors were the Capsa and Asesa installations in the safety-subsequently confirmed-- of the location in Tarragona of a petroleum refinery.

#### Chemical and Petrochemical Industry

Catalonia certainly specializes in the chemical industry. This affirmation is demonstrated if we take into account that the chemical sector generates 11.6 percent of the total added value [valor afegit brut] and employs 12.6 percent of the manpower of the industrial sector of Catalonia. National percentages are 8.7 and 9.4 respectively (source: Bank of Bilbao, "National Income in Spain and its Provincial Distribution," 1979). The chemical industry of the Tarragona countryside has much to do with obtaining these percentages because it has been precisely in this area where the companies have made the largest investments. This means that the amount of Tarragona chemical production is considerable in relation to the total amount of the Catalan economy and, consequently, of the nation.

Of course, this data is the result of work, work which was obviously not performed overnight. Thus, during the 1950's, before the real growth of the Tarragona industrial economy, there was not even a clear concentration of the chemical sector in the province of Tarragona and the industrial installations were located at different distant points in the district. This fostered to some degree a certain failure to work together among the different firms, which adversely affected their production.

The industrial advance, however, was quite obvious. There were a total of 99 chemical product plants, occupied by 2,370 producers and which manufactured goods valued at 600,687 million pesetas, and 5 gas industries, which had 71 workers and a production of 16,067 million pesetas.

Table 1 shows the distribution of chemical production for 1958.

#### Catalonia's Oil Refinery

As all the chemical companies were getting established in the Trevol area complex, a serious problem arose: the production of ethylene decreased and began to be insufficient, not only for the needs of the complex, but also for the rest of Catalonia. As a consequence of this situation, in December 1966, the Ministry of Industry set up a technical committee to study the installation of an oil refinery in Catalonia, a refinery which would become one of the 13 big projects of the third development plan.

Once the studies were concluded, the committee reported that the best location for the oil refinery of Catalonia would be the Tarragona area. As a consequence of the committee's report, on 14 May 1971 the Council of Ministers asked the INI to create a national company for the establishment of a refinery in the province of Tarragona.

The reasons for this location were, from the point of view of geography, the availability of the appropriate shoreline for loading and unloading the oil

that arrived by sea and the location near the centers of consumption. After a long debate on the best place in which to build this oil refinery without affecting the seashore's tourist interests, it was decided to place it in an interior area, about 12 km from the coast, corresponding to the municipalities of Morell, Perafort and Constanti.

Table

	<u>Thousands of Pesetas</u>
Acids	224,440
Fertilizers	46,740
Metallics	46,171
Organics	93,135
Pharmaceuticals	16,480
Waxes/Paraffins	4,617
Glues	19,654
Plastics	52,455
Explosives	2,384
Rubber	16,673
Perfumery	23,164
Dyes	379
Insecticides	58,307
Industrial Oils	88
Gas	16,067
Total	616,754

The refinery capacity set in the decree was 7 million MT/year as far as refining crude oils was concerned and 325,000 MT/year of ethylene production.

The total surface of the refinery was to be 323.16 hectares and the cost of the project, 29 billion pesetas--which subsequently doubled.

The Tarragona refinery is of the "All Hydrogen and Petrochemical" type. Units of the complex have been designed with a high degree of integration so as to reduce operating costs as much as possible. Design of the crude oil plants of the refinery was made by the UOP Process Division Company, that of the ethylene plant by Linde AG and the French Petroleum Institute gave the licenses for the hydrogenation of the naptha from pyrolysis.

An issue which was taken into account at the time that the design was made was the installation of a purifier of residual water, which would allow for guaranteeing the preservation of the environment. At the same time, in order to minimize possible local contamination by combustion products, it was decided that the complex would have only three chimneys.

In order to turn the refinery project into a reality, on 19 October 1971, Entasa was founded, in which the INI was to participate with 60 percent of the capital, while the rest was American (20 percent), from ERT and from some banking organizations.

In 1971 there was a merger involving Entasa, the National Calvo Sotelo Company of Liquid Fuels and Lubricants SA and the Escombreras Oil Refinery SA. The merger took the juridical form of absorption of the two first-named companies by Repesa (28 October 1974).

The continual demand, both energy as well as petrochemical, in the Catalan area, determined that in the same year 1974 the government was to authorize the expansion of this refinery up to a refining capacity of 12 million tons per year for the national market and of another 2 million tons for export, whereby the initial capacity of the project was doubled.

In February 1978 immediate authorization was made to increase the refinery's production capacity to 10 million tons a year of crude. When this increase took place, the production capacity came to a total, without any breakdown by products, of 7,625,000 MT/year.

At the end of 1975, the first load of crude meant for the oil refinery arrived; the first phase of refinery operations began in 1976.

A year later, in 1977, the first cracker of Entropol oleofines began operating. The second went into service around the middle of 1979.

#### Petrochemicals in Recent Years

Around the Entropol facilities, during the second half of the 1960's, several derivative plants were built, some of which began operating in 1977.

The Tarragona Chemical Company SA began operating that same year, three plants all located at the municipal limit of Reus. This firm is made up of a 55 percent share underwritten by Rio Tinto Union Explosives SA, 30 percent by Hoechst AG and the remaining 15 percent by Hoechst Iberica A. The investment made in the facilities was of about 6 billion pesetas.

A subsidiary of Empetrol is Calatrava, company for the Petrochemical Industry SA, in the capital of which--1.2 billion pesetas--Empetrol has a 50 percent share. In 1977 the Aiscondel Company began operating a new vinyl chloride plant at 150,000 MT/year.

At the municipal limit of the town of Mafumet the facilities of the Catisa and Hispavic plants have been set up. The first manufactures carbonic anhydride and packages it; the second is an ethylene packing station for routing to Martorell through an ethyl pipeline.

In 1978 a Campsa facility was also put into service in the town of mafumet so as to pump light and medium refined oil through the Tarragona-Lerida-Zaragoza oil pipeline.

It should also be mentioned that most petrochemical industries in the province of Tarragona have expanded their production capacity in recent years.

## Chemical Hegemony of the Tarragona Countryside

During these last 10 years Tarragona has become the area with the largest chemical and petrochemical production in Catalonia. Its production is equivalent to 60 percent of the national total. This fact is the result fundamentally of the current tendency to situate the chemical industry at the fore in this area, while the transformer [transformadora] is located basically in Barcelona and its industrial belt.

The reasons for this tendency are basically the need for soil that these companies have, the impossibility of locating them near urban centers on account of the annoyances they might cause the inhabitants (smoke emissions, noise, etc.) and the fact that Tarragona presents a perfect political-economic context because it may profit the Reus-Tarragona area, which has a fine potential and a very well-known industrial tradition. The localization of the chemical company at the fore in the Tarragona countryside is due also to the specialization which the port of Tarragona has gradually achieved in the loading and unloading of petroleum and chemical products.

