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JPRS-WER-84-109

5 September 1984

West Europe Report

DTIC QUALITY INSPECTED 4

19840904



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5 September 1984

WEST EUROPE REPORT

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ND LEADERSHIP: AVEROF UNDER FIRE

Averof Resignation Rumored

Athens POLITIKA THEMATA in Greek 27 Jul-2 Aug 84 p 17

/From the "Off the Record" column/

/Excerpt/ Confidential rumors within ND ranks to the effect that Mr E. Averof, ND leader, has taken the big decision to resign his office because of health reasons are constantly growing. According to these rumors, the decision will be made known more widely to party members at the end of August or the first part of September so that procedures for the succession might take place as provided for in the ND constitution. Those deputies who are now out of Athens visiting their districts have been informed about the the planned intra-party deliberations. It is, nevertheless, a "common secret" that members of Mr Averof's close family environment have repeatedly recommended that he withdraw from the party leadership position. However, he has raised the question of the danger of a party breakup in such an eventuality.

Resignation Deemed Essential

Athens POLITIKA THEMATA in Greek 27 Jul-2 Aug 84 pp 29-30

/Article by Andreas Politakis, civil engineer and a staunch centrist: "The Biggest ND Issue"; passages enclosed in slantlines printed in boldface/

/Excerpts/ As the political situation has developed over the past few days, and especially after the long meeting between the president of the republic and the prime minister together with the enigmatic announcements that followed, it is very possible that parliamentary elections will be speeded up and be held some time between 15 October 1984 and 15 April 1985, in other words in a period of time that must be described as going from "closest at hand" to "close at hand."

While arduous party activity, directed by the party leadership team, is being observed in the government party (or...."Movement"), such activity as the convening of nome committees, of the party central committee, etc., for the purpose of seeking a solution to and a confrontation of important current issues at the most opportune time (such issues as the election of the president of the republic and the revamping and simulataneous decrease of the number of members

of the Ministerial Council), the major opposition party, the one that is seeking to gain power, gives the impression that it is ...on vacation. Its president bustles about on many things except the /main/ issue. Occupation with the European Parliament (as if it could not be convened without...his presence), trips here and there, impromptu careless statements on important national issues that give the impression of loquaciousness over strong (and easy) criticism by those who should actually be the only ones to get such criticism because of their way of handling affairs, their receptions and festive "triumphant" prefabricated "demonstrations" of various --chore by the leadership -- party groups and chairmanships that congratulate each other over their proud "2 hundredths" "victory" with embraces, with presentations, etc.

The government party, that follows all of this "while rubbing its hands in glee," has only one concern and that is that Mr Evangelos Averof might perhaps withdraw (either voluntarily or...otherwise) from the ND leadership position /prior/ to the parliamentary elections. They say, "Afterwards they can do as they wish. Let us get to the elections once again with Evangelos."

Even if there were not other reasons --and there are many important ones-- the ones mentioned above are sufficient to show that with Mr E. Averof the major opposition party will /not/ get to power. It is possible that the party will not get to power with any other leader (except for /one/) /but with Mr Averof it is certain that it will not reach power./ With Mr Averof it will /not/ reach the position of number one party even if it were to be led (if that is possible) in the /two/ next electoral reckonings.

The primary of these "other" reasons is that Mr E. Averof /cannot/ attract the great mass of centrist voters. This has to be considered as a /given fact./

All agree that these voters have been and will be a decisive factor in an electoral victory. They tended toward PASOK in the past and they made PASOK a government. They have now become disappointed. Will they now tend toward ND? Will they lead it to power? This will not occur so long as Mr Averof remains in power or someone other /like/ Mr Averof that will drive them away. ND will remain an opposition party and PASOK will "apply itself" to its destructive governing so long as Mr Averof remains party leader. /How, therefore, does he continue remaining in office?/ And if he remains stuck in the leadership position from "stubbornness" that is in geometrically increasing function to age, how can the "others" accept that he remain in office? How can the country be able /to suffer/ another 4-year term by PASOK (or partly so) because of the stubbornness of Mr Averof who wants to become prime minister despite the fact that there is no indication or possibility /whatsoever/ for this to happen.

The above thoughts are not mere unproved hypotheses. They have been put, as they say in physics, "to the torture test." /They have been proven experimentally in the Euro-elections./

Could anyone have thought it possible that with so much intensity, so much current running on behalf of ND and with so many mistakes, so many retractions and wretched activities by PASOK, so much loss, the result would have been that most trivial 2 percent increase in comparison with the 1981 elections? But if the conditions had been reversed, PASOK or another party or even ND itself, with a capable leadership, would have succeeded in gaining at least a three-fold increase.

ND was not able to get even the greater part of (not especially great) the loss (6 percent) that the governing "Movement" showed. It got only one-third of it. And we shout victory, we embrace one another and we exchange "plaques."

The author considers it certain that only if Mr E. Averof had not placed himself arrogantly, inexpediently, unexpectedly and stubbornly --counter to /all/ indications and /all/ advice-- at the head of the ND Euro-elections ticket and if he had "showed off" less during the pre-electoral period the party would have been able --and without a change in leadership-- to improve its percentage by about 2 percent more. But 2 percent more would have been coming equal to and aligned with the "Movement."

Mr Averof's post-election policy is making centrist voters even more reserved and more distrustful. The way he handled the spontaneous, honorable and democratic outcry and concern of Deputy Them. Sofoulis shows that everything about "democracy" at the base of the party, about the "middle road" (why "middle road" and not "center," are we afraid of that word?) and about "openings" is pure "talk" that covers exactly opposite tendencies.

Mr Averof was unable to answer and to turn around against PASOK (and to persuade) that easily reversible slogan "the people do not forget what the Right means." This is so exactly because the certainty has been created in public opinion (unjustly, perhaps, but he has been unable to change this feeling through his behavior) that he does represent the "Right," that the misleading PASOK slogan so cunningly alludes to. The "Right" that has no connection /whatsoever/ with the party group that he founded and consolidated in our country after the dictatorship period, that new progressive and modern democracy that we lived through until the fall of 1981.

In fact, "the people do not forget what the Right means," they do not forget the 7 years of the Karamanlis and Rallis governments. For that reason, knowing now /what PASOK means/ they will vote for ND. Mr Averof was not able to or did not dare (so as not to "disavow" periods prior to the dictatorship) articulate this in a decisive manner and to make it into a /"boomerang"/ against Mr Papandreu.

Time works (from one aspect, that of the aspect of preparation) /against/ ND. There is no time. There are no vacations or other choices. We must now at once finish up. In August, if possible. /The country cannot endure more./ If PASOK is to survive for another 4 years depends on ND's preparation and only on that. Preparation does not involve only a change of the top leadership /but it will start out from that./ Neither a congress (that Mr Sofoulis recommends) nor decapitation of the /entire/ leadership is necessary. The party constitution provides for an easy and speedy process. /And it is certain that unity will be maintained./ This is so because who would be so naive as to withdraw and find himself "naked," when the party would have, especially after the change, the strong current that it would have?

The best or the most courageous final political act by Mr Averof would be to withdraw on his /own/ volition. /But if this does not happen the soonest possible then an issue should be made of it./ Because the more the election date approaches the more the change becomes difficult.

unquestionable new party leader would come forth. This person would have reached the distinction, not, of course, "by commitment" --as a specified second-in-command chosen by Ev. Averof-- but with his self-promotion and recognition of his leadership qualities.

The political council failed, however, in the two goals for which it had been originally set up: it did not function as a lobby for the leadership and it did not give the party a collective leadership. E. Averof himself downgraded the role of the political council to an advisory organ of the president while, on the other hand, he himself stirred up antagonism among the cadres, allying himself sometimes with one and at other times with another.

Now, with the "expansion" of the political council, E. Averof had many converging goals: to reward I. Varvitsiotis for his activity but also to make him equal to M. Evert who, at the same time, would have been exposed to the gaze of the deputies wanting renewal. The rise of St. Dimas would also have improved even more the relations between E. Averof and K. Papakonstandinou.

Finally, so that Ath. Kanellopoulos might not feel slighted with his being put on an equal footing with St. Dimas, he was given the responsibility for revising the party program. In this way, the politician feels that he has been put on an equal footing with the three future heirs.

The first to oppose the expansion was I. Boutos who at once saw through E. Averof's divisive intent. Also opposing the expansion was I. Palaiokrassas. The defeat of the expansion was sealed by the lukewarm opposition of K. Stefanopoulos and K. Mitsotakis who showed that they were being threatened less.

What the present ND president fears the most is that he might perhaps find himself suddenly up against other unanimous opposition by members of the political council. Nevertheless, the three persons claiming the leadership post have already approached some sort of silent agreement that provided that if Ev. Averof himself does not move forward on the processes for his replacement they will themselves make a move with a simultaneous expression by all three together. August, the month of vacations, also seems to be the last time limit for the ND leader.

Reasons for Council's Failure

Athens TO VIMA in Greek 27 Jul 84 p 3

/Article by Giannis Roumbatis: "'Averofists Frustrated the Expansion and 'Renewal';" passages enclosed in slantlines printed in boldface/

/Text/ It finally seems that the new much sought after "renewal: that was to take place in ND....was put off for "in due time." It was perhaps put off so that it might never take place or so that it might take place (as certain persons say) under new leaders of the major opposition party.

This has to do with the (momentary?) endeavor by E. Averof to expand his party's political council. This atypical organ, that according to who analyzes its role in ND developments, has an "advisory nature" (as Mr Averof says) or "has

After the Euro-elections Mr Papandreou said that "ND has no other margins. The 38 percent is its border percentage. It has exhausted its possibilities." Wrong. /Mr Averof has exhausted his possibilities./ ND still has energy and spirit that has not been developed. And /it can, with capable leadership, take over the centrist area/ and win the elections and gain power. /Forward ND."/ It is, indeed, the /only solution/ for the country to get out of its destructive course /but under certain conditions./ (The formulation of /"the only solution"/ was /first/ made by the author last March in a text which came out as a booklet.)

Political Council's Expansion Failure

Athens ENA in Greek 26 Jul 84 p 11

/Text/ "The convening of the Chamber of Deputies for the last session of its term of office must find New Democracy with a renewed leadership." This evaluation of ND's electoral base is shared by many of its leadership cadres that also stress that the change in leadership must be prepared from now and must be completed by October.

This is so because by then political developments will have been determined which make it possible that there would be a speedy introduction in the Chamber of Deputies of the electoral law and premature elections.

The general feeling for a renewed leadership that prevails both at ND's grassroots and leadership levels and that is summarized in the phrase "we are not going into the next elections under Averof," has, as is natural, been noticed by the present leader of the major opposition party and by his close entourage.

About a year ago, the ND president himself had expressed his intention to withdraw. However, his close entourage, both family and political ones, made him change his mind and is now "forcing" him to remain as leader by coaxing him with the slogan that the organized team of ONNED's /Youth Organization of New Democracy/ Averofist leadership rhythmically chanted at the "Tzortzi Athanasiadis" award ceremony: "Tomorrow, prime minister."

The latest manifestation of an obstacle by the Evangelos Averof side in the demand for renewal was the failure of the expansion of the seven-man party political council. Goal of the expansion was the promotion of new heirs who would have neutralized the old ones. As an ND cadre characteristically observed, "Averof, by increasing the number of possible heirs in the party, was aiming at the division of the anti-leadership pressure. The ideal for E. Averof is the increase in the number of heirs to 111 (in other words the number of ND deputies)."

Said to be among the new members of the political council are I. Varditsiotis, M. Evert, St. Dimas and M. Papakonstandinou.

The political council had been set up on the recommendation of the ND founder for the purpose of giving a picture of party collective leadership when the dispute over the Averof leadership had already begun. Most probably K. Karamanlis' thought was that in the framework of this atypical organ the indisputable and

competent responsibilities" despite the fact that the ND constitution does not provide for its existence (as others in ND contend).

According to certain information, the expansion was frustrated after /opposition expressed by many "Averofist" / deputies. The latter felt that an expansion would have created problems for them and /"would have opened the party"/ to elements /"that are not controllable."/ Among those deputies who opposed the expansion were Messrs /N. Anagnostopoulos/ who was already "distressed" after the harsh way Mr Averof treated him when he committed certain "errors" during the Euro-elections, and /Athanasios Tsaldaris/ who had demanded that any expansion made was to include him.

It is being said in ND that the information leak came from at least four sources;

First of all, /from those reported to be candidates/ who believe that with the leak they will make Mr Averof commit himself. One of them is reported to have told reporters, /"He will not be able to back track."/

Secondly, /from certain persons who did not want/ the expansion to take place. They hoped --correctly as has been proven up to now-- that in this way they would avert "such an unfavorable development."

