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JPRS-WER-84-117

26 September 1984

# West Europe Report

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26 September 1984

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## RITT BJERREGAARD ROLE FAILS TO SAVE PEACE FUND FROM CRISIS

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 84 p 1

[Article by George Hilton: "Peace Fund an Economic Fiasco"]

[Text] The goal of "the Peace Fund" and that of "the Friends of the Peace Fund" is 5 million kroner in 1984. So far, only 60,000 kroner have been raised. "The idea of using Ritt Bjerregaard as a front figure has not been effective," according to a Peace Fund committee member.

Ritt Bjerregaard's engagement as a front figure for the much debated "Friends of the Peace Fund" and "the Peace Fund" has not been an economic success.

The purpose of establishing "the Friends of the Peace Fund" 6 months ago was to raise 5 million kroner in 1984. So far, only 60,000 kroner have been contributed.

As deputy chairman of the Social Democratic representatives in Parliament, Ritt Bjerregaard's involvement with "the Peace Fund," established by Civil Engineer Niels Munk Plum, created a serious debate within the Social Democratic Party, in which she referred to fellow party member Robert Pedersen as a "custodian," among other things. Peace Fund committee members now say that the debate has affected the overall fund-raising. According to one committee member, Attorney Ulla Paabol:

"We have to admit that the idea of using Ritt Bjerregaard as a front figure has not been effective. It resulted in a debate for or against her personally instead of a discussion about what 'the Peace Fund' actually represents."

Ritt Bjerregaard said: "Without a doubt, the debate has focused too much on me personally. Hence, some undoubtedly felt there was too much involvement on the part of the Social Democratic Party because I was heading it. Conversely, some probably also felt that for this reason they could well support "the Peace Fund" campaign.

Ritt Bjerregaard is "completely satisfied" with the fact that 60,000 kroner have been raised so far, primarily through individual contributions. Niels Munk Plum explained the size of the amount saying that "big organizations

have not been canvassed. This may be due to the fact that Ritt Bjerregaard is at the heart of the debate."

According to Plum, it is up to "the Friends of the Peace Fund" to canvass organizations. Bjerregaard could and would not say whether they would seek support from the Danish Federation of Labor (LO), for example, whose business committee just appropriated one half million kroner for educational peace work.

8952

CSO: 3613/315

## PAPER VIEWS ECONOMIC PROBLEMS EXPERIENCED BY PEACE FUND

Copenhagen BERLINGSKE TIDENDE in Danish 17 Aug 84 p 8

[Editorial: "Loose Alliance"]

[Text] "The Peace Fund" is not doing as well as had been expected. There is a shortage of contributions and, hence, they decided to form "the Friends of the Peace Fund," whose primary responsibility is to serve as a fund-raising committee. For this reason, it was important to engage front figures who could generate confidence in the committee's work and interest in its goal. This was done, and the most prominent among them was Ritt Bjerregaard.

Since then, we have not heard much about "the Peace Fund" or "the Friends of the Peace Fund," but we have heard a great deal about the committee. The ingenious idea led to something akin to an ideological debate among the Social Democrats, but it never quite became that because it focused more on Ritt Bjerregaard than the peace issue. As it now stands, there are many within the peace movement who regret the alliance with the Social Democratic front figure because--as she herself suggested--it is probably true that she in name and person has been more of a liability than an asset to the campaign.

This development should not be surprising. When prominent Social Democrats announced their willingness to work for the peace movement, it was easy to discern that this was an attempt to establish a firm alliance between a political party and a so-called grassroots movement. "If you can't beat them, join them," as they say in the United States. The Social Democratic Party would prefer to be independent of the peace movement and all other grassroots movements because they spoil an operational area that should be the party's. But things have not gone according to the party's wishes. In the last few decades, it has been the grassroots movements that have had the support, while the Social Democratic and other political parties have experienced disaffection. Young people and saved souls have not felt drawn to either the big or the small parties, which have had to adopt modified points of view, although opinion polls show that grassroots movements are often ascribed too much importance when it comes to signaling the political climate in Denmark today. Ritt Bjerregaard wanted to build a bridge where bridge-building is impossible. The peace issue cannot be tied to the Social Democratic Party and the Social Democratic Party cannot be tied to the peace issue.

Those Social Democrats who are constantly trying to establish a firm alliance with grassroots movements would benefit from studying how the Communist Party of Denmark (DKP) handles this matter. Peace and popular movements of one kind or another exemplify that infiltration is the best means. This does indeed require that the party step into the background somewhat--or preferably averted--considering other high aims. The Social Democratic Party will hardly go to this extreme either--considering its high aims.