Tarragona, therefore, as we said at the start, is no longer solely a city bearing the relics of the Roman Empire, nor is its province exclusively the refuge of farmers and craftsmen. Although this tradition still lingers on, the province of Tarragona looks confidently towards the future because the past and the present are certain and with a tradition of this kind, it is not afraid. Not even of the smoke from the three chimneys of the oil refinery.

12448

CSO: 3548/296

## EC NATURAL GAS SUPPLY, DEMAND IN 1990, 2000

Rome NOTIZIARIO DELL'ENEA in Italian May 84 pp 64-68

[Text] The demand for natural gas of the European Community forecast for 1990 is entirely satisfied by internal productive capacity and by supply contracts already stipulated with third countries.

The development of security supplies proceeds according to plan; studies carried out by the Commission of the Community in 1982 on natural gas have concluded that these supplies should enable the gas industry to make up for a 25 percent deficit in overall gas supplies to the Community.

By the mid-nineties additional imports will be necessary, which are expected to attain a level of between 20 and 55 billion toe [tons of oil equivalent] by the year 2000.

As a consequence the dependence of the Community on imports will rise from a present 30 percent to 50-60 percent.

In the nineties the only recourse for imports at this level will be Norway, the USSR, Algeria and Nigeria. The potential supply of these countries largely exceeds import requirements.

In order to avoid excessive dependence on non-member countries of the OECD in the year 2000 and following, exploitation of the Norwegian Troll field will be of special interest. A decision in this regard should be made soon (by the mid-eighties) if such a natural gas field is to contribute to the Community supplies in the '90s.

If the Community can become an integrated gas market, and member states plan to provide each other with mutual aid in case of shortages, the burden of the individual states to provide adequate supplies to individual users in case of an interruption of supplies will be greatly reduced.

Thus cooperation between gas-distributing companies of bordering states should be encouraged, particularly in the following sectors:

- The build-up of supplies
- contracts which may be interrupted in agreement with end-users;
- flexibility of domestic production.

Similarly the various gas-distributing companies should coordinate planning and construct linkage between already existing gas pipelines, taking the former into consideration equally with the stipulation of new import contracts and making full use of the latter with respect to questions of security. In particular, the construction of a pipeline between the United Kingdom and the continent would contribute to further market integration and would notably improve the flexibility of supply.

#### Present situation

Natural gas continues to play an important role in the energy needs of the Community, to which it contributes some 18 percent at present. The increase over 12 percent in 1972, the year just before the oil crisis, shows the importance of the contribution made by natural gas to Community energy policy enabling it to diversify the sources of supply and to reduce excessive oil dependence.

The Community demand for natural gas, which has grown rapidly since 1973, reached a peak of 172 billion TOE in 1979, whereas in 1980-81 a drop was recorded for the first time (2 percent yearly) which was accentuated in 1982, a year in which consumption fell a further 4.5 percent thus reaching 159 billion TOE.

This drop in consumption reflects the consequences of the economic recession, of energy conservation measures and of the substitution of other sources of energy for gas. In 1982, the drop was more pronounced in view of the mild winter.

A change in the structure of consumption accompanied the decrease in demand. In contrast with the reduction of global demand, the consumption of the domestic sector continued to increase, especially during the period 1979-81; furthermore, while the industrial sector showed only a modest reduction in demand and recorded no variations in the market distribution of the various energy sources, the use of methane as raw material in chemical industry fell by almost half between 1979 and 1982 (methane is used for the production of methanol and ammonia and the latter is the primary product in the manufacture of fertilizers.)

In thermoelectric power plants natural gas has been largely replaced by heavy oil and by coal, but recently in some member states a reversal of this tendency has been noted: in the Netherlands additional quantities of gas have been supplied to some thermoelectric plants in replacement of heavy oil, in order to prepare for an already planned conversion to coal. In Italy and Belgium the sales of natural gas have been increased to thermoelectric plants because of the presence of surplus quantities of the gas in these markets owing to the minimum purchase clause written into some of the supply contracts.

In 1983 demand has shown signs of recovery (plus 3.4 percent in the first eight months); the situation is not yet uniform: whereas in the majority of member states increases have been notable, recording only slight

variations in German and Italian consumption, and a net drop in the case of Luxemburg.

The increase of the quota due to imports from outside the community in the area of global supply of natural gas shows a slower rate than in the past: from almost 11 percent in 1977 to 26 percent in 1980, but the following increases have been modest, and lately 30 percent was attained in 1983.