Thirdly, /from one or two presumptive/ ND leaders who wanted in this way to find an opportunity to have the political council issue discussed (which finally was not discussed!)

At any rate, there are others in ND who did not have any direct personal interest either in an expansion of the political council or in its defeat and who do not consider this issue in its entirety as especially important for their party. They contend that in the final analysis what is important is not "renewal." They say that what is important is that /ND should go beyond "idle discussion over 'renewal' and 'talk about heirs.'/" It should move forward toward "a differentiation of the picture that the party shows to the outside and also in the essence of the policy being followed by ND." These same persons contend that for this to happen the major opposition party must "acquire a clear ideology so as to give the people a vision."/

Few of these people, however, harbor any illusions that this could be implemented in the near future. And almost fatalistically they await the next "movements," statements and leaks over "the coming changes" that will occur in ND. Most of them, nevertheless, have gone on vacation.....

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CONTROVERSY CONTINUES AROUND EANES' POLITICAL STATEMENT

Eanes' Future Personality

Lisbon SEMANARIO in Portuguese 28 Jul 84 p 2

[Article by Marcelo Rebelo de Sousa: "In Search of the New Eanes?"]

[Text] Gen Antonio Ramalho Eanes is said to have made statements to a foreign journal, later reprinted in another, concerning the matter of his possible future political activity. If the report as finally carried in the Portuguese press is to be believed, General Ramalho Eanes expressly stated his intention of continuing his political activity after his presidential term of office expires, then going on to say that he would do so not as an independent, but within the framework of a programmatically defined structure. On the same occasion, although with all the caution required by the post he holds, and even by the circumstances of the origins of the movement, he apparently did not deny the existence of personal and political links with the sponsors of the initiative announced in Abrantes, supported by the structure harking back to the 1980 CNARPE.

The words of General Ramalho Eanes fell into what was almost a vacuum, just prior to the holidays for the business class, and at a time when the eventful course of the draft internal security law was arousing the most imaginative speculation about the fate of the government.

Various political officials paid attention to them, and one even announced that he had asked for an audience with the president of the republic to obtain clarification about the scope of the statements made. But except for the respect due even in these scattered instances of special attention to General Eanes' statements, a greater impression seems to have been made by what is situational than what is structural, by the accessory rather than the essential.

The accessory aspect involves knowing precisely how, when and why General Eanes will function politically in the future. The essential thing is understanding that the inevitable logic of a candidacy such as his leads, under this system of government and with this party system, to the intention voiced by General Eanes.

The accessory aspect has to do with the old quarrel about Eanism which has revived. The essential has to do with the future prospects of other forms of Eanism (for which read plans for political organization with the sponsorship or support of the president) in Portugal.

Let us begin, however, with the accessory, with the synthesis which can be made of the considerations to which General Eanes' statements give rise.

1. In mentioning his possible political action after December 1985 this early, General Ramalho Eanes is trying to strengthen the political weight which the president of the republic inevitably begins to lose as the final phase of his term of office begins. This is not the first time General Eanes has revealed a shrewd awareness that the indication of project extending beyond the end of his presidential functions may lend him some specific power in the always-painful period of deterioration for the head of the sovereign body, the president of the republic.
2. On the other hand, the statements made show that the political space of the president is shrinking rapidly, and that General Eanes already realizes that his capacity to act prior to December 1985 will not be very great. In fact, if the president of the republic viewed a government crisis culminating in the resignation of the executive branch prior to June 1985 and possibly requiring parliamentary dissolution or the appointment of a cabinet on a presidential initiative and base as very probable, he would not have spoken now of the medium time range. The leap to the medium time range does little to conceal his relative skepticism about his ability to act in the short run.
3. Only the most inattentive observers will be surprised by the assertion of a desire for political action, which became an obvious reality as early as 1977, and has been reiterated since the 1980 reelection. Today's words are but eloquent confirmation of the vision of those who have pointed in recent years to the steps taken by General Eanes in sponsoring new political structures, linked with the intention to carry forward a personal campaign of struggle for state power. There is nothing new, therefore, unless it is his own admission of what was already transparently clear to many, while others insisted or pretended to be convinced that it was false.
4. It would appear that General Eanes has learned the lesson to the effect that politics within a democracy involves a multiparty system, because he is now excluding the idea of acting as an "independent." The fashion of the "independents" is in crisis, and its most devoted apostles are aligning themselves in old or new structures. All that was lacking was to hear from the lips of the man who most polarized the independents or whom the most independents helped to create (by actions or omissions) this wise decision: when he himself wants to wage the struggle for state power, after the end of his presidential term, he will not do so as an "independent."
5. Without committing himself immediately to any party or political association, General Eanes nonetheless let fall an indication about the political-ideological area in which he may be active. With the mention of "group affinities" with his supporters in the CNARPE, now moving openly toward party activity by stages, General Eanes located his position. He will not go to the PSD [Social Democratic Party] to enrich it with his political contribution, nor will he even broaden the centrist ranks or add to the PS [Socialist Party] support existing today. His affinities seem to be oriented toward this new developing reality, composed of the confused conjunction of a part

of the socialist minority, leftist independents and "fellow travelers" of the PCP [Portuguese Communist Party], under the affectionate and tolerant gaze of the communist leadership. However, only time will tell whether, when 1986 comes, Citizen Antonio Ramalho Eanes will retain the ideological preferences of President Antonio Ramalho Eanes at the end of his term of office, or if, disillusioned by the obstacles to a presidential movement now without a president, he will change his ideas.

6. There remains a last situational note: the political weight of General Eanes is one thing, as president of the republic, and will be another, as an ordinary citizen. Power generates power, and it is for this reason that the polls show that more than two-thirds of the prestige General Eanes enjoys came to him because of the Belem post, and not because of his exceptional political astuteness, ideological clarity, strategic genius, public charisma, vast general culture, brilliance as an orator or even his personal charm in contact with the voters. This is a factor which should warn the future former government leader against that tremendous disillusionment, that political downfall which has undone the most heartfelt dreams of so many former government leaders, in this country where solid masses of former presidents, prime ministers, deputies, ministers, secretaries and deputy secretaries of state are packed elbow-to-elbow, with hardly enough space to breathe, many of them no longer having any idea what to do but live for politics, when they can no longer live from it.

Moving from the accessory to the essential, from the situational to the structural, only one comment--and a much more important one--is suggested to us by the words of Gen Antonio Ramalho Eanes.

And that is that his decision to embark after December 1985 on a struggle for power on the stage provided by the existing and developing political forces is not merely the product of a personal appetite, an intimate pleasure, an irresistible attachment to power, an early nostalgia for the charms of Belem. Obviously all of this has its weight, with General Eanes as with other government leaders, and that weight, as a general rule, is the greater for those who do not have access to these attributes of power, due to discrimination based on origins or socioeconomic status or the lack of the inherent professional or personal capacities suited to state power.

But beyond the inevitable attraction of power, what happened with General Eanes had much to do with the fact that he is an independent president of the republic, outside the party system, elected within a semipresidential system of government.

Given these ingredients, only a miracle could enable the president of the republic, be he A, B or C, to resist the temptation to launch an autonomous project.

Legitimately elected by direct and universal voting, he is neither a distant constitutional monarch, a symbol of parliamentarianism, nor the head of the executive branch under a presidential system.

He is an arbiter with more or less power, depending on institutional practice.

Being independent of the parties, he will have to establish a counterweight to them, above all those parties which have been a parliamentary and government majority--a situation leading to institutional wars, less the product of personal or ideological differences than the difficulty in dividing up power. And he will polarize the "clarification" of the parties doomed to failure in the parliamentary elections, excluded from the government and seeking to achieve through Belem what they failed to achieve through Sao Bento.

Further still, each illustrious politician or party sector defeated is potentially presidentialist, seduced by that portion of power which is the force which binds the situational disasters of the party system.

Within this context, it would be almost superhuman for a president to resist the temptation of those who demand his party, his front, his movement. Only such a man could be bacteriologically pure, vice-free, a model of virtue, base-oriented, honest, clear-thinking but comprehensive, the anticipation of heaven on earth--until the day when along with him the same problems (or worse ones) develop for all the parties--the sharing of power, the patronage, the lobbies, the financial departments, the commitments with regard to the state and administration.

If the president is a statesman with the capacities of a leader, a profound crisis in the party system can make of him the immediate vector of change for that system. Otherwise, he will exercise power dreaming of the day when, having left Belem, he can plan the squaring of the circle: being free like any ordinary citizen, while retaining the presidential prestige.

In our case, the party system has experienced most profound crises, and the president had in his hands tremendous power which he squandered. This is not, properly speaking, a crime, because the reasons are what they are and not what the political leader (much less De Gaulle) wants.

But the most important thing is that with the government system continuing to be what it is (or even with the strengthening of the presidential powers, correcting the excesses of the 1982 constitutional revision, as we indicated just after that event), either the party system will be capable of producing a president of the republic from within it, or an independent, specifically a military, president, will very probably follow the same political course as General Eanes.

There will be constant institutional quarrels. The president will polarize the losers in the legislative elections and the losers in the parties.

He will begin by being independent and will end by contemplating a post-presidential political project. It will be a return to an experience we have already had, without the attenuating circumstance of being unprecedented, and with the aggravating circumstance of repetition of past errors.

Apart from which, being a military officer, he will always be able to involve a national institution, which should be immune to the quarrels among the sovereign organs, in this development.

It is no accident that nowhere in all Europe have there been military presidents under a semipresidential system. And this is equally important if one regards our system as semipresidential or if one believes that we will only return to it if the full political responsibility of the cabinet to the president of the republic is reintroduced.

The lessons taught by the presidential terms of General Eanes is clear. It is only thanks to extreme naivete that one hears it said that the profile of the future presidential candidates, whether civilian or military, whether independent or produced by the party system, is unimportant.

If what is wanted is to tread the same path as before and to exclude the party system from the presidential elections, and to seek independent candidates at all costs, it is a question of choosing among various alternative military candidates, and finding the next Eanes. And we will have 5 or 10 years more of neo-Eanism, as a practical system of government, even though the personal or political characteristics of the future candidates may be different from those of General Eanes.

It suffices to look at what happened in 1976 to see how a president emerges, and to make a comparison with the way certain candidates are about to emerge now.

If we wish to change the path, then the party system should be capable, as in all other semipresidential systems, of finding a president of the republic who will not be excluded from it today and will not be opposed to it tomorrow.

A final warning: this does not mean that it is assumed that this party system does not need profound internal reform. The main parties should not deceive themselves in the belief that they can avoid this reform through the election of a president of the republic produced by the system.

Such an election will avoid quarrels and contribute to democratic stabilization. But it will not avoid a profound reform of the party system. Such a reform can only be effective and enduring, moreover, if it is not a product of mere rearrangements in the system of government, but emerges out of the electoral system and is rooted in party practice. We have repeatedly put this view in writing. The electoral system and party practice need reform. The inability to reform should not be projected into the search for a messianic military candidate, nor should we engage in the evocation of past events which should have been different.

A semipresidential democracy which wants to be a part of Europe is a different thing from an autocracy headed by a chancellor or a system of transition to democracy sponsored by the military forces, based on the presumption of the youth of the parties and the relative incapacity of civilian society and the political forces working upon it.

Consequences of Resignation

Lisbon EXPRESSO in Portuguese 28 Jul 84 p 3

[Article in column entitled "Portuguese Politics" by Jose Antonio Saraiva: "The Fourth Republic"]

[Text] In an interview on Swedish television, the president of the republic said that he will not retire from political life when he leaves Belem, and that he intends to pursue his career, not as an independent, but otherwise.

Neither of the statements by Eanes is actually news.

It has already been suggested that when the president leaves his office, he will not abandon political life. And as to his statement that he will in the future join a party movement, it cannot be said that this is a totally unexpected development either. With the knowledge that there are movements for the creation of an "Eanist party," it would be strange if General Eanes himself were not to join that movement sooner or later.

It is not these, however, but other questions which need to be asked at this time.

To wit, when, and under what circumstances, will the "Eanist party" be established, and at what point will the president give it his formal support?

Or again, will Eanes support the new party only after leaving his post at the end of 1985, or will he support it earlier?

Thinking in strictly logical terms, it is probable that the new party will be formed before the end of this year or the beginning of next, in order to provide time for launching a candidate in the presidential election.

However a problem arises: since it is known that it is necessary for Eanes to make a definite commitment to them if the party and its candidate are to be successful, how can the president reconcile this commitment with continuing in his post in Belem?

In other words, can Ramalho Eanes, in his capacity as president of the republic, deliberately abandon the supraparty level on which he has always wished to remain, and become the leader of a political party?