8952

CSO: 3613/215

## SORSUNNATA PEACE GROUP WANTS STRICTER CONTROL OF U.S. BASES

Godthaab GRONLANDSPOSTEN in Danish 8 Aug 84 p 23

[Text] Greenland should have control of foreign military bases in the country, according to the Greenlandic peace movement Sorsunnata, which just concluded its national conference in Quasigiannquit. Sorsunnata also requests that Parliament declare Greenland a nuclear-free zone.

According to a press report from the national conference, Sorsunnata requests that Parliament undertake a study of the various military bases and installations on Greenland and make a decision about the future role of same.

"As long as we continue to have military installations in this country, we request the establishment of a control group to oversee the activities connected with these installations," according to the press report.

Sorsunnata makes a similar request in a letter addressed to Parliament. First of all, the peace movement would like to have a new defense debate on Greenland. Secondly, it requests the establishment of a control group. The letter suggests that the control group consist of a person appointed by Parliament, a representative from Sorsunnata, one from ICC and one from each of the affected municipalities on Greenland.

According to the press report, Sorsunnata also says "no to any future placement of military bases and installations on Greenland. We oppose the search for uranium, lithium and thorium as well as the mining of these substances since they may be used for military purposes and thus create the risk of environmental pollution and the danger of radiation."

Sorsunnata stresses the idea of a cross-political control group, which under no circumstances would support either the Western block or the Eastern block, but work for peace independently.

8952

CSO: 3613/215

## NEW PEACE MOVEMENT WOULD HAVE COUNTRY QUIT NATO

Reykjavik MORGUNBLADID in Icelandic 16 Aug 84 p 9

/Commentary by 'Staksteinar': "Nuclear-Free Zone: Immediate Agreement!  
Guðrun Helgadóttir: Imperative That Iceland Become Member of Nordic Nuclear-free Zone"/

/Text/ New Peace Movement

Once again there is news that an effort should be made for peace in the Nordic countries, and when looking at news of this initiative, the names of the sponsors are quite familiar. Today, Staksteinar talks about the "grassroot movements" of this small group. It comes forth there, among other things, that Guðrun Helgadóttir, People's Alliance parliamentary member, has attended a conference in Norway and sponsored an agreement that does not aim at Iceland's withdrawal from NATO.

## Small Peace Group

In June 1981, Olafur Ragnar Grimsson and Einar Kerl Haraldsson who now both are in the THJODVILJINN /People's Alliance organ// leadership, and Maria Thorsteinsdóttir who publishes FRETDIR FROM THE SOVIET UNION in cooperation with the Soviet Embassy in Reykjavik, attended a meeting with Nordic peace promoters in the Aland Islands. At this meeting, discussions were held on the best way to gain support for the Nordic countries for various ideas opposing the main factors of the Atlantic Alliance defense policy, and there was one partial attempt to at least break the cooperation within the alliance. However, dissolution within NATO will form the nucleus of the "peace efforts" for Maria Thorsteinsdóttir in the spirit of the Kremlin.

Among those who attended the Aland Islands meeting was Lecturer Eva Nordland from Norway. She came to Iceland at the end of January this year and gave a speech at the founding meeting of the Association for Peace Information. Eva Nordland was the originator of the peace march from Copenhagen to Paris. In a television interview with Ogmundur Jonasson which was telecast 29 January this year, she described the KGB-spy Arne Treholt as a weak personality who allowed a foreign power to abuse him. It has been indicated later, however, that Treholt practiced treason voluntarily in the hope of obtaining money, influence and power.

Now we have new news about Eva Nordland's initiative. She initiated a conference that was held in Norway over the Verzlunarmannahelgin /similar to Labor Day weekend/ about a Nordic nuclear-free zone, under the slogan "Immediate Agreement!" Among the speakers at this conference was Gudrun Helgadottir, member of parliament for the People's Alliance, but it does not come as a surprise to anyone that she puts her eggs in this basket.

What is noticeable, however, is how often the same people are mentioned when talking about the various peace-happenings in the Nordic countries. Eva Nordland is obviously in the forefront which disproves the theory put forth by the peace promoters that this is a grassroot movement by the masses. This theory has repeatedly been disproved here in this country because of the small number of people who attend the mass meetings of the Organization of the Base Opponents. Here in Iceland the peace efforts are now mainly practiced in Husavik and in the proximity of Sveinn Runar Hauksson who is a doctor there. Reverend Sverrir Haraldsson of easternmost Borgarfjordur said in the THJODVILJINN on 10 August this year that "only two people went from the eastern part of Iceland I could not go myself because of ill health. Also, nobody went from Neskaupstadur," when a protest march was organized for the "women's peace movement" at Thorshofn in Langanes.