The situation to 1990

Supply and demand in 1990

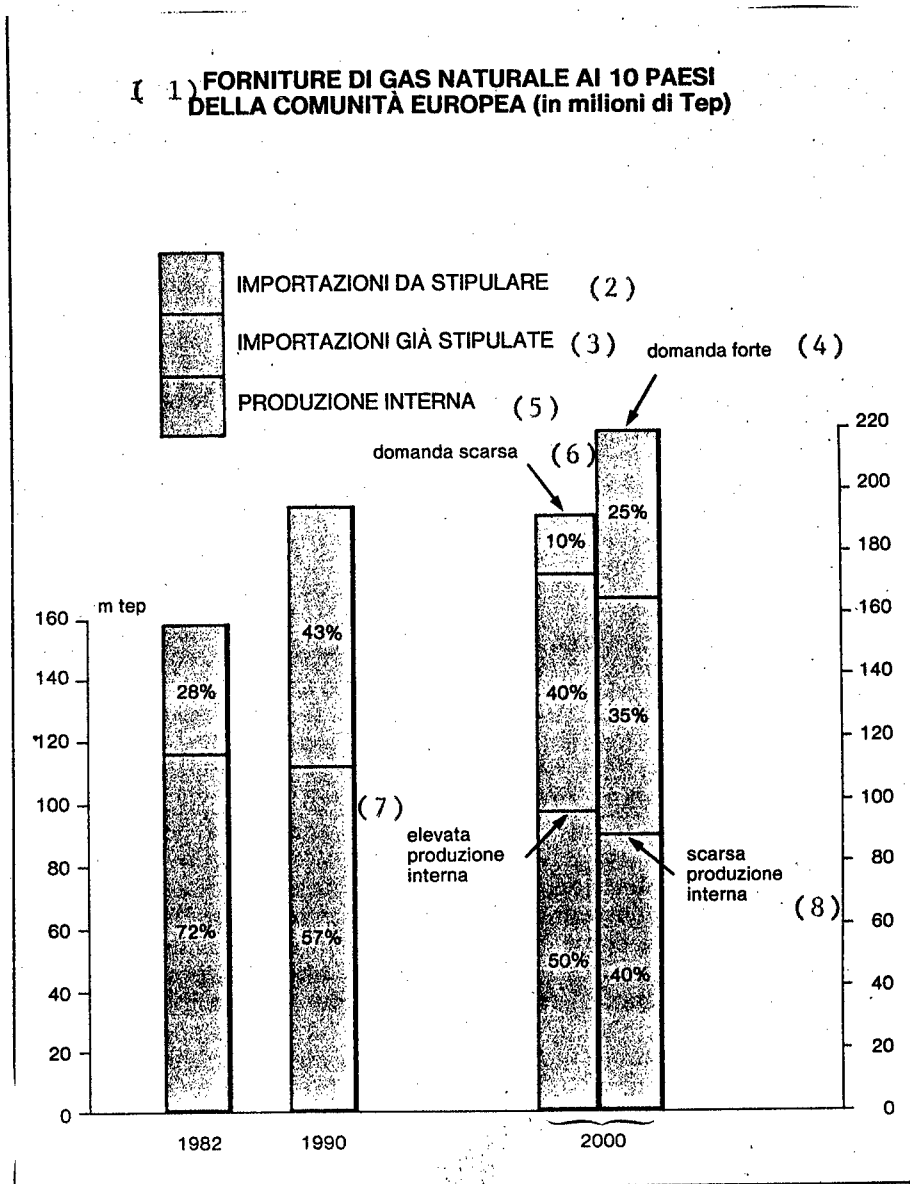
Forecasts concerning comprehensive consumption of natural gas in the Community to 1990 have been continually redimensioned in the course of recent years: in 1981 they indicated 221 billion TOE and in October 1982 they had already revised downward to 206 billion TOE, whereas at present the forecast is that in 1990 consumption will not exceed 197 billion TOE. This drop is mainly due to a redimensioning of growth rates foreseen by member states.

With respect to supplies, the revision of forecasts concerning demand have entailed a redimensioning of the figures for internal production and imports. As the import contracts stipulated with Algeria, Norway and the USSR from 1970 to 1981 are based on forecasts of a higher level of demand, it is considered that the availability of natural gas will be higher than demand by the end of the early nineties. Domestic production will thus turn out to be lower than initially forecast, and in the import contract model only the minimum quantities provided under contract will be purchased.

Domestic production will provide for 57 percent of comprehensive consumption of the Community. No change has been verified with respect to the study done in 1982 since domestic production and imports have undergone redimensioning of identical importance.

All imports from third countries considered in the forecasts relative to 1990 are already the object of contracts and should represent approximately 43 percent of consumption. Imports from the USSR should represent approximately 19 percent of comprehensive supplies of natural gas, imports from Norway should represent approximately 14 percent and from Algeria, about 10 percent.

Table 1.



Key:

1. Supplies of natural gas to the ten countries of the European community.
2. Imports to be stipulated
3. Imports already stipulated
4. High demand
5. Domestic production
6. Scarce demand
7. High domestic production
8. Scarce domestic production

In view of the requests of the European oil companies to Algeria and the USSR that the stipulated supplies of gas be reduced or deferred, it is possible that in 1990 the above countries may supply a slightly smaller proportion of the Community's overall requirements.

It should be pointed out that the data given above are aggregates which refer to the Community as a whole. The degree of dependence of the most important non-members suppliers of the OECD varies markedly from one member state to the other (from 0 to 36 percent).

#### Secure Supplies of Natural Gas to the Community

The report of the Commission of November 1982, based on information provided by the member states and concerning supplies foreseen at that date, established that the Community should be in a position to face a serious interruption of supplies (25 percent at least and over a period of six consecutive months) and to reduce the consequences for users to a minimum.

The Council has instructed the Commission to continue to follow developments in this field, consulting with member states.

In the course of the 1983 analysis member states indicated that preparations for the safety margin were proceeding according to plan; the revision of forecasts in the area of demand entailed no reduction of security measures as planned. The level established for 1990 was thus raised, because as internal production was below the forecast levels it could quickly be raised to the levels mentioned in the 1982 study in case of an interruption of supplies from outside Community borders.

#### Situation In the Year 2000

Forecasts for the year 2000 based on estimates supplied by member States indicate a demand fluctuating between 183 and 220 billion TOE. The width of this gap reflects the imponderability of the future evolution of certain factors: economic growth, long-term energy policy objectives, energy prices, etc.

In the forecasts it is assumed that the price of gas will be maintained at an approximately constant level in comparison with the price of alternative fuels (combustible oil, gasoil and coal, which will continue to be the competitors of gas). If the present ratio between the price of gas and the price of alternative fuels should be modified in favor of gas, it is expected that the demand for gas will not exceed the minimum foreseen level.

In the year 2000 internal production is expected to maintain the levels of 1990, equal approximately to 108 billion TOE in the case of sustained consumption, or to fall to 89 billion TOE in case of stagnating consumption.

During the '90s the Netherlands will continue to play an important role in the supply of gas. A change in the method used to aggregate the reserves ascertained in individual off-shore and onshore fields, together with a

reassessment of the Groningen field, have increased the known Dutch reserves to 400 billion TOE; the increase in comprehensive reserves (known, plus probable reserves) still has not exceeded 40 billion TOE. Taking into consideration the decision of the Dutch government to make further reserves available for export, it may be expected that the export contracts which presently tie Holland to the other member states, and which will expire in the course of the 90's, will in part be extended. It is estimated therefore that by the year 2000 the internal production of the Netherlands will be sufficient to export approximately 13 billion TOE, in addition to satisfying expected domestic demand, equal to 27 billion TOE; hence, a comprehensive production of 40 billion TOE (as compared to 52 billion TOE in 1990) is forecast. The continuation of Dutch exports would constitute a marked contribution to the global security of the Community's natural gas supply.

Another important element of domestic Community production is represented by the United Kingdom. Higher levels of production than at present could result from the impetus given to exploratory activities, as well as from changes of market conditions for gas producers noted in 1983, among which the need for British Gas to stipulate contracts for new supplies and new legislation which has removed the monopoly of purchases from the Corporation. Therefore it is estimated that producers will have to pay higher prices for gas coming from the new fields. In the case of high levels of consumption a production level of 40 billion TOE has been estimated for the year 2000, which would drop to 30 billion TOE (equivalent to 1982 production) in case of stagnation in demand.