Perhaps he could, but this would not be a good solution.

In truth, since Eanes is at this point less than a year away from the end of his term, everyone would ask the following question: If the president wants to be something different from what he has always been, that is to say the head of a party, why not leave the presidency and assume party leadership?

This would in fact be the most logical path for the current president of the republic: resignation.

It remains to be said that if this should happen, the "Eanist party" would have a good possibility of achieving excellent results.

If Eanes resigns as president, the country would experience a shock, and this shock and the state of confusion which would result therefrom could create a dynamics leading to the election of the Eanist candidate, first, and the creation of an Eanist majority in the parliament subsequently.

Shaken by the resignation of the president, the citizens of Portugal might be led to think that this republic has come to an end, and that it is time to try other experiments and to place confidence in new parties.

In other words, that it is time to launch a Fourth Republic, different from the Third.

Obviously, resignation would entail a certain taste for the theatrical on the part of Eanes. And it is not certain that the president is characterized by such a taste.

5157

CSO: 3542/98

FREITAS DO AMARAL WILL NOT RUN FOR PRESIDENCY

Freitas, Pires Statements

Lisbon DIARIO DE LISBOA in Portuguese 28 Jul 84 p 5

[Excerpts] "Having considered all the circumstances, I have decided not to run as a candidate in the 1985 presidential elections." This is the complete text of the statement Prof Freitas do Amaral made public yesterday, putting an end to a complex process of hesitation concerning the possible "return in force" of the former CDS [Social Democratic Center Party] leader to the national political scene, as a focus around which right-wing votes might be rallied in the race for the Belem post.

Freitas do Amaral continued to be mentioned in connection with the possibility of a revival of the Portuguese right wing, despite the relative disinterest the present CDS has shown currently with regard to developments concerning the professor. A committee to support his candidacy was established in Oporto, and at the beginning of this month, it was announced that a "position on the matter" would not be made public until September.

The decision by Freitas do Amaral will have had to do with the weakening of his personal image since his voluntary withdrawal from politics, to which even a recent poll which he himself ordered, and the results of which were far from likely to satisfy him, bore witness.

In Braga yesterday, where he had gone to inaugurate a new headquarters for his party, Lucas Pires, the present leader of the CDS, said that "the statement by Freitas do Amaral (...) eliminates one of the main possibilities which the CDS has always considered." Lucas Pires noted that his party recently drafted a "contract-type of candidacy" which continues in effect. According to this contract, "the CDS will support a candidacy and a program rather than a candidate." It is being said with increasing insistence in the corridors at the CDS headquarters that the centrists will only accept a candidate offering an alternative to the "socialist bloc," whose program includes acceptance of the economic and social amendment of the Constitution. At the same time, the possibility that the party of Lucas Pires would support a military candidate has been taking shape. Firmino Miguel has been mentioned as the military man who would be capable of serving as a "consistent" right-wing candidate against Mario Soares.

In April of this year, a group of militants decided to sponsor a committee for the support of the Freitas candidacy. It included local CDS leaders, Cavaleiro Brandao among them.

A month later, this same committee sponsored a demonstration in Oporto in support of their candidate. They had invited Freitas do Amaral to attend, but he declined, saying however that he was "moved and grateful."

On that occasion, in a letter written to the sponsors of the demonstration meeting, he emphasized that there is still a year before the presidential election date and that "to begin the campaign at this time would be very harmful, not only to the candidacy as such, but above all to the country."

He further stressed that the decision "will have to be made by me alone, and solely in terms of my conscience and my view of the national interest." He added that he could not take pressures "either hindering or encouraging me" into account.

Also yesterday, the secretary general of the CDS, Vieira de Carvalho, in commenting on the decision by Freitas do Amaral, said that Lucas Pires might prove to be the centrist candidate in the 1985 presidential election. Vieira de Carvalho said that "Freitas do Amaral would be the candidate for the presidency the party would support. In his absence, other possible candidates, including Lucas Pires, who is the first person of whom we think, will be analyzed."

The announcement by Freitas do Amaral that he will not run as a candidate follows that made by Francisco Pinto Balsemao in an interview with DIARIO DE NOTICIAS, in which he said he will not run for the presidency in 1985 either.

Significance Stressed

Lisbon DIARIO DE NOTICIAS in Portuguese 30 Jul 84 p 6

[Editorial: "A Natural Candidate"]

[Text] The decision made public by Prof Freitas do Amaral this weekend is, without any doubt, one of the most significant events in the now voluminous process of establishing the presidential candidates for 1985.

It is significant first of all because of the underlying causes. The brevity of the statement released by the former president of the CDS makes it hard to assess it accurately. On the other hand, a decision of this sort always has behind it some portion of reasons which are of a strictly personal nature, and which therefore are not known to others, who are forced to judge solely on the basis of the words and actions which are publicly known and the circumstances surrounding them. Having set aside these limitations, however, we believe that it is possible to detect certain aspects in the current situation which certainly were at the basis of this decision.

The first factor which cannot go unnoticed is that until a few days ago, Prof Freitas do Amaral regarded the presidential campaign as a possible means of

returning to the political scene, from which he withdrew some time ago now. One need not speculate at length, moreover, to conclude that his withdrawal was designed to create the conditions for a return in 1985. However, for everything to proceed in accordance with this hypothesis, the national political situation would have had to evolve in a way other than the way it did, and the demand for his return would have had to be by now much more insistent than it has been. In fact, the discontent which could initially be expected in business circles with regard to the current government is far from showing any symptoms of eruption. No change in the direction of the PSD [Social Democratic Party], or at least a major part of it, with regard to a possible reorganization of the AD [Democratic Alliance], of which there has been so much talk as a result of possible incompatibility with the PS [Socialist Party], can be said at this time to be even a foreseeable development, either. Finally, the CDS itself, to some extent because of all that has been said above, and to some extent because of the complicated chessboard surrounding its present leader, has not committed itself sufficiently to date to the possibility of supporting Freitas do Amaral, although it has not excluded it, putting forth on the contrary a strategy always open to more than one alternative. To demonstrate this, it would suffice to list the statements made by its leaders in this connection.

All in all, one can obviously not state that success for the candidacy of the former centrist leader was excluded. What seems to be the case is that circumstances did not develop in such a way as to favor the candidacy of someone removed from politics. And, that being the case, Freitas do Amaral would already have to have taken definitive steps in this direction to make his candidacy viable, rather than merely waiting for the situation to offer openings through which he could rejoin the political battle.

Thus--and this is the second reason we regard Freitas do Amaral's self-exclusion from the race for the Belem post as significant--one of the positions which it was always presumed must inevitably exist is vacant: that of a civilian candidate opposing the socialist candidate, from a right-wing position. The parties may put forth names with greater or lesser credibility: the fact is that in matters of this nature, being considered a natural candidate is an advantage which should not be minimized. And it cannot be denied that Freitas do Amaral was so regarded, something which does not happen often, nor can it be produced by a mere effort of will. It is no accident that, in this same sector, the names which will emerge will be only those of military officers, more likely than the civilian sector to be able to provide the charisma which may be lacking.

Judice Comments on Results

Lisbon O DIABO in Portuguese 31 Jul 84 p 2

[Commentary by Jose Miguel Judice: "The Withdrawal of Freitas"]

[Text] The announcement by Freitas do Amaral that he will not be a candidate for the presidency of the republic in 1985 is only a relative surprise. It may perhaps have been thought that the decision would be made later, but

there can be no doubt that there were sufficient indications about the hesitation of the former leader of the CDS as to what choice to make.

The decision by Freitas do Amaral was made at the timely moment. There are reasons for it and it will produce consequences. It was the timely moment because allowing the vague feeling that he was hesitating to continue would not be of help in the event he was a candidate, did not enhance his image and would have made it impossible to say that his decision was made when it was still possible to make the other choice, instead of only when he could no longer aspire to be a candidate.

The reasons for this decision are various, as is obvious, and any analysis of them must always contain a heavy dose of probability rather than certainty, because one would be analyzing subjective motivations. The first and most remote cause is without a doubt the death of Adelino Amaro da Costa and Sa Carneiro. For a man like Freitas do Amaral, this meant the creation of a vacuum and a tendency toward the development of a desire to abandon politics. The traumatic experience of the last AD period, which solidified in his mind a feeling that nothing could be done with the current frame of political reference, was obviously a second reason. For Freitas do Amaral, the failure of the AD resulted in a trauma and a personal disillusionment the effects of which have not yet ceased to exist. It also left him with a desire for political recentering, in an effort to recover the 10-year-old myth of rigorously centrist political action, which makes less and less sense, and, more important, which became impossible for him.

A third reason was also the experience of the CDS and the increasing tendency which can be seen in this party and in its leadership to maintain courteous and cautious, but not warm and political, relations with Freitas do Amaral, while at the same time he was becoming convinced that the politicians surrounding him were loyal and good rather than dubious. The feeling that the CDS was resigned to supporting him, but would not fight very hard for the cause, was doubtless traumatic. And the increasing conviction that he could not count on any significant support from within the PSD, and in particular not the aid and the encouragement of important figures in the PSD such as the Marcello Rebelo de Sousa group, must have been a fourth reason. The possibility of a candidacy organized simultaneously in the CDS, an important part of the PSD, and by some independent personalities was not possible, and Freitas do Amaral must have come to recognize this.

A fifth reason, finally, must have been the results of a poll which the communications media reported. It showed that his likelihood of success was minimal, and the political position of Freitas identified him as able to aspire to leadership of the right-wing half of the country, but not to being the pivot of the system, the position he would most like to occupy. And this leads us to a sixth reason, which is, finally, the Lisbon professor's temperament. He does not have the political style of a fighter, of a man who goes to the mat and gets up, one who is defeated and begins again, one who goes into the public square and only then hopes that his supporters will rally behind him. Freitas do Amaral is, on the contrary, a politician who waits, who does not like to lose, who is not fond of excessive risk, who

prefers that they seek him out after the event, against all and sundry, if necessary. In the present political and economic situation, a man with the qualities of Freitas would never take the decisive step unless conditions forced him to. And the conditions do not.

But if all of these things are reasons, there are consequences too. The first has to do with the presidential election. It is beginning to be increasingly probable that the CDS will have to bow to a strategy dependent on the PSD, through a military candidate. This provides involuntary help to Mota Pinto, who is now dependent only on himself (and on the internal opposition against this hypothesis). If Freitas were a candidate, there would be no possibility of a military candidate on the right. Now such a possibility again exists.

The second consequence, obviously, is that Freitas is faced with the alternative of withdrawing politically for many years or attempting to return to the CDS to reorganize a power structure.

Everything seems to indicate that a politician who declined to venture into the presidential campaign with an honorable advance to the second round, and who is 40-some years of age, will not undertake the struggle now within the CDS. But anything can happen.

The third consequence is that the CDS will naturally enter into a period of political ferment, with those nostalgic for the Freitas option, the defenders of an autonomous strategy until one day victory becomes possible, and the defenders of a return to the power sector through a presidential candidate shared with the PSD and early legislative elections. A final consequence I would like to mention here is that the possibility that the present government will fall is greatly increased by this decision, because Prof Mota Pinto will be more tempted to abandon the vague possibility of being prime minister under President Soares to devote himself to survival in the party, due to the need for unity for early legislative elections. Freitas was the reason for all of this. He emerges from his decision wounded, but the man who caused these consequences did not emerge dead. Now only a new Freitas could save a politician with above-average virtue, seriousness and training, and whose retirement so young would be bad for the country.

Reasons Not Clear

Lisbon 0 DIABO in Portuguese 31 Jul 84 p 13

[Commentary signed by D.E.F.: "An Extensive or Final Withdrawal by Freitas do Amaral?"]

[Excerpts] The decision by Prof Diogo Freitas do Amaral not to run as a candidate in the presidential election next year, which was announced to the people of Portugal last weekend, served to put an unexpected end to a hope which had developed about this potential presidential candidate.

A candidacy committee was spontaneously established on the base level in Oporto to sponsor Freitas do Amaral, and journalists were even summoned and

the first meetings held. It was however the subject of their activities himself who asked that any supplementary activity be abandoned until his decision was made, probably in September or October of this year.

A number of major consequences are the product of this decision by Freitas do Amaral. The first of them has to do with the candidates who may run for the office. One candidate from the CDS sector (or even a possible candidate in the area of the old AD) is out of the running, which means that the centrists, if they want to sponsor their own candidate, will have to choose another, or else accept the choice designated by the PSD as to a joint candidate.

Whether the party has its own candidate or sponsors a joint one, the possibilities are many, including both civilians and military officers, and it is too soon at this time to point toward one or another individual. Freitas do Amaral was the most obvious choice for the centrist voters. Now that he is out of the running, other less obvious names will have to be suggested.