#### Grandmothers in Peace Movement

Member of parliament Gudrun Helgadottir described her trip to Eva Nordland's meeting in the THJODVILJINN 11 August and said that this is "one more grassroot movement of peaceniks in the Nordic countries. It is important that Icelanders join in this cooperation." It would be interesting to hear the opinion of Gudrun Helgadottir, who, as everybody knows, let Althing pay the mailing cost for distributing a meeting announcement for the Women's Peace Organization this spring, How many "grassroot movements" she thinks it is necessary to be connected with Eva Nordland in order to secure everlasting peace.

Also, Helgadottir said she had been introduced to one of the "most interesting peace movements" she was ever acquainted with in Norway. Helgadottir describes this movement as follows: "Older women have formed an organization, the Grandmother Peace Movement, which sponsors all kinds of measures to call attention to the peace message. For this purpose, no less than 10 women had been distributing propaganda to the passersby in front of the Norwegian Storting building every day.

Of course the Norwegian newspapers reported on the conference that was being held under the slogan "Immediate Agreement!" AFTENPOSTEN describes the purpose of the new "grassroot movement" as having its aim to break the agreement Norwegians have made with the Americans and the British allowing them to use Norwegian airfields for their military aircraft; that the Norwegians stop their participation in the NATO Nuclear Planning Group but continue their membership in NATO. The organization also wants that legislative assemblies of all the Nordic countries in 1985 sign a resolution to establish an isolated nuclear-free zone in the Nordic countries.

In a 7 August news report, AFTENPOSTEN states that during a press conference after a weekend conference under the slogan "Traktat Na" or "Immediate Agreement!," Nordic participants at the conference denied that the objective of nuclear-free Nordic zone was that Denmark, Iceland and Norway withdrew from the Atlantic Alliance.

In the AFTENPOSTEN news report it states that the agreement from which the organization draws its name, is based on the views of sociologist Jens Evansen.

9583

CSO: 3626/38

'NO TO NUCLEAR ARMS' SPOKESMAN WOULD STRESS USSR BUILDUP

Oslo AFTENPOSTEN in Norwegian 30 Aug 84 p 3

[Article by Thorleif Andreassen: "Talk Loudly about Soviet Missiles!"]

[Text] The fight against atomic weapons in Scandinavia will be the theme of an international peace movement in June of next year. There was broad agreement on this issue at the Iceland peace conference. "No to Nuclear Arms" Information Secretary Magne Barth expressed the viewpoint that there was little talk of Soviet buildup at the conference. "That's why I placed special emphasis on this threat, saying that we should talk twice as loud about the Soviet buildup," Barth told the AFTENPOSTEN.

"Some of the participants remained silent, but I got a lot of positive response," says Barth.

During next summer's peace efforts, the Norwegians will stress their strong opposition to sea-based, atomic Cruise missiles. This theme received a good deal of attention at the Iceland conference, as did a stop to the arms race by means of an immediate freeze, and the establishment of a Scandinavian nuclear-free zone. Resistance to the deployment of Cruise missiles on American vessels, which has begun, was strongly underlined. The "Coalition for a Nuclear-Free Harbor", which consists of several American peace organizations, has entered the fight against these missiles. The organization carried out a successful movement to prevent a group of battleships armed with these weapons from using Boston as their home base. They are now working to frustrate plans for establishing a home base for the ships in New York.

"What strategy was adopted at the peace conference to hinder deployment of Cruise missiles on ships at our doorstep, the Kola peninsula?"

"We do not have the same opportunities for direct influence on the Soviets. No independent peace movement with the same extent and power as the one in the United States exists in Russia. But we will make our demands on the Soviets clear in all of our slogans and pronouncements," claims Magne Barth, who stresses that a freeze on one side can create a suitable climate for negotiations.

"Do you believe that the Soviets will take the first step towards a freeze?"

"Regardless of what we might believe, there is only one thing to do--namely, to show the path that must be taken. We are a part of a massive body of public opinion, which also exists in the East, which demands a freeze."

"What can public opinion in the East achieve?"

"When short-range atomic missiles were deployed in East Germany and Czechoslovakia earlier this year, the authorities attempted to mount a petition drive in support of the deployment