In 2000, imports stipulated in the context of long-term contracts should reach the level of 77 billion TOE. The evolution of supplies toward the Community coming from the three principal exporters would appear as follows:

		<u>1982</u>	<u>1990</u>	<u>2000</u>
Norway	billions TOE	22	27	17
USSR	billions TOE	18	37	40
Algeria	billions TOE	6	29	20

At present, between the Norwegian producers and British Gas on the one hand and a continental group of buyers on the other hand, negotiations are underway to purchase gas from the Sleipner field which is near an infrastructure already in existence for the production of gas and oil, in the southern zone of the Norwegian continental platform; the reserves of this field are estimated at some 200 billion TOE. At the conclusion of the present report the annual expected production of this field, equivalent to 11 billion TOE, has been included in the estimate of the main items already stipulated and mentioned above, as well as in the estimate of imports stipulated with Norway and presented in the table.

## Supply and Demand in the Year 2000

Comparing demand with internal production and already stipulated imports it is found that in the year 2000 additional imports will be necessary. Because of factors of uncertainty contained in forecasts relative to supply and demand the necessary quantities may vary between 20 and 55 billion TOE. The requirement of additional imports will be felt for the first time between 1990 and 1995. Forecasts for the year 2000 are calculated in the following manner: the highest figure, 55 billion TOE represents a combination of hypotheses of high demand and of the lowest figures relative to internal production; on the other hand, the lowest figure 20 billion TOE represents a combination of data corresponding to modest demand and to a correspondingly realistic, high level of internal production. It is interesting to point out that if a linkage was established between the United Kingdom and the European continent to facilitate the transportation of gas, the level of internal production could increase by 10 billion TOE maximum and bring about a drop of 20 to 10 billion TOE in the need for additional imports.

Future supplies from outside the Community are examined both from the point of view of global dependence on imports as well as of diversification of sources of supply.

[see Tables, following pages]

Table 1. Supplies of Natural Gas to the Community 1982 (in billion TOE)  
[commas should be read to represent periods]

	(1) Consumo complessivo di gas naturale	(2) Produzione propria	(3) Commercio intracomunitario (Exp. - Imp. +)	(4) Importazioni stipulate con paesi terzi	(5) Totale	(6) Algeria	(7) Libia	(8) Norvegia	(9) Urss	(10) Importazioni di gas naturale da paesi terzi in: % dei consumi energetici complessivi	(11)	(12) % del consumo di gas naturale
Rep. Fed. di Germania (13)	38,4	12,6	13,3	14,3	-	-	6,4	7,9	5,8	37,2		
Francia (14)	21,2	5,5	4,3	10,8	5,6	-	2,1	3,1	6,1	50,9		
Italia (15)	22,0	12,0	4,0	7,1	-	0,1	-	7,0	5,4	32,3		
Paesi Bassi (16)	27,6	52,5	-26,9	2,6	-	-	2,6	-	4,0	9,4		
Belgio (17)	6,8	-	5,0	2,0	0,3	-	1,7	-	4,8	29,4		
Lussemburgo (18)	0,3	-	0,3	-	-	-	-	-	-	-		
Regno Unito (19)	40,7	31,8	-	8,9	-	-	8,9	-	4,7	21,9		
Irlanda (20)	1,7	1,7	-	-	-	-	-	-	-	-		
Danimarca (21)	-	-	-	-	-	-	-	-	-	-		
Grecia (22)	-	0,1	-	-	-	-	-	-	-	-		
EUR 10 (23)	158,7	116,2	0	45,7	5,9	0,1	21,7	18,0	5,1	28,8		

Key:

1. Comprehensive consumption of natural gas
2. Own production
3. Intra-Community trade (Exports - Imports +)
4. Imports stipulated with third countries
5. Total
6. Algeria
7. Libya
8. Norway
9. USSR
10. Imports of natural gas from third countries in:
11. Percentage of comprehensive energy consumption
12. Percentage of consumption of natural gas
13. Federal Republic of Germany
14. France
15. Italy
16. Netherlands
17. Belgium
18. Luxembourg
19. United Kingdom
20. Ireland
21. Denmark
22. Greece
23. Europe - 10

Table 2. Supplies of Natural Gas to the Community 1990 (in billion TOE)  
[commas should be read to represent periods]

	(1)	(2)	(3)	(4) Importazioni stipulate con paesi terzi				(10) Importazioni di gas naturale da paesi terzi in:		(12)
	Consumo complessivo di gas naturale	Produzione propria	Commercio intracomunitario (Exp. - Imp. +)	(5) Totale	(6) Algeria	(7) Libia	(8) Norvegia	(9) Urss	(11) % dei consumi energetici complessivi	
Rep. Fed. di Germania (13)	52,9	13,8	15,9	23,5	-	-	7,8	15,7	7,9	44,4
Francia (14)	26,3	2,3	3,5	20,5	7,7	-	3,4	9,4	9,9	78,0
Italia (15)	32,9	6,3	3,9	20,4	8,6	-	-	5,5+(6,3)	11,4	62,0
Paesi Bassi (16)	26,6	52,2	-27,1	1,6	-	-	1,6	-	2,1	6,0
Belgio (17)	8,5	-	3,4	6,0	3,7	-	2,3	-	11,9	70,6
Lussemburgo (18)	0,6	-	0,6	-	-	-	-	-	-	-
Regno Unito (19)	45,4	33,7	0,2	11,7	-	-	11,7	-	5,4	25,8
Irlanda (20)	1,5	1,7	-0,2	-	-	-	-	-	-	-
Danimarca (21)	1,6	2,0	-0,2	-	-	-	-	-	-	-
Grecia (22)	0,1	0,1	-	-	-	-	-	-	-	-
EUR 10 (23)	196,5	112,1	0	83,7	20,0	-	26,8	36,9	7,8	42,6

Key:

1. Comprehensive consumption of natural gas
2. Own production
3. Intra-Community trade (Exports - Imports +)
4. Imports stipulated with third countries
5. Total
6. Algeria
7. Libya
8. Norway
9. USSR
10. Imports of natural gas from third countries in:
11. Percentage of comprehensive energy consumption
12. Percentage of consumption of natural gas
13. Federal Republic of Germany
14. France
15. Italy
16. Netherlands
17. Belgium
18. Luxembourg
19. United Kingdom
20. Ireland
21. Denmark
22. Greece
23. Europe - 10

Table 3. Supply of Natural Gas to the Community 2000 (in billion TOE)  
[commas should be read to represent periods]