The second major consequence has to do with Freitas do Amaral himself. This second decision of his not to return to full political activity involves at a minimum a long absence, and at the maximum, his definitive retirement.

In withdrawing for the second time, Diogo Freitas do Amaral is creating a new perplexity. In fact, there are many CDS and even AD centrist voters on the base level who are surprised at the speed and the definitive form of the decision of the former president of the CDS. The fact is that beyond this, the path Freitas do Amaral has taken may mean that he will not return to political life again.

It is much too soon, however, to say that this decision represents a definitive "no" to politics, among other things because changes are frequent and unexpected in Portuguese politics and someone who disappears in disgrace one year may then, 5 or 6 years later, emerge as a star. However, this means that it will not be a one-year or a 1.5-year desert in the life of Freitas do Amaral, but one lasting 5 or 6 years.

Beyond the consequences of his action, moreover, there remains doubt as to the reasons behind it. As was the case in the past, Freitas do Amaral has not explained the reasons for his decision adequately in this case either. Thus the public can only judge on the basis of very vague indications. One of them has to do with the situation in the CDS itself. The line which is winning out and which seems to be retaining the leadership is precisely that which differs with his traditional supporters. Speculation over a period of some time about a possible rapprochement between Lucas Pires and the minority, or a part thereof, which was defeated at the last congress, has not been borne out in fact. And, on the contrary, there has even been a recent intensification of mutual aggressive attitudes in connection with the status of the Fontes Pereira de Melo Institute, wherein the CDS claims the right to direct this institute (and all its institutes, in general), while the line closest to F. Amaral, with actual control over them, seems unwilling to go along with this demand.

Thus the questions about the still-unpredictable victory of one of the parties involved were multiplying. And Freitas do Amaral must have felt that the launching of his candidacy within the CDS itself would involve difficulties, even if not public or announced, which could compromise it. The atmosphere needed for a presidential candidacy would require at a minimum a clear and enthusiastic unanimity within the party, which probably does not exist now. We are not speaking of the CDS as a base or as voters, but as an organic party.

On the other hand, the candidacy of Freitas do Amaral would need a widespread echo, which the polls were beginning to indicate, but which recently has begun to diminish. Without a doubt, Freitas do Amaral still had good support, but it was probably insufficient to give his candidacy, even a losing one, a minimal potential for justifying the political return of the former leader of the CDS.

It is possible that there were other reasons, but these are the most visible ones.

Let us summarize.

While the race for the presidency is still publicly proceeding, there is then one less participant, which may mean the emergence of two or three others in the political arena. It is a sign that this race is under way and that, in making his decision not to run formal, Freitas do Amaral implicitly admits that the pre-electoral campaign is already in full swing. And that it will last, probably, yet another year and will directly or indirectly influence everything which happens in Portuguese political life.

5157

CSO: 3542/103

PNV SEEN AS COUNTERPRODUCTIVE, DIVISIVE POLITICAL FORCE

Madrid YA in Spanish 2 Aug 84 p 5

[Article by Jaime Ignacio del Burgo, president of the Navarro PDP: "True Identity of the PNV"]

[Text] Some months ago I denounced what I called an "escalation of demands" by Basque nationalism. Therefore, I radically opposed the formation of a coalition government between the Navarro center-right and the PNV [Basque Nationalist Party]. The document made public by the EBB [Basque Executive Committee of the PNV] on Easter Sunday was very enlightening.

To the EBB, Basque nationalism did not renounce its ideological origins and reaffirmed its loyalty to Sabino Arana's philosophy which was nothing other than a renewal of the final objective of independence. The Guernica Statute, under this concept, is nothing more than a means to obtain future shares of self-government on the long road toward independence. (The PNV does not accept a "unilateral" interpretation of the statute nor, therefore, the adverse rulings of the Constitutional Court. Finally, the document announced the demand for new jurisdictions and, of course, the right to self-determination if its demands were not accepted.)

Subsequent events continue to show that the PNV is ready to unmask itself to reveal its true intentions.

Although the PNV officially says that it does not know anything, the truth is that the removal of the "ikurrina" from the Army Museum was welcomed with delight by the nationalist bases that unabashedly celebrate the day of the "gudari" (Basque soldier) with a revanchist and anachronistic mentality. They oppose normalization of the use of the national flag. Garaicoechea would only need to decide to comply legally and hoist it in Ajuria-Enea. At the same time, the new "burukides" of the EBB have become loquacious and talk nonstop about the independent Basque state and the national sovereignty of Euzkadi as unrenounceable objectives.

When the string is pulled too hard and causes a wave in political circles which are sensitive to this topic but also to the state of mind of the military,

then there are gestures of rapprochement with the Crown. There is an attempt to involve it in nationalist politics through the invocation of some alleged "confederative pacts" which are absolutely unconstitutional because sovereignty only corresponds to the Spanish people as a whole. The king is only the top state institution.

Basque socialist Garcia Damborenea was right when he stated that the PNV is a "serious pitfall" in the fight against violence. These words were spoken because of the reaction of the EBB to the extraditions and the knowledge that Garaicoechea tried to stop them through an intolerable arrangement with the Belgian Government. Even now terrorist violence has helped the PNV obtain what in the Spanish capital is called "political measures." In Euzkadi they become "conquests torn from Madrid by the Basque popular struggle."

Spanish Government officials since the advent of democracy know very well how the PNV invokes the need for "pacification" each time it sits down at the negotiating table. It is necessary to say categorically that, because of the Spanish nation's determination to correct certain historic errors in the treatment of the Basque question, the Basque Country today enjoys a much higher level of self-government than the historic Fueros guaranteed it in times of greater splendor. Some Fueros did not include any right to self-determination at all and are not a sign of political sovereignty, understood as a right to constitute an independent state.

The PNV offered to end the Lemoniz situation in exchange for jurisdiction in energy matters. Today Lemoniz is a concrete cemetery where hundreds of billions of pesetas have been buried forever at the Spanish taxpayer's expense. The so-called "war of the secretaries" has already ended with a PNV victory because of the murder of one of them, head of a town I do not remember. It was probably one of the sites "rebaptized" by the nationalists obsessed with erasing all traces of Castilian integration that appear throughout the history of the Basque Country.

The extraditions concern the PNV because they could leave it stripped of extrapolitical arguments. If confirmed and carried out, European aid against ETA [Basque Fatherland and Liberty Group] terrorism means the death of the ETA. The death of the ETA means the end of the nationalist hegemony in the Basque Country which is only possible because democracy and freedom are still a utopia in that Spanish land.

7717

CSO: 3548/310

ROMERO RAPS LIBERAL LAWS, SOFT ENFORCEMENT AGAINST CRIME

Madrid YA in Spanish 2 Aug 84 p 6

[Article by Emilio Romero: "National Insecurity"]

[Text] One of the serious current problems which the government barely mentions is national insecurity. It is considered a logical event for several reasons. In the first place, it is due to the system of freedoms that inspires certain criminal acts when freedoms do not have the necessary limitations for peaceful coexistence. Secondly, it is due to attributing a softening of the security forces and the judges to democracy in our country as the main reply to dictatorship which is always a more repressive or authoritarian regime.

The praiseworthy elimination of the death penalty contributed to the climate of lack of fear of authority by criminals. Spain has never had a similar climate of insecurity. Any citizen has this concern in mind, whether a businessman or a tramp.

New Crimes

It is necessary to classify crimes as old or new. Everyone knows the old crimes; they are constant at any time. Then the new ones appear: nationalist terrorism and social terrorism. (Two sad cases of the latter just occurred.) Terrorism or crime caused by drugs and the new crimes against the property or life of individuals are blamed on the high levels of unemployment. These three crimes are difficult to eliminate but it is also necessary to state that there is little authority or firmness. The greatest stimulus to crime is the weakness of justice.

The most sensitive topic of all is crime caused by juvenile unemployment. Solutions to the causes will not be short or medium term; hopes are for improvement, not solution. The two great social agents to lessen crime are none other than the intelligence services, with their corresponding security forces, and the judges. I have read a very interesting interview that Mercedes de la Torre had with professor Elias Diaz. In recent times, politics in its most manipulating sense has also entered the courts. Some judges are this and

others that. I have always defended the idea that the judicial branch had to be as far from politics as from the plague. That would be an enormous social guarantee. Elias Diaz' statements are an answer to these concerns that many of us have although, as a whole, they want to satisfy all the unknowns.

Politics and the Judicial Branch

Elias Diaz said: "There has been a myth about the apoliticalness of the judges, the neutralism of the judges. There has also been a myth that the judges' work was purely technical, neutral, apolitical; it had nothing to do with ideologies. It would be serious if a judge's work was like that; it would mean work from a very narrow viewpoint." This has been one of the biggest problems that alarm many people. Later, professor Elias Diaz said that it is necessary to comply with positive law but this is almost infinite territory. It is good that this territory reaches the Constitution as an expansion of the inadequacies of positive law. However, this rests fully on constitutional interpretation with all the risks of subjectivism and the corresponding ideologies. Now they have just murdered two labor lawyers.

Any interpretation of the demoralization of a person because of unemployment or labor problems requires an understanding of that state of mind or that despair. There is no law anywhere that establishes understanding of the crime. What would be appropriate is to improve society to prevent crimes of that nature. However, these responsibilities do not belong to the judges. I have given a clear example based on two current news items. I have some testimony that introduces a different argument for the judges to confront the crimes. Certain social events are even suggestive of great mazes in the minds of the judges.

If politics, with its utopias and its shamelessness, fully entered the judicial branch, it would cause one of the most serious crises of the democratic system itself. Elias Diaz said: "It is unquestionable that the Constitution can lead to different interpretations of concrete positive laws, concrete freedoms. Applied from the criterion of freedom and equality above all, it leads to much more progressive interpretations, applications and consequences than if those parts of the Constitution are ignored." The statement is praiseworthy and frightening.

The 1978 Constitution is ambiguous and has contradictions. This was necessary for understanding or agreement among the different parties. Now its interpretation will be based on politics and ideologies. That is why the Constitutional Court has so much work. In short, this is one of the major topics that deserve reflection by the most outstanding Spaniards, including many judges. Soon the serious national insecurity will lead to a hecatomb.

7717

CSO: 3548/310

REPORTED GREEK COERCION OF THRACIAN TURKISH COMMUNITY

Istanbul MILLI GAZETE in Turkish 25 Jul 84 p 7

[Article by Nevzat Ozpelitoglu: "Greek Oppression in Western Thrace Increases"]

[Text] Iskece -- The policy of intimidation and forced emigration which the Greek government has applied towards thousands of our Western Thrace brethren who were left behind in Greek territory at the redrawing by the Lausanne Treaty of our Western Thrace borders, which had been carved out in blood by our soldiers, is daily becoming more violent and far-reaching.

In fact, the villagers of Korukoy have had their deeded pastures seized by the Greeks and parceled out to Greek villages, a situation that is anything but heart-warming. In addition to being unable to feed their animals, they are faced also with being unable to sell their homes, land and shops to each other. Turks in Western Thrace may sell homes, land and shops only to Greeks. The Thracian Turks who sell their grain and animals for practically nothing find their only remedy in seeking refuge in the Motherland. However, the steady emigration taking place in this way, because it leads to steady reduction of the Turkish population in Western Thrace, leads also to Hellenization of fertile lands which have been ours for centuries and every inch of which is redolent of Turkish blood.

The Western Thracian today lives in constant fear for the morrow.

Developments in Korukoy, a village in Iskece, a 2-hour drive from the Turkish-Greek border, are anything but heart-warming. Our Korukoy brethren had 700 donums [1 donum=940 m²] of grazing pastures seized last year and now are forced to sit idle in their homes and coffeeshops.

While Greek oppression of the Western Thrace brethren continues in this way, Greek minorities in our country are free to work and live in the most beautiful areas of our country, in the islands, on the Bosphorus, and to sell their property to whom-ever they wish. The Greek state, meanwhile, continues its coercion and oppression of our brothers unrestrained by world public opinion.

We have been in touch a second time with Muharremoglu Yasar, the muhtar of Korukoy, Iskece; Kir Huseyin Selim, the imam of Korukoy; and Mehmed Ali Ramadan, the school accountant. Based on their tales, the Greek oppression has now become unbearable. "Tell the leaders of the state in our motherland of our plight that they should not leave us alone," they said.

The lands under deed for centuries to the villagers of Korukoy which have been taken from them now have graders at work on them everywhere, leveling them out to make subdivision easier.

Hundreds of Ottoman sites, graves and many mosques in Iskece and the surrounding Turkish settlement areas have been razed.