	(1)	(2)	(3)	Importazioni stipulate con paesi terzi (4)				(9)
	Consumo complessivo di gas naturale	Produzione propria	Commercio intracomunitario (Exp. - Imp. +)	Totale (5)	Algeria (6)	Libia (7)	Norvegia (8)	
Rep. Fed. di Germania (10)	56,1 - 58,7	9,2 - 14,2	6,7	20,1	-	-	2,8	17,3
Francia (11)	18,7 - 28,5	1,3	2,2	16,0	4,9	-	1,7	9,4
Italia (12)	36,9	4,3 - 8,5	2,0	23,7	10,9	-	-	6,0 + 6,8
Paesi Bassi (13)	27,6	40,3	- 13,6	0,9	-	-	0,9	-
Belgio (14)	9,0 - 11,9	-	2,6	5,0	4,2	-	0,8	-
Lussemburgo (15)	0,7	-	0,1	-	-	-	-	-
Regno Unito (16)	40,0 - 50,0	30,0 - 40,0	0,2	0 - 11,0	-	-	0 - 11,0	-
Irlanda (17)	1,8	2,0	- 0,2	-	-	-	-	-
Danimarca (18)	2,0	2,3	-	-	-	-	-	-
Grecia (19)	0 - 1,8	-	-	-	-	-	-	-
EUR 10 (20)	192,8 - 219,9	89,1 - 108,3	0	76,7	20,0	-	17,2	39,5

Key:

1. Comprehensive consumption of natural gas
2. Own production
3. Intra-Community trade (Exports - Imports +)
4. Imports stipulated with third countries
5. Total
6. Algeria
7. Libya
8. Norway
9. USSR
10. Federal Republic of Germany
11. France
12. Italy
13. Netherlands
14. Belgium
15. Luxembourg
16. United Kingdom
17. Ireland
18. Denmark
19. Greece
20. Europe - 10

Forecasts For the Demand of Natural Gas in Europe in the Year 2000  
(in billion TOE)

	(1) Caso 1	(3) Caso 2		
	Forte domanda	Modesta domanda		
	(2) Modesta produzione interna	Forte produzione interna	(4)	
	(5) Mtep	%	(5) Mtep	%
1. Domanda complessiva (6)	220	100%	193	100%
2. Produzione interna pianificata (7)	89	40%	97	50%
3. Importazioni già stipulate	77	35%	77	40%
di cui: Norvegia (8)	17	8%	17	9%
Algeria	20	9%	20	10%
Urss	40	18%	40	21%
4. Importazioni non ancora stipulate (9)	54	25%	19	10%
5. Totale delle importazioni (10)	131	60%	97	50%

Key:

1. Case 1
2. Strong demand / Modest internal production
3. Case 2
4. Modest demand / Strong internal production
5. Billion TOE
6. Comprehensive demand
7. Planned internal production
8. Already stipulated imports among them: Norway  
Algeria  
USSR
9. Imports not yet stipulated
10. Total imports

12425

CSO: 3528/119

## STATE PETROCHEMICALS COMPANY HOPES FOR THIRD OF NORTH SEA OIL

Copenhagen BERLINGSKE TIDENDE in Danish 4 Sep 84 Sect III p 1

[Article by Peter Kjelstrup]

[Text] By having oil taxes paid in the form of oil and by fully utilizing a government option on oil purchases, DONG (Danish Oil and Natural Gas) hopes to control at least 700 thousand tons of oil from DUC (Danish Underground Consortium) next year. DONG will have some of this oil refined in Sweden. The company is already prepared to sell some of the Danish oil abroad.

Next year, state-owned Danish Oil and Natural Gas will obtain 30 percent of the oil produced in the North Sea by the Danish Underground Consortium. Within several years DONG hopes to control an additional 10 percent.

This was indicated by a report to parliament recently written by DONG, but which so far has been presented only to the board of DONG.

According to the report, not only will DONG purchase all the oil for which the state has options, but DONG's subsidiary DOFAS will also demand that the special oil tax, called "royalties," be paid in the form of oil--even though the company already predicts that it cannot sell this oil on the Danish market alone.

By 1985 DOFAS hopes to control at least 700 thousand tons of crude oil out of DUC's total production of 2.5 million tons. A large part of the state's share will be refined abroad, namely at the Swedish OK refinery in Goteborg. The rest will be refined at the Shell refinery in Kalundborg.

The 700 thousand tons will consist of 530 thousand tons of oil purchased on options and 170 thousand tons of oil delivered by DUC, instead of oil taxes.

#### More Oil

In the coming years, however, DOFAS hopes to gain control over much more oil. This is because the amount of oil covered by state options will increase. This means that DOFAS will gain control over a total of 40 percent, which corresponds

to at least 1 million tons per year, if oil production continues at the present rate.

But this will not be the case.

What the report does not mention is that DUC's latest plans for the Dan Field and for construction in the new Rolf Field will mean a 30-percent increase in DUC's production, with a corresponding increase in the amount of oil going to the state. As a result, DOFAS can look forward to obtaining not 1 million, but 1.5 million tons annually. Apparently, that is more than DOFAS can sell here in Denmark.

DOFAS is already trying to convince the politicians that these increasing quantities of oil may make it necessary for the state-owned company to sell oil abroad. Thus, the report to parliament states that, "if DOFAS obtains a significantly larger amount of Danish crude oil, it could become necessary to sell part of this oil outside our national boundaries."

Products from the 70,000-ton allotment for 1985 have been sold to BP, OK-Danmark, Uno-X, Haahr-Benzin, Texaco, and Calpalm.

In addition to the DUC oil, DOFAS will receive 100,000 tons of oil from Saudi Arabia this fall, as part of the so-called "pilot light" agreement, which replaced the "bell contract of the state-owned oil company.

9336  
CSO: 3613/222

## DONG TO ASK PARLIAMENT FOR RIGHT TO CARRY OUT OIL SEARCH

Copenhagen BERLINGSKE TIDENDE in Danish 5 Sep 84 Sect III p 10

[Article by Peter Kjelstrup]

[Text] The state-owned oil company now wants permission from parliament to act as a so-called operator, i.e. have the right to conduct oil exploration, in the next round of bidding. DONG (Danish Oil and Natural Gas) already plays a passive role in all new consortia, but now wants the go-ahead from the politicians to play an active role.

DONG now wants permission from the politicians to drill actively for oil in the North Sea the next time the Energy Ministry grants new concessions. This will occur next year.

This was indicated in an as yet unpublished report from the state-owned company to parliament.

#### Drilling At One Location

In the first round of bidding, after a political tug-of-war, DONG was finally permitted to drill at one location on land, namely near Saeby. DONG's justification for this work was that, without it, DONG could not maintain the necessary level of expertise at its subsidiary Dansk Olieproduktion A/S (DOPAS). According to the report, this expertise is needed so that the state-owned company can evaluate and monitor the results of drillings made by all seven consortia to which DONG now belongs.

The same line of reasoning is also presented this time.

#### Special Expertise

The report states the following:

"In order to maintain and expand the company's expertise and to utilize appropriately the economic resources of our basic organization, which the interests of the company require, the company believes it is desirable that it be permitted to act as operator at additional sites, beginning with the next round

of bidding in 1985."

The report continues:

"It is expected that most of the exploration activity will occur at sea. This activity requires special expertise and, for this reason, the company must acquire additional knowledge and experience in this area."

It is much more difficult and far more expensive to drill offshore than on land.

Freewheel

As an operator within a consortium, DONG carries out all the practical work of renting equipment, supervising entire drilling operations, and evaluating the results.

DONG Included Everywhere

DONG is included in all new consortia that are formed to drill in the North Sea. Its share varies from 10 to 20 percent. In the next round of bidding in 1985, DONG will have at least a 20-percent share in each consortium. Unlike the other partners in the consortia, however, DONG is permitted to freewheel through the risk-filled exploration phase. Thus, one of the conditions for obtaining concessions in Denmark is that DONG is given a "free ride" until an actual find is made that is large enough to exploit. At that point, DONG pays its share of the costs but at that stage the profits are relatively certain.

If DONG is allowed to act as an operator, the other partners in the consortium will pay all of DONG's expenses, including the staff at DONG headquarters, the state-owned company stated in its request to the politicians.

9336

CSO: 3613/222

## CONCERN LESSENS REGARDING FINDING NATURAL GAS BUYERS

Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 84 Sect III p 1

[Article by Peter Kjelstrup]

[Text] Amidst all the problems of the natural gas project, it now appears that, in one area, sales will exceed expectations: sales to industry and district heating plants.

Natural gas sales to industry and other major consumers. This was indicated by figures from Hovedstadsregionens Naturgas (HNG).

By the end of August HNG had exceeded the budget goal for gas sales previously established by the regional company. The projected figure was 65 million cubic meters per year, whereas gas contracts for annual sales of 87.6 million cubic meters have actually been signed.

This figure is strongly influenced by a contract with a single customer, however. This customer is Stalvalsevaerket, which is expected to use 33 million cubic meters per year. But HNG's division for sales to major customers is already at an advanced stage of negotiations with a number of additional customers, so that high sales figures also should result toward the end of the year. These figures should be so high that the company will exceed projected sales by as much as 50 percent.

#### Delayed Sales

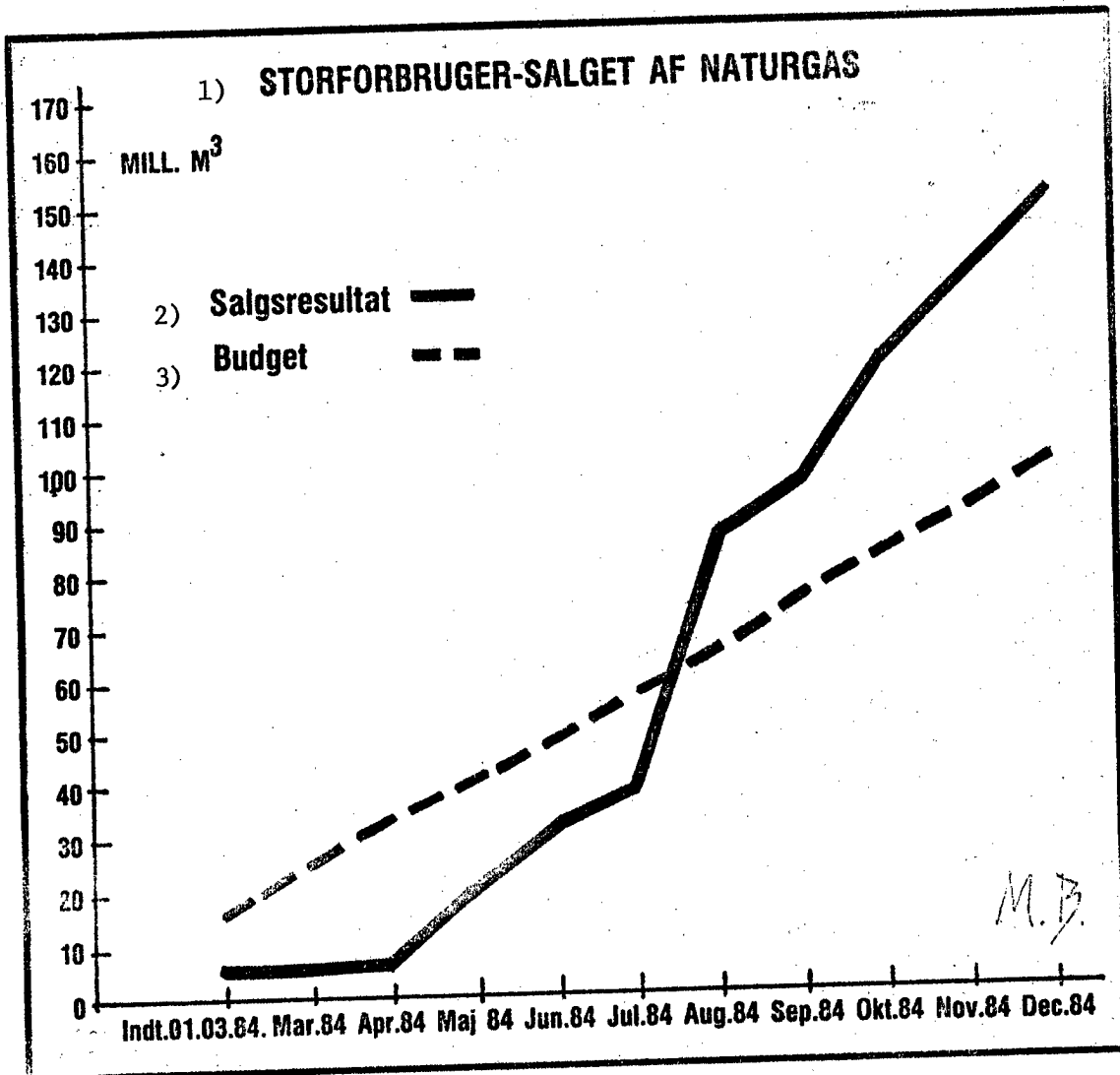
The shift in sales toward the end of the year has meant, however, that many gas systems will not be repaired or replaced until the year is over. As a result, the sales division has determined that real gas deliveries this year will be only 50 million cubic meters instead of the estimated 66 million cubic meters.

The sales division makes no secret of the fact that sales began to rise only after the previous system of price setting, in which the price was dependent on the type of fuel previously used, was replaced by the present system in which the price of gas is dependent on how much gas the consumer purchases. Under the previous system, almost no gas was sold, although HNG sent out about 100 offers.