The Iskece mufti's attempt to save the recently destroyed Tabakhane Mosque failed, and he was ridiculed and forced to return to Iskece.

There is a Turkish ghetto in the Greek village of Sakarko. The Greeks have done everything to disperse this ghetto, but, being unsuccessful, have now begun digging foundations and building houses on the roads to cut off this Turkish ghetto's communications. Many of the Turkish residents who objected to this barbarity were beaten up, and Hilmi Halimoglu and his mother were taken to the hospital in a coma.

Korukoy, a Turkish village of 90 households, is now under virtual threat from Sakarko, a village of 40 families. Greek villagers from Sakarko come to Korukoy with 5 to 10 tractors at a time and make several quick rounds through the village, trying to stir up a fight.

Our fellow Turks in and around Iskece, where Greek oppression has become this blatant, wait for a word, an admonition, a warning from their Motherland. Turkey's silence will certainly work against us now as it always has and, by the gradual abandonment of Thrace which has been Turkish soil for centuries, the Turkish voice and Turkish history will be wiped out by Greek rogues who still burn and rampage with Constantinopolitan fervor here.

8349

CSO: 3554/282

BRIEFS

TERRAIN VEHICLES FROM MERCEDES-BENZ--The Army Materiel Command in Hjorring has just signed a contract with the importers of Mercedes-Benz cars, the Bohnstedt-Petersen Company in Hillerod, on the delivery of 800 terrain passenger vehicles. The vehicles cost around 135 million kroner and extra equipment worth around 15 million kroner has been ordered for them. The first of the new vehicles will arrive around the end of December. The rest will be delivered over the next 4 years. The army chose the so-called G vehicle which Mercedes-Benz started producing 5 years ago. It is a four-wheel-drive vehicle with a 72 horsepower diesel engine. The vehicle is already being used by the army in Norway, France and Austria and is about the same size as the American jeeps that it will replace. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 4 Aug 84 Sec III p 1] 6578

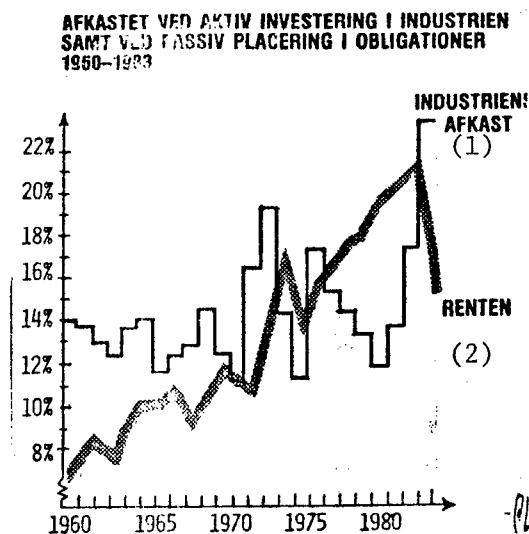
CSO: 3613/210

INDUSTRY INVESTMENTS HEADING TOWARD RECORD PACE

Copenhagen BERLINGSKE TIDENDE in Danish 9 Aug 84 p 1, Sec III pp 8, 9

[Article by Frank Dahlgaard]

[Text] New figures show that in 1983 industry earned a good 23 percent on net capital. Since bond yields are now under 15 percent it can really pay off to invest actively in new jobs and production.



Yields on Active Investments in Industry and on Passive Bond Deposits, 1960-83

Industry's "profit rate" has risen sharply in the last few years and since bond interest has declined in the same period, it suddenly pays to invest money in active production instead of passive bonds. Source: Industrial Council and the Danish Bureau of Statistics.

Key:

1. Industrial yields

2. Interest

The owners of Danish industry received an average yield of 23.2 percent on their invested capital in 1983--the highest yield on industry's net capital that has ever been registered in this country. In 1980 industrial yields were all the way down below 12 percent.

The yield on active investments in industry has doubled in the last 3 years and for the first time in 10 years bond interest rates are now clearly lower than industrial yields. Thus it can once more pay to invest actively in production and jobs instead of passively in bonds and the result has been a veritable investment boom.

The figures appear in a balance-sheet analysis the Danish Bureau of Statistics has just released on the basis of information provided by 2,600 big industrial firms.

Office manager Verner Puggaard of the Industrial Council said in a comment on the impressive figures that the big and mounting surplus in industry is now being invested to a large extent in new jobs:

"Industrial employment has already grown by 10,000 jobs in the last 12 months and we anticipate a similar gain in employment in the coming year."

Industrial Investments Heading for Record Level

Leasing tricks have obscured the true gains in industrial investments, as shown by new figures released by the Danish Bureau of Statistics.

Industrial investments are heading for record levels but statistics can obscure the real investment boom because of leasing arrangements.

This appears from new information and figures released by the Danish Bureau of Statistics.

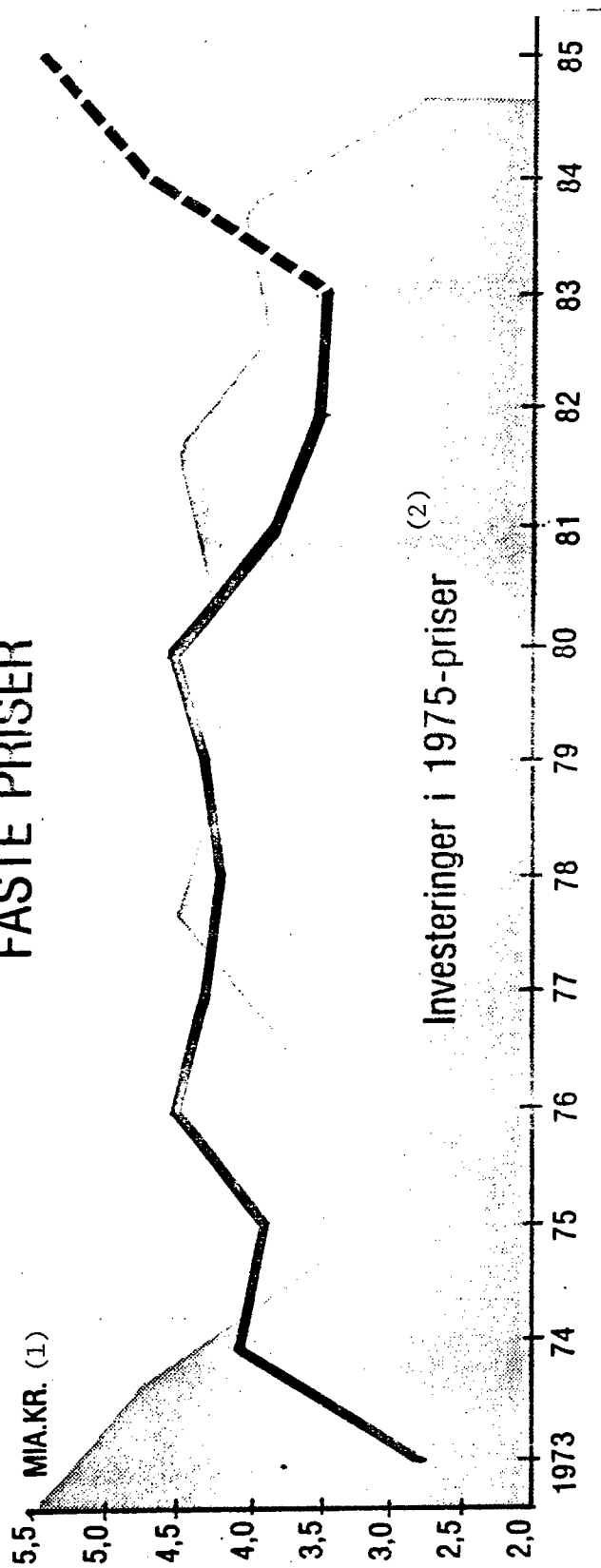
Industrial investments in real property and plants and equipment in 1983 added up to 7.028 billion kroner compared to 6.585 billion kroner the year before. If price increases are removed from the figures there was a real decline of 3.5 percent in investments from 1982 to 1983.

However the Danish Bureau of Statistics pointed out that industrial sales of production equipment were unusually large last year and that this circumstance could cover a rising utilization by business of leasing arrangements: firms sell their machines and lease them back. Thus the machines remain in the firms and simply shift owners.

The Danish Bureau of Statistics said the matter would be investigated in more detail, since such leasing arrangements make investment statistics misleading.

UDVIKLINGEN I INDUSTRIENS INVESTERINGER

FASTE PRISER



Industrial Investment Developments in Fixed Prices

Source: Danish Bureau of Statistics figures and investment survey of April 1984 and the Industrial Council's investment survey for 1985.

Key:

1. Billions of kroner

2. Investments in terms of 1975 prices

Investments for 1984 are still unknown, of course, but the Danish Bureau of Statistics conducted a survey of industrial investment plans in April which showed that investments in terms of current prices are expected to grow by as much as 56 percent from 1983 to 1984.

This corresponds to a growth of around 35 percent in real volume investments.

Industrial Council office manager Verner Puggaard disclosed that the council's own investment survey pointed to a further growth in industrial investments of about 25 percent in terms of fixed prices from 1984 to 1985.

This means that industrial investments are now heading for record levels, as shown in the preceding graph of industrial investment developments since 1973.

Office manager Verner Puggaard: "It is the comfortable surplus industry had in 1983 that formed the background for the present sharp rise in investments and the anticipation of good profits in 1984 is the background for plans for a further sharp rise in investments next year. The figures and our experience indicate that the profits that are made will actually go into investments."

The figures from the Danish Bureau of Statistics show that from 1982 to 1983 investment growth occurred particularly in the tobacco industry, the clothing industry, the paper industry, the chemical industry, the transport vehicle industry--and the newspaper industry. The food products industry also had a good investment growth from 1982 to 1983.

Balance Sheet for Danish Industries in 1983

Only a fifth of the surpluses earned by industry went to stockholders--the rest was spent on taxes or saved up in the firms.

In the last 2 years Danish industries doubled their profits.

In 1983 industry had a surplus before taxes of 12.2 billion kroner--compared to 8.0 billion in 1982 and 6.1 billion in 1981.

This appears in a just-released analysis of balance sheets that was carried out by the Danish Bureau of Statistics on the basis of information from 2,600 industrial firms employing at least 20 people.

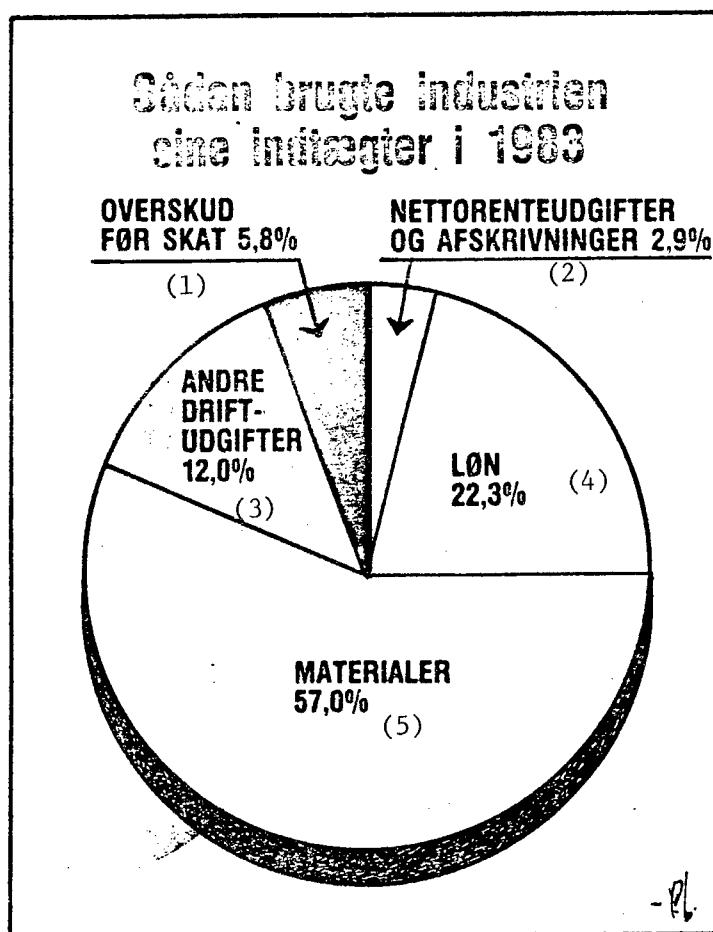
The analysis shows that there have been general gains in profits in all branches of industry and for all company sizes. But gains have been largest for the big firms.

In 1983 total industrial sales (sales revenues) amounted to 210.7 billion kroner--an increase of 11 percent over 1982.