## 300 Major Customers

Only after the rates were changed during March of this year has it become possible to give companies, heating plants, and district heating facilities sufficiently attractive offers to make them change the type of fuel they use. Engineer Palle Henriksen of HNG told BERLINGSKE TIDENDE that it was now clear that the faulty pricing policy caused a delay of almost 1 year in sales to major customers, thereby causing irreparable damage to the entire natural gas project.

In its region, HNG has about 300 potential natural gas customers in the major consumer category, which means that they use more than 300,000 cubic meters per year. One cubic meter corresponds approximately to 1 liter of oil.



This graph compares actual sales of natural gas to major customers, compared to budget predictions. At last, the curve is on the right side.

Key: 1. Sales to major natural gas consumers. 2. Sales results. 3. Up to 1 Mar 84

## BRIEFS

**ENERGY CONSUMPTION INCREASES**--Energy consumption in France during the first five months of this year increased 3.1 percent, reaching 86.2 million TOE. Adjusted for climate and for the 12 month period, however, it has dropped one percent. The 1984 January to May bill rose to 81.2 billion francs, an almost 15 percent improvement over the corresponding months of the previous year. The State Secretariat for Energy, however, emphasized that during the past 12 months the bill fell below the 180 billion franc level. [Text] [Paris LES ECHOS in French 2 Jul 84 p 6] 8870

**SOVIET GAS UNBALANCES TRADE**--On Thursday Minister of Foreign Trade and Tourism Edith Cresson stated that "pressure is about to be put on the Soviets" by the unbalanced Siberian gas contract in order to restore the French trade balance with the USSR. Mrs Cresson, who was addressing the Executive Club members and had been in the USSR the week before with the president of the Republic, added that the Soviets showed "political ill will. They are obliging us to pay for the Euromissiles and the positions taken, especially by the president, on sensitive subjects," she said. Mrs Cresson, however, recognized that this means of pressure on the Soviets was limited because the amount of the agreement, actually applied only at the end of the year, produced in the first period one billion francs a year when the French deficit rose to 8 billion in 1982, 4 billion in 1983, and 2 billion in the last 4 months of 1984. The former minister of agriculture said that France could not "be satisfied with the purchase of wheat" to compensate for the industrial orders which the USSR did not act on. Cresson, after emphasizing that the USSR was putting pressure on France, concluded that she "did not understand whether this was the Soviet government's wish or that of the Soviet Ministry of Foreign Trade," "managed by old people" and applying a "confused policy." [Text] [Paris LES ECHOS in French 6 Aug 84 p 6] 8870

**TECHNIP SIGNS IRAQ CONTRACT**--Technip, in association with its Italian affiliate Technipetrol, has won a \$391.5 million contract with Iraq for the immediate delivery of a unity producing lubricating oils. Technip will assume responsibility for 56 percent of the amount of the state organization for oil products, which represent a sum of about 1.8 billion francs; the remaining 44 percent will go to Technipetrol. In addition, a part of the operation will be subcontracted to the Czechoslovakian Techno-Export Company. The financing of this joint undertaking will be French, Italian and Czech. This industrial complex, situated in Baiji (300 miles north of the Iraqi capital) will produce motor oil, tar, and asphalt. Equipped with two production lines, its total capacity will rise to 250,000 tons a year, beginning in September 1987. The Technip tender was made in Baghdad in 1981. [Text] [Paris LE QUOTIDIEN in French 8 Aug 84 p 9] 8870

## BRIEFS

RISE IN ELECTRICITY OUTPUT--Domestic production of electrical energy increased by 2.3 percent between 1982 and 1983 according to data from the National Statistical Service. In addition, production increased by 11 percent in the 12 months ending December 1983. It should be noted that between 1981 and 1982 domestic electricity production had increased by only 0.2 percent, while the increase in the year ending December 1982 was 2.4 percent. Parallel to these developments in electricity production was a rise in sales of electrical energy between 1982 and 1983 of 7.2 percent. Between 1981 and 1982 the increase in sales was just 1.06 percent. Finally, sales showed an increase of 10 percent in the 12 months ending December 1983, while the rise in the year ending December 1982 was 0.5 percent. [Text] [Athens I VRADYNI in Greek 14 Jun 84 p 15] 12593

CSO: 3521/284

## OIL COMPANIES INCREASINGLY LOOKING TO BARENTS SEA

Oslo AFTENPOSTEN in Norwegian 17 Sep 84 p 32

[Article by Morten Woldsdal: "Oil Companies Using Billions on Preparations: Gambling Heavily on Barents Sea"]

[Text] Svalbard, September. The oil companies which are involved in Norwegian oil operations will in the next few years use billions on preparations for the coming rights rounds in the Barents Sea. The drilling ship "Pholas" has recently concluded the first test drillings in the Norwegian areas of the Barents Sea under the auspices of the Institute for Continental Shelf Studies (IKU) in Trondheim.

The drilling, which has been carried out not farther than 200 m down into the subsoil, has been financed by seven oil companies with Esso Exploration and Production Norway, Inc., at the head. Esso has entered into a contract with IKU to the tune of 100 million kroner for scientific research on areas in the Barents Sea in order to map the possibilities of finding oil and gas.

At the same time as the Norwegian scientific test drilling in the Barents Sea, the Soviet drilling ships "Viktor Muravlenko" and "Valentin Shashin" have for a long time been in the process of exploratory operations on the Soviet side of the dividing line. The Soviet Union has had big technical problems with the ships--problems which have not yet been surmounted. They have found gas while drilling in the Barents Sea, but still not in amounts which would be profitable to produce.

## North Sea "Exhausted"

Norwegian authorities--and the oil companies on the Norwegian shelf--recognize that the chances of finding new large oil and gas finds south of Stad are now beginning to be exhausted. In order to ensure a stable level for Norwegian oil operations in the years to come, for this reason the exploration activity must be moved to new areas. The Barents Sea and the large ocean regions between the Tromsø Ice Floe and Svalbard are being looked at with very great interest in this connection. These areas are many times larger in area than the North Sea.

Both the Oil Directorate and the oil companies believe that the circumstances at the starting point exist in order to make considerable oil and gas finds in the entire Barents Sea. In the geological respect, the region is considered to be one of the most interesting in the world.

#### Far Off

Although the authorities and companies are looking at the Barents Sea with great optimism, all realize that it is far off before both exploratory operations and the development of possible finds can get under way. Prior to exploratory drilling, elaborate preparations are required. The cost of a single exploratory well will reach 100 to 200 million kroner. For this reason it goes without saying that all parties are interested in limiting as much as possible the risk of drilling dry wells.

The first exploration blocks north of the present region on the Tromsø Ice Floe will be assigned in the 10th rights round on the Norwegian shelf in 1985 and 1986. Oil exploration in the Barents Sea itself and closer to Bjørnøya and Svalbard will, however, not begin before after the 11th and 12th rounds toward the end of the 1980's.

#### Seismic Studies

The Oil Directorate is in the full swing of conducting seismic studies in the new areas. During 1984 and 1985 the oil companies will receive permission from the directorate to conduct more detailed seismic studies in over 500 new blocks in the Barents Sea. Prior to these studies, the oil companies must buy millions of kroner worth of seismic packages from the Oil Directorate.

There has been very great interest in the seismic packages which the directorate has already put up for sale and it is believed that just as many will sign up when permission is given for more seismic studies in the Barents Sea in the next few months.

In the years to come the oil companies will gamble billions on preparations for oil exploration in the Barents Sea. Seismic studies, scientific test drillings and geological expeditions to Bjørnøya and Svalbard are some of the catchwords in this connection.

#### Statoil Program

Statoil has a separate program for its preparations. The company wants, for one thing, to drill more scientific wells in the Barents Sea in the future, but will hardly receive permission from the Oil Directorate. The State Oil Company believes that such drilling will improve the possibilities of making oil and gas finds. On the other hand, the Oil Directorate is of the opinion that such finds can be made at least just as quickly through gradual expansion of exploration areas in the north and east. The directorate believes, in addition, that random test drilling on false premises can destroy interest in parts of the Barents Sea.

## 100-Million-Kroner Agreement

The cooperation agreement between Esso and the Institute for Continental Shelf Studies (IKU) in Trondheim has a 100-million-kroner scope and is the largest which has been entered into in this preparatory work. Today IKU has 160 employees and is a research institute under the NTNF [Norwegian Council for Scientific and Industrial Research] umbrella. The institute was founded in 1975 and since then has specialized in Norway's northern regions. The contract with Esso is the biggest IKU has ever received.

Esso looks at the collaboration with IKU as a completely necessary and very important element of the work prior to the coming rights rounds in the Barents Sea. "Today we are working with a view toward what will take place in two to five years ahead in time," says John Thomas, who is the head of Esso's geology division in Norway.

### "Decidedly Promising"

John Thomas points out that the Barents Sea and the areas between the Tromsø Ice Floe and Bjørnøya/Svalbard are totally new in the exploration sense, and that Esso looks upon these as decidedly promising areas. "Geologically speaking, everything is certainly in order so that there must be 'something,'" according to him. Thomas hopes that this "something" will be oil, because the market conditions for gas found so far north are not so good today. "We know very little about the Barents Sea. Therefore, we are now going in with big investments in order to find out more--to get a general view of what possibilities there are of making finds. We want to be as well prepared as possible when new blocks are announced in the northern regions," he says.

"Esso has been in Norway for over 90 years, and the company wants to be here at least just as long in the future," Geology Division Head John Thomas points out. The company's parent company, Exxon, is today among the leaders in the oil business in Canada and Alaska. Esso will bring along much of its knowledge from these arctic regions when oil operations get under way completely in the cold, harsh Norwegian northern regions, according to the company.

### Geological Expedition

In connection with the IKU cooperation agreement, a geological expedition to Svalbard was arranged this summer. On Svalbard the geologists can see above-ground types of rocks and formations equivalent to what they expect to find again deep down in the subsoil in the Barents Sea. The geological expeditions to Svalbard will in light of this be able to reduce the risk of drilling dry holes and thereby save a lot of money for both the authorities and the oil companies.

In addition to the geological expedition and the test drilling with the "Pholas" drilling ship, the cooperation agreement includes several other comprehensive activities--among other things, 3750 km of seismic discharges in an area of 90,000 square kilometers. IKU will be in charge of the interpretation of all these seismic studies, together with Esso. Both Esso and IKU hope that the cooperation program will be able to provide a general view of the possibilities of finding petroleum resources in the new ocean areas.

## DELAY SEEN IN NUCLEAR POWER PRODUCTION

Lisbon DIARIO DE NOTICIAS in Portuguese 18 Aug 84 p 3

[Text] Oliveira Fernandes, secretary of state for the environment, has said that "the hour for nuclear power in Portugal may not be at hand."

Calling himself an advocate of the need for a "definition of the best moment to adopt a better solution," Fernandes told the Portuguese news agency ANOP that nuclear power "may come to be, but is not yet, one of the white elephants."

Declaring that he is not opposed to nuclear energy for Portugal but feels that "its hour may have to be delayed," the environmental secretary admitted that "in the coming decades there will be no dilemma, in terms of a choice between nuclear power and other forms of energy, namely solar energy."

"The two types of energy (nuclear and solar) are very different and call for varying technological treatment, although we can consider that some energy needs cannot be met with small units geared to the use of solar power," he said.

According to Fernandes, the coal-burning power plants, "which are certainly not kind to the environment, could be an alternative, considering that their installation and operation can be perfectly regulated."

Noting that electric power consumption in Portugal has not risen to the expected levels, Fernandes added that, in the area of solar energy, "there is no real determination to promote and support its practical development."

With regard to environmental protection, the government official advocated the creation and management of parks and preserves; he noted one of the major findings of Solar Energy Week, which has just ended in Funchal.

"Solar energy has a very specific application in Madeira, primarily on the island of Porto Santo, consistent with the conditions for the effective development of this type of energy."

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## BRIEFS

INCREASED ENERGY IMPORTS--In the week from 13 to 19 August, Portugal imported 67.9 million kilowatt/hours [kwh] of energy, more than double that of the same period in 1983, according to the EDP [Portuguese Electric Power Company]. In the same week in 1983, for a consumption of 261.5 million kwh, Portugal imported 33.4 million kwh. At the end of this period, the status of hydraulic reserves was worse than the preceding week, but it was at the same level as that registered on the same day in 1983. Stored energy varied by less than 40.4 million kwh from the previous week. In the period in question, hydraulic reserves stood at 61 percent of the absolute maximum value, at the same level as that observed in 1983. In the week under consideration, total energy production reached 213.1 million kwh, with hydroelectric production contributing 48.3 million kwh (23 percent) and thermoelectric production contributing 164.8 million kwh (77 percent). Consumption stood at 281 million kwh. In the same week in 1983, power production totaled 228.2 million kwh. Hydroelectric and thermoelectric production were, respectively, 77.6 million kwh (34 percent) and 150.5 kwh (66 percent). [Text] [Lisbon A TARDE in Portuguese 25 Aug 84 p 11] 6362

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