Of this revenue 120.2 billion went for the purchase of raw materials and materials to be further processed by Danish industry. That corresponds to 57 ore out of each sales krone.

Another 46.9 billion kroner went to wages for industrial employees--corresponding to a good 22 ore out of each sales krone--while 25.4 billion kroner went for repairs and maintenance of machinery and buildings, insurance, property taxes, leasing costs, etc. These various operating costs took 12 ore out of each krone earned.

Depreciation and net interest costs took almost 3 ore of each sales krone, leaving a 1983 surplus (before taxes) of 5.8 ore out of each krone earned.



How Industrial Revenue Was Used in 1983

Key:

- | | |
|---|-----------------------------|
| 1. Surplus before taxes | 3. Other operating expenses |
| 2. Net interest expenses and depreciation | 4. Wages |
| | 5. Materials |

This is the largest surplus in relation to industrial sales in the last 10 years. Thus in 1982 the surplus represented only 4.2 percent of sales and in 1981 the surplus ratio was as low as 3.6 percent.

The very sharp increase in earnings from 1982 to 1983 was partly due to special one-time effects.

For example, industry's financial revenues rose a hefty 45 percent, partly reflecting realized exchange rate profits on securities held by industrial firms.

In addition, industry had extraordinary income of over 600 million kroner in 1983 which involved net expenditures the year before. It may be that this extraordinary income stemmed from leasing arrangements in which firms sell their machinery to leasing companies on paper and then rent (lease) it back.

Industrial profits before these extraordinary and financial items amounted to 11.0 billion kroner in 1982 and 13.2 billion kroner in 1983--a more modest increase than the total results before taxes (8.0 billion kroner in 1982 and 12.2 billion kroner in 1983).

The Danish Bureau of Statistics does not have information about the way all industries spent their surplus earnings, but it does have information provided by all firms that are organized as stockholder companies or as partnerships.

Last year 32 percent of the surplus earned by industrial companies went to the state in the form of company taxes.

Some 47 percent of the surplus remained in the companies as savings (consolidation). These are the funds that to a large extent are being used now in 1984 for investments in new machinery and equipment, to the benefit of jobs and production.

The remaining 21 percent of the 1983 surplus was paid in dividends to stockholders and partners.

Industrial net capital now makes up 36.1 percent of total assets compared to 34.4 percent a year ago.

Profitable to Invest in Industry

The rising profit rate combined with declining interest rates made it profitable to invest actively in new jobs--the Industrial Council predicts a doubling of industrial investments from 1983 to 1985.

It is no longer necessary to be an idealist or an idiot to invest one's money in active production.

New figures from the Danish Bureau of Statistics show that in 1983 industry's rate of return on net capital was 23.2 percent on the average--compared to 17.2 percent in 1982, 13.7 percent in 1981 and only 11.4 percent in 1980.

Since bond interest rates in the last few years have declined from 22 percent to less than 15 percent, it pays off now to invest money in active production instead of investing it passively in safe bonds.

There is still a positive "risk premium" connected with active investments.

No growth can be found in the report the Danish Bureau of Statistics just released for industrial investments in 1983, but the bureau's own "expectation survey" from April 1984 indicates a very strong growth in investments here in 1984 and there are many indications that the investment boom will continue into 1985.

Industrial Council office manager Verner Puggaard predicts that industrial investments in current prices will almost double from 1983 to 1985--from 7 to close to 14 billion kroner.

Surplus

While in 1981 and 1982 there were direct deficits in the balance sheets in a number of branches (newspapers, wood products, porcelain and glass, iron and metal plants plus shipyards), there were surpluses along the entire line in 1983.

The rate of return on invested net capital in 1983 was especially high for the slaughterhouse and meat products industry, tobacco, textiles, footwear, furniture, newspapers, oil and shipyards.

In these branches, according to the Danish Bureau of Statistics, the average yield on net capital was over 30 percent.

The substantial improvement in earnings has increased industry's consolidation and solidity since most of the surpluses have remained in the firms.

Total industrial net capital, 49.4 billion kroner, now makes up 34.6 percent of total assets--compared to 33.1 percent a year ago and 32.6 percent 2 years ago.

This brings average industrial solidity--the ability to withstand losses--up to a level last seen in the 1970's, before the start of the big economic recession.

The good bottom-line figures for 1983--12.2 billion kroner left over before taxes--are not just a result of better regular earnings produced by wage restraint, declining interest rates and increased sales at home and abroad, but presumably also stem from the fact that industry has realized some of its

securities and thus reaped exchange rate profits. Finally leasing arrangements, by all accounts, helped increase 1983 surpluses.

Prospects Good

In 1984, with a maintenance of wage restraint and interest declines, industry has the prospect of some balance sheets that are unlikely to be poorer than the 1983 figures and investments are also being made right and left just now.

Office manager Verner Puggaard of the Industrial Council:

"The respectable 1983 surpluses are the background for the sharp rise in investments now and good profits in 1984 are a prerequisite for the anticipated future growth of investment in 1985. Statistics show that through the years there is a close connection between industrial surpluses and investment activity. After a certain time lag, good profits lead to rising investments."

More People Working

Verner Puggaard adds that the greatly improved earnings in industry have already resulted in approximately 10,000 more workers being employed within the last 12 months.

"We have to go all the way back to 1973 to find a gain this large in industrial employment from one year to the next. We also expect to employ another 10,000 people in industry in 1985."

Verner Puggaard adds that the changed relationship between bond yields and yields in industry is the basis of the investment boom that has now started.

"Once again it can pay off to take a risk and invest one's money in active production and jobs instead of investing funds safely and passively in bonds."

6578

CSO: 3613/210

CRITICISM, STATISTICAL SURVEY OF 1985 STATE BUDGET

Madrid DIARIO 16 in Spanish 1 Aug 84 p 9

[Article by Rafael Rubio: "Harsh Criticism of 1985 Budget. CEOE [Worker's Commissions] Affirms That Public Sector 'Is Not Tightening its Belt'"]

[Text] Madrid--Yesterday the CEOE, based on data which it had been provided last Monday at the meeting on business-labor coordination, harshly criticized the outlines of the general state budget.

The general state budget was also studied yesterday by the government at the special meeting of the council of ministers. The council will continue today and will analyze the petitions formulated by the federation to try to fit them into the proposed budget.

Tax Burden

The harshest criticism came from the businessmen's organization CEOE, which noted that "the budget presented by the state does not create employment and does not show a public sector which is tightening its belt."

For the CEOE an increase of 1 percent in the tax burden is unacceptable, especially considering the growth of said burden in recent years.

The major organization of entrepreneurs does not consider the trillion-peseta increase in the budget to be sufficiently justified, when taking into account that capital expenditures barely increase by 34 billion pesetas. For 1984 451 billion pesetas were budgeted for capital expenditures, and for next year 485 billion are projected.

The CEOE also denounces the 12 percent increase in employee remuneration when for next year the growth insalaries of officials is forecast to be 6.5 percent. "Only concepts like those of seniority, hiring or acquired rights can justify the unequal growth of these two amounts," notes a spokesman for the entrepreneurs.

But the great preoccupation of the entrepreneurs continues to be the difficulty they have in accepting the credits in the data that was presented on Monday. Since its first contacts with the government to discuss

the business-labor agreement, CEOE has insisted on the need for a great effort to reduce the deficit so that the public sector would have less need for financing and the private sector could regain access to the credit it had lost during recent years. This is the fundamental condition that CEOE has stated for regaining investments and creating employment, which are, after all, the two great objectives of the business-labor agreement.

Debt

CEOE considers that the impressive increase in the payment of interest in the 1985 budget only hides the effects of paying off the state debt with high rates of interest, which has kept private enterprise from getting sufficient financing. In effect, the interest payments on the state debt increase, according to what has been budgeted for 1985, more than 160 percent. In 1984 the budget was 290 million pesetas, and for next year it will be 767 million.

CEOE also stresses the difficulty of creating employment with the proposed budget, while UGT [General Union of Workers] stays totally silent. The opinions of the latter are expected when the documents are negotiated in more detail. Tomorrow, Thursday, the central syndicates and the entrepreneur's organization will present the government with detailed objections to the data which were budgeted at the negotiatint table.

Summary of the expenses of the state in the 1985 budget (in billions of pesetas)

	Completed 1982	Draft 1983	Budget 1984	Forecast 1985 (*)	
Salaries and wages	1,099.5	1,259.5	1,217.1	1,364.5	1,364.5
Cost of goods and services	168.7	170.8	184.0	202.0	218.0
Interest	79.9	188.5	290.5	767.0	767.0
Normal transfers	1,539.8	1,700.5	2,263.3	2,627.3	2,654.4
Unemployment	460.7	235.2	298.0	320.1	340.0
Social Security	350.0	473.0	627.4	690.8	750.0
City and county councils	148.7	225.7	288.1	326.8	326.8
Renfe [state railroad]	82.5	105.8	150.8	177.0	177.0
Coal production	18.1	21.9	20.2	27.9	27.9
Subvention of energy prices	21.2	29.0	28.6	28.0	28.0

[Table continued from previous page]

FORPPA	34.2	36.5	45.4	45.0	45.0
Subvention of private centers	50.7	73.3	88.1	95.4	95.4
Military pensions	39.9	75.2	78.3	78.3	78.3
Autonomour communities	--	89.0	178.9	299.0	299.0
Total normal operations	2,887.9	3,319.3	3,954.9	4,960.8	5,003.9
Capital investments	309.2	405.4	451.7	485.2	485.2
Capital transfers	562.1	612.1	708.4	736.4	736.4
IPPV	82.4	99.9	63.1	54.1	54.1
INI	60.2	72.0	80.0	100.0	100.0
INH	17.8	17.8	22.6	15.0	15.0
Renfe	23.7	48.6	50.0	56.9	56.9
Restructuring of business in crisis	67.5	26.5	40.6	50.0	50.0
Shipbuilding subsidies	12.0	12.0	11.0	11.0	11.0
IRYDA	44.3	50.2	56.2	38.1	38.1
Icona	29.1	29.2	29.8	13.1	13.1
Total operations	873.3	1,017.6	1,160.1	1,221.6	1,221.6
TOTAL EXPENSES	3,814.7	4,513.4	5,399.6	6,396.0	6,439.1

Source: Ministry of Economy and Finance

(*) Two projected breakdowns which differ in social transfers.

12467

CSO: 3548/306

SHIFT IN PSOE ECONOMIC LINE SEEN AS ANTI-LABOR

Madrid YA in Spanish 2 Aug 84 p 16

[Article by Jesus F. Briceno: "PSOE Will Propose Neoliberal Policy That Will Demand More Sacrifices **From** the Workers"]

[Text] In the 3 years between the 29th and 30th PSOE [Spanish Socialist Workers Party] Congress (that will be held next December), the socialist economic program has changed its book covers from the Keynesian school used for its conclusions in October 1981 to lighter ones in the style of the Chicago school, dedicated by Freedman to Miguel Boyer. In 3 years the thick texts of the 29th Congress, written with a demanding and populist stamp, have been turned into lighter works, free of the burden of depth that the leftist opposition had to present to its electorate.

The technocracy of the new /socio-neoliberalism/ [in boldface] endorsed by Miguel Boyer and his team of pragmatic economists is making an impression on the ideologists who prepare the position papers for the PSOE. The party machine does not want any surprises. Its objective is that the 30th Congress endorse the superminister's economic policy facing the demands of the more radical groups to the left of Alfonso Guerra.

However, there is one constant between the documents of the old congress and those being prepared for the new one: the struggle against unemployment. This has become the priority objective of the socialist economic policy. However, now it stresses that the first who should sacrifice to achieve employment are the workers themselves. The big loser is public enterprise.

Public Enterprise

From the document that contains the position papers of the 29th Congress to the rough drafts drawn up for the 30th Congress, public enterprise goes from the "fairy godmother" to the "Cinderella" of the economy. For more contrast, the great idol at the December congress will be private capital which the opposition used to call "the reactionary sector responsible for capitalist exploitation."

The paper that it is assumed will be the official party position for the 30th Congress was prepared by the FSM [Madrid Socialist Federation]. It is also known as the "Aranjuez agreement" since it was prepared at an old farm of the Madrid Deputation. It was unveiled recently by EL NUEVO LUNES. It consecrates the economic guidelines of Miguel Boyer's team facing other more radical currents that favor harsher state intervention in the private sector in order to confront the economic crisis.

The introduction to the conclusions approved by the socialists at their 29th Congress referred to the pact between the industrial bourgeoisie and the state and emphasized the appearance of union centrals, tax reform (whose effect on the enterprises has not been seen), freedom of wage negotiations and slight retouches to the financial system. It added: "These new parameters were sufficient to start a trend--after years of disagreement, inhibition and even panic in some business sectors--which tends to nullify these effects. Each day it gathers more force in Spain. The rightist parties are identifying with this current."

Economic Planning

The PSOE added, 3 years ago, that the aggressive role of public enterprise still had to be delimited and that the economic planning system cited in the Constitution still had not started up. The right was already arming itself in more reactionary ideological positions, making reform of the state system and its instruments of monetary control difficult and turning its back on the challenge of modernization presented to the Spanish economy and society. It was trying by divisive procedures to protect its interests and privileges.

In the next paragraph, the PSOE added: "The Spanish business class had a general attitude of aversion to risk (clearly greater than that of the foreign investor) as a result of maladjustment, a passive attitude at first and a later belligerent attitude of the dominating class toward the new plans covering productive activity and the new requirements for investments."

This political language that the members of Miguel Boyer's team never use in their public appearances has already been abandoned by the writers of the position papers for the congress. There are four fields of action where the differences are greatest between the postulates that the PSOE defended 3 years ago and those that will be approved at the 30th Congress: treatment of the private sector, investment, the employment policy and the activities of the public sector.

Employment and Investment

For the PSOE 3 years ago, the public sector was small and since its scope of action was so small, it was not able to absorb the weight of unemployment. There was, therefore, a lot of room to increase the weight of the public sector. This development of the public sector would have to become the main factor for solving the crisis.

In December of this year, a text will be presented to the PSOE Congress that, in summary, states the opposite. Its main lines refer to the oversized SPE

[Business Public Sector]. Therefore, "it is necessary to present the basic problems that affect it: restructuring, specialization and redimensioning." The socialists add: "To a good measure, we find a number of enterprises in the SPE that were private before. Their placement within one of the 'holdings' of the SPE is due to many reasons, not always economic ones. Perhaps it would be necessary to study the permanence of many of them within the SPE."

The treatment of investment and the private sector has also suffered a similar mutation in these documents. Instead of "reactionary," the private sector is now called "true motor and impetus" of the economy. The rough draft of the official paper drawn up by Leguina, Alfredo Tejero, Miguel Angel Fernandez Ordonez, Francisco Fernandez Marugan and Miguel Muniz, among others, now reads: "The growth of investment must be developed from the public sector and from the private sector." "The excessive increase of public investment would increase the deficit in the short term as does the increase of public consumption, also generating in the medium term a growing deficit due to the maintenance and financial expenditures they produce."

7717

CSO: 3548/311

COMMENT ASSESSES NEW STRAIN IN ANKARA-IMF RELATIONS

Istanbul DUNYA in Turkish 10 Aug 84 p 1

[Text] The fact that the International Monetary Fund (IMF) would not free the second \$60 million credit portion which should have been withdrawn on 27 July shows that relations between Turkey and the IMF have entered a new phase.

It appears that the good relations Premier Turgut Ozal had from 1980 to the present with the IMF are now changed due to the irregularities which emerged in the first 6 months of the implementation of the 1-year Standby agreement that was signed. The latest developments led to the unexpected visit of the IMF delegation.

In the Turkey-IMF meetings that were held when the Ozal government came to power the negative indicators of the economy, chief among them inflation, were tied to measures in the second half of 1983 and a series of promises were made about the future. The KITS [Public Economic Enterprises] would be opened to the people and new resources would be created. This "optimism" reflected back on the IMF. The IMF wanted to be optimistic on the subject of Turkey...

Subsequently, in April, a \$225 million agreement was signed. There were no provisos about withdrawing the first \$60 million portion. However, in the course of the consultation talks which took place in the middle of June something began to stir. Could it be that the inflation rate, which fluctuated around 50%, was not only due to the measures of the Kafaoglu era? When and how would access to the KITS materialize for the people?

The IMF's stance on the subject has changed. The optimistic and sentimental approach has yielded to the traditional Western mathematical system of thought. From now on drafts and plans are no longer the subject of meetings but figures and again figures are. "You were going to open the KITS to the people and create resources. What happened? Did you exceed the 10 billion Turkish lira credits to the public sector?..."

In the meetings that are held the Turkish side is faced with the discomfort of those questions.

The IMF delegation which left for Ankara following 2 or 3 telephone calls between the U.S.A. and Turkey in the first days of August, came directly this time without stopping for a vacation in Marmaris. The IMF will have no difficulty in making a declaration concerning the \$60 million credit which was withheld. Because

in the standby agreement signed in April there is a written clause regarding this matter. Subjects like raising interest rates and banks not handing out unplanned money will be dwelt on at the Ankara talks. Will providing "emergency brakes" also be required in the fight against inflation?

It is clear that Turkey's relations with the IMF are entering a new phase from every standpoint. From now on will the IMF still point to Turkey as an "exemplary nation"? It is not possible yet to estimate this. But it is possible to perceive a little of what is being discussed in the Ankara talks from the long faces of those who emerge from the meetings.

12278

CSO: 3554/296

SURVEY OF AGREEMENTS CONCLUDED WITH UAE

Istanbul TERCUMAN in Turkish 10 Aug 84 p 10

[Text] Ankara (TERCUMAN) - Official talks between Turkey and the United Arab Emirates ended yesterday and agreements on economic and technical as well as on cultural cooperation between the 2 nations were signed.

The economic and technical cooperation agreement that was signed is for a 5-year period. According to information obtained, the framework agreement which was signed in a ceremony by the Minister of Foreign Affairs, Vahit Halefoglu, and the United Arab Emirates' Foreign Affairs envoy, State Minister Rashid Abdullah, specifically covers such matters as increased cooperation in the fields of agriculture and tourism, the execution of joint projects needed by both nations which would also meet their needs for a third market, the signing of long term agreements for exchanges of merchandise and giving priority to the nations' projects regarding contracting and expertise agreements.

The cultural agreement which was signed foresees cooperation on the question of promoting knowledge of the 2 nations' common heritage and creating scholarships for an exchange of experts and information programs.

Official talks between Turkey and the United Arab Emirates began yesterday at 10.00 a.m. at the Cankaya Residence. At the meeting President Kenan Evren presided over the Turkish delegation while the Head of State, Sheikh Zayid Bin Sultan Al Nuhayyan, presided over the UAE delegation.

In the course of the speech given by the visiting head of state, he noted that his nation held a particularly important position in the Middle East and that such a position was easily understandable and he said that: "Turkey is a peace promoting force." Sheikh Zayid pointed out that Turkey would also play a part in ending the Iran-Iraq conflict peacefully and he expressed his concern about the heated developments in the Gulf.

As for President Kenen Evren, he emphasized in his speech the special importance Turkey gives to its relations with nations of the Middle East and our wish that a stable peace should be established in that area.

Following these speeches, the visiting delegation spoke of the possibility to give Turkey long term, low interest credits and of researching ways of allowing Turkey to also benefit from the Project Fund known as the "Abu Dhabi Fund,"

After the official talks President Evren and the visiting head of state Sheikh Zayid conferred in private for almost 1 hour. A luncheon was given in honor of the visiting head of state and the delegation by Premier Turgut Ozal at the Premier's residence.

Furthermore the United Arab Emirates' head of state carried out a close inspection at the MKE [The Machine And Chemical Industry] Directorate General. Sheikh Zayid came to the establishment at 18.00 hours and rested for a while in the director general's quarters. After that the visiting head of state was given a briefing related to the Machine and Chemical Industry Establishment. Subsequently Sheikh Zayid and his retinue toured the exhibit of goods manufactured by the MKE which are on display at the directorate general and were given information by the officials.

12278

CSO: 3554/296

EXPORT INCENTIVES REGISTER SECTORAL FLUCTUATIONS

Istanbul DUNYA in Turkish 10 Aug 84 pp 1,7

[Text] Ankara (DUNYA) - Export investment incentive certificates have increased at a rate of 9% in the first 4-month period in comparison to the same period last year. While 51% of the incentive certificates were issued to the manufacturing industry, incentive certificates granted to the energy sector decreased by 78%. The 202.7 billion Turkish liras worth of investment incentive certificates handed out in the first 4 months of the year brought in \$1 billion worth of export contracts.

Investments, worth 202.7 billion Turkish liras were thus planned through the investment incentive certificates issued in the January to April 1984 period. While 51% of the incentive certificates were directed toward the manufacturing industry, a 25% share went to the service sector and 13.1% of the incentive certificates covered endeavors aimed at exports. The proportion of incentives granted to the agricultural sector turned out to be 2.5% in relation to the total-ity of investment incentive certificates issued. During the above mentioned period 36 incentive certificates were granted to the agricultural sector and 5.1 billion Turkish liras worth of investments were thus planned. A 14.9 billion Turkish lira portion of the investment incentive certificates went to the mining sector, a 104.9 billion Turkish lira portion to the manufacturing industry, a 209 billion Turkish liras portion to the energy sector while the sector of services received 50.8 Turkish liras worth of investment incentive certificates.

Investment incentive certificates for exports increased 9 times during the first 4-month period in comparison to the same period in 1983. During those first 4 months 23 incentive certificates were granted to export oriented ventures ensuring thus \$275.8 million worth of export contracts. Investments of 26.6 billion Turkish liras were thus planned by issuing incentive certificates for investments aimed at exports.

The Agricultural Sector

On the other hand a 21% decrease was registered in the investment incentive certificates granted to the agricultural sector during the January to April period. Investments of 5.1 billion Turkish liras were thus planned during the 1984 4-month period for the agricultural sector which had received 6.5 billion Turkish liras worth of investment incentive certificates in 1983. Out of the incentive certificates granted this year 27 went to animal husbandry, 6 to aquatic products

and 3 to agricultural products. Thus investments of 1 billion Turkish liras in the agricultural field, of 3.7 billion Turkish liras in the field of animal husbandry and of 4.24 billion Turkish liras for aquatic products were planned.

The Manufacturing Sector

The investment incentive certificates set aside in the first 4-month period for the manufacturing sector numbered 105. Thus an investment of 104.9 billion Turkish liras was planned for that sector. The number of investment incentive certificates granted to the manufacturing sector showed a 20% rate of increase in comparison to the same period last year. Investments of 36.3 billion Turkish liras for the textile and clothing industries, 19.3 billion Turkish liras for the chemicals industry and 11.8 billion Turkish liras for the electrical machinery industry were thus planned for the January to April period. In the 4-month period of 1983 147 incentive certificates representing an investment of only 87.1 billion Turkish liras were issued to the manufacturing sector. The 105 investment incentive certificates granted to the manufacturing sector this year ensured \$455.9 million worth of export contracts.

The Service Sector

On the other hand a decrease of 29% could be seen in the investment incentive certificates issued to the service sector in the first 4-month period in comparison to the same period last year. 117 incentive certificates were granted in the service field which represented an investment of 50.8 billion Turkish liras.

During the above mentioned period through the incentive certificates which were granted investments of 42.4 billion Turkish liras in the field of transportation, 3.6 billion Turkish liras in the field of tourism, 1 billion Turkish liras in the field of commerce and 9.7 billion Turkish liras for other services were thus planned.

At the same time that the investment incentive certificates issued during the January to April period ensured 1 billion Turkish liras worth of export contracts, they generated employment opportunities for 14,318 people.

12278

CSO: 3554/297

HISTORICAL SURVEY OF BURSA ORGANIZED INDUSTRIAL ZONE

Istanbul DUNYA in Turkish 10 Aug 84 p 7

[Text] The "Organized Industrial Zone" which was established for the first time in Turkey in Bursa has made a great deal of progress in 20 years. In the Organized Industrial Zone which had only 1 active factory in 1964 the stacks of 86 industrial installations are now smoking.

The Organized Industrial Zone was established in 1962 as the first modern measure in Turkey from the International Development Organization's surplus fund, the 26,200,000 Turkish lira credit extended by the Ministry of Finance and a 10% participation of the Chamber of Commerce and Industry. Including expansion areas, the Bursa Organized Industrial Zone covers an area of 3,200,000 square meters. Out of those 950,000 square meters are used for infrastructures and the remaining 2,250,000 square meters as industrial land.

The Bursa Organized Industrial Zone, which was officially inaugurated in 1966, had only 4 active firms at the time while by the end of 1983 the number of active firms had gone up to 86.

And while the textile industry which is Bursa's traditional industrial sector established itself as the predominant industry, the automotive industry has also achieved an eminent position in the past 10 years.

Parallel to the evolution in time of the number of active firms and of economic conditions in the industrial zone, there has also been an important increase in the number of employees who work for those firms. At the end of 1983 the number of workers employed in the Organized Industrial Zone came out as being 15,931.

The Bursa Organized Industrial Zone which was established with a credit of 26,200,000 Turkish liras, beside the great capacity for employment that it opened up also confirmed its importance from the standpoint of the high taxes it pays.

It has been disclosed that the industrial zone makes a sizable contribution to the State's revenues through taxes and the tax amounts paid by years are as follows:

<u>YEARS</u>	<u>Amount of Tax Paid (Turkish Liras)</u>
1972	317,523,000.-
1974	813,451,000.-
1976	1,246,467,419.-
1978	3,020,510,937.-
1980	7,400,767,105.-
1982	9,673,425,965.-
1983	16,551,132,552.-

Important Increase In Exports

A sizable increase can also be seen in the exports made to other countries from Bursa.

According to information obtained, while \$11,765,000 worth of exports were made from the Organized Industrial Zone to foreign countries in 1978, this figure was \$12,642,000 in 1979, \$18,081,000 in 1980, \$82,150,000 in 1982 and reached last year, in 1983, \$98,426,000.

The growth of the Organized Industrial Zone is also shown by the amounts of electrical energy and water consumed. The consumption of electrical energy and of water by year was as follows in the Organized Industrial Zone:

<u>Years</u>	<u>Electricity Consumed (Kwh)</u>	<u>Water Consumed (Tons)</u>
1966	3,090,000	50,850
1970	33.600.000	1,185,300
1974	100,600,000	3,348,000
1978	182,000,000	5,154,000
1980	148,300,000	4,154,000
1982	214,426,000	6,060,100
1983	236,755,750	7,008,539

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CSO: 3554/297

COMMENT ASSESSES SHORTSIGHTED TREASURY BOND SALES

Istanbul DUNYA in Turkish 25 Jul 84 p 1

[Editorial: "Treasury Bonds and Public Financing"]

[Text] The sale of high-interest Treasury Bonds is over. No doubt, all of them, the 50 billion liras intended for banks and 30 billion intended for savers, will be sold. In fact, press reports tend to confirm this conjecture.

The reports appearing in the press are usually about the sale and the buyers of the 30 billion lira-type bond. There has not been much about the 50 billion lira-type bond intended for banks. Yet this part of it, which the banks were intended to divide up among themselves, is far more important to a realistic assessment of the bond operation. First of all, the soft underbelly of the Turkish economy has been exposed. The budget, the soft underbelly of the economy which we may describe briefly and more accurately as the public financing deficit stemming from inadequate tax revenues, seems thus to have reached "emergency" proportions.

Official announcements about the treasury bonds concentrated on how they were intended to absorb the surplus money believed to be circulating and to strike a harder blow against inflation. Not much was said about the public financing deficit. In fact, though, the state went in debt for 80 billion liras to get 55 billion or 56 billion liras in cash. Obviously, this money will be spent in particular on the purchase of the wheat it had been decided in advance to buy.

It is important under the Ozal government policies not to have to print more money for the wheat purchase. However, the notion that a contribution would be made to slowing inflation in this way does not seem overly realistic.

The 50 billion liras in bonds given to the banks is a step towards helping the banks fulfill their obligation to hold their 15 percent -- raised from 10 percent -- in available funds. Thanks to these bonds, the banks will not find it too hard to raise the values of their available funds. In a way, by having the treasury bonds to replace available funds, which produce no income, they will get almost as much income as they would have if they had put out this amount in loans. Plainly, the tight money policy has lightened the burden on the banks, while the resources which might have gone to the private sector have been transferred to public financing.

It will not be surprising if the banks have managed to get part of the 30 billion liras in bonds intended for savers. Besides, the share of individual buyers is undoubtedly more or less negligible. Buyers are mainly companies that do not want to move up a tax bracket. The state, it seems, has opted to borrow at high interest the billions of liras it is not getting in taxes to postpone, if only briefly, its public financing problems.

8349

CSO: 3554/283

STATISTICAL STUDY OF TURKISH HOUSING SHORTAGE

Istanbul DUNYA in Turkish 25 Jul 84 p 5

[First in a series of articles by Marmara University instructor Professor Dr Oktay Guvemli: "Public Housing Construction and Housing Shortage"; format as published]

[Excerpt] Around the time of the 24 January 1980 decisions, on 11 May 1980, the "Edict on Implementation of National Housing Policy" was published. The legislation on public housing, of which this edict was the first, are Public Housing Law No 2985, published in the RESMI GAZETE on 17 March 1984 and its corollary "Bylaw on Use of the Public Housing Fund," published in the RESMI GAZETE on 22 June 1984, rounded out by the "Public Housing Directive," published in the RESMI GAZETE on 23 June 1984.

Meanwhile, in June, money began to flow from two major sources into the public housing fund at the Central Bank. One of these sources is revenues from Monopoly products, the other from liquid fuels. According to accounts, in the second half of 1984, an average of 10 billion liras a month will be accumulating in the fund. This means that there may be a public housing fund of 60 billion liras in the second half of 1984 and approximately 150 billion liras in 1985.

The area for use of the fund has been kept quite broad. Both infrastructure in public housing areas and construction of the housing, as well as financing requirements for industries producing the construction materials, may be covered by this fund. Housing construction will no doubt get priority.

If one considers that 90 percent of the funds described above may be allocated to housing construction (excluding infrastructure), there may be 54 billion liras for housing construction in the second half of 1984 and 135 billion liras in 1985.

Credit available to both the buyer and the builder is understood to be 50 percent of the housing cost. This being the case, there is a home-building potential of 108 billion liras in the second half of 1984 and 270 billion liras in 1985. The number of houses that can be built with these sums by the 100 m² follows:

Number of houses which can be built in 6 months:
108 billion Turkish liras at 30,900 liras per 100 m² = 36,000 homes

Number of houses which can be built in 1 year:
270 billion Turkish liras at 30,000 liras per 100 m² = 90,000 homes.

The above number of houses could not be completed in 1984 and 1985, but would spill over to subsequent years. Nevertheless, since the same number of housing starts would be made in subsequent years also, it seems possible to accept these figures as the number of homes being built in 6-month and 1-year periods.

How far would the above figures go towards meeting the housing requirement and the housing shortage? It would be well, in light of the sums accumulating in the housing fund and recent public housing legislation, to look from this standpoint at Turkey's housing shortage and the projected annual housing requirement in the Fifth 5-Year Plan period.

2. Turkey's Housing Shortage Figures

As housing construction began to contract as a result of the crisis in the construction sector towards the close of the 1970's, housing shortage figures began appearing also. The housing shortage has again been receiving attention in recent years owing to the legislation on public housing, and there has begun to be discussion of a housing shortage of up to 2 million and an annual requirement of 350,000 to 400,000.

With a view to determining how far initiatives on public housing will go towards meeting the housing shortage, the housing shortage computations to date are presented here briefly.

a. Housing Shortage Figures Appearing in 5-Year Development Plans and Annual Programs

Turkey's housing requirement and housing shortage figures appear first of all in the plans and programs, which figures are presented in summary below.

i) First, Second, Third Plan Periods: Housing Requirement, Requirement Met, Housing Shortage

The housing requirement and degree to which it has been met by year are presented below according to figures compiled by the State Planning Organization.

Period	Annual Requirement	5-Year Requirement	Housing Produced	Shortage
First Plan (1963-67)	83,759	418,793	348,420	70,373
Second Plan (1968-72)	180,000	900,000	713,720	186,280
Third Plan (1973-77)	244,000	1,220,000	978,871	241,129
[Total]		2,538,793	2,041,011	497,782

Source: Fourth 5-Year Development Plan, p 474

The housing shortage at the end of the Third Plan in 1978 was around 500,000. It is generally accepted that this shortage which was forming during the first, second and third plan periods was met by the practice of over-night building and squatting.

ii) Fourth Plan Period: Housing Shortage

The Fourth Plan (1979-1983) was basically a period of crisis in the Turkish economy. This crisis had its worst effect on the construction sector.

The housing shortage and degree to which it was met for 1978, a year for which there was no plan until the Fourth Plan, and the Fourth Plan period (1979-1983) were as follows.

Year	Housing Requirement	Housing Produced	Shortage
1978	225,999	120,000	105,000
1979	277,641	125,000	152,000
1980	319,460	140,000	179,460
1981	343,143	121,000	222,143
[Total]			659,244

Source: 1982 Annual Program, pp 349-350
State Institute of Statistics, Construction Statistics

One must add to these figures the 75,000 homes needed to replace rural housing each year. Assuming that 50,000 of these were replaced each year, the total cumulative housing shortage for the 4 years would rise by 100,000 to 759,244.

The housing requirement for 1982 and 1983 and the ability to meet it are as below.

Year	Housing Requirement	Housing Produced	Shortage
1982	360,000	122,000	238,000
1983	390,000	123,000	267,000

The housing requirements in this table were determined on the basis of the annual housing requirements appearing in the previous table. The housing produced was figured by dividing the total housing area for which building permits were issued by 100 m², the average dwelling area. It is necessary to add the rural housing shortage of around 25,000 each year to this housing shortage. Thus, the total housing shortage for 1982 and 1983 is 555,000.

Accordingly, going into 1984, the total housing deficit based on plan and annual program data comes out as shown below.

<u>Time Period</u>	<u>Housing Shortage</u>
At end of Third Plan period	497,782
1978-1981	759,244
1982-1983	555,000
Total	1,812,026

b. Housing Shortage on Household Basis

The housing requirement based on the population living as households is shown below.

<u>Year</u>	<u>Population on Household Basis (millions)</u>	<u>Size of Household</u>	<u>Number of Homes</u>	<u>Housing Requirement</u>
1978	18.640	5.04	3,698,412	170,000
1979	19.572	5.03	3,891,053	192,641
1980	20,690	5.02	4,121,513	230,460
1981	21,902	5.01	4,371,656	250,143
1982	23,206	5.00	4,641,200	269,544
1983	24,645	4.99	4,938,877	297,677

The family dwelling figures were taken from the Fourth 5-Year Development Plan and assume the housing requirement to be equal to the increase each year in the number of homes. The housing shortage based on this housing requirement is as follows.

<u>Year</u>	<u>Housing Requirement</u>	<u>Homes Built</u>	<u>Housing Shortage</u>
1978	170,000	120,000	50,000
1979	192,641	125,000	67,641
1980	230,460	140,000	90,460
1981	250,143	121,000	129,143
1982	269,544	122,000	147,544
1983	297,677	123,000	174,677
Total			659,465

The housing shortage, including expected housing replacement in the rural sector (659,465+150,000) is 809,465.

Moreover, the housing shortage as of year end 1977, as stated earlier, was shown in the 5-Year Development Plan as 497,782. With this housing shortage, the total shortage going into 1984 rises to 1,397,247.

According to Development Plan and Annual Programs data, the housing shortage of 1.8 million may be accepted as more accurate than the figures based on population by household as it is based on specific data.

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CSO: 3554/283

BOOM IN ECONOMY RESPONSIBLE FOR STRONG RISE IN ENERGY USE

Copenhagen BERLINGSKE TIDENDE in Danish 11 Aug 84 p 7

[Article by Lisbeth Knudsen]

[Text] Developments are being followed very closely, according to Energy Minister Knud Enggaard, but the government has no plans for new economy measures at present. The Social Democrats call this irresponsible.

Energy consumption rose 8 percent in the first quarter of this year compared to the same period last year and the sharp increase has now led to Social Democratic demands for new energy-conserving initiatives.

In the first quarter alone the increased energy imports cost Denmark a half billion kroner and that is an impossible drain on the economy, according to Social Democratic Folketing member Hans Haekkerup.

Energy Minister Knud Enggaard refused to take extra steps on the present basis and noted with satisfaction that energy consumption was now also showing that a recovery is under way in industrial production. He refused to accept the Social Democratic figures of the cost of the increased energy imports.

Hans Haekkerup admitted that some of the extra imports are due to greater industrial production, but that is only a small part of it, he said. "Most of the increase is the result of the increased consumption caused by certain groups in Danish society--and they are not ordinary wage earners," said Hans Haekkerup. He pointed to higher car sales and increased consumption of durable appliances.

Energy Minister Knud Enggaard said: "There is no change in the government's position on energy conservation. The government does not want energy consumption to rise along with society's economic growth and we are following this development very closely." He said that information on energy consumption for this year would be analyzed in more detail before anything more specific could be said about this development.

"However there is reason to rejoice that the wheels have started to turn again. This is true of the very energy-intensive construction industry, for

example," said the energy minister and asked the Social Democrats if they would propose increasing taxes in order to limit energy consumption.

Social Democrat Hans Haekkerup accused the minister of planning savings in the work done by the Energy Conservation Committee in the new budget proposal for 1985. The energy minister refused to comment on this before the budget proposal is released on Wednesday.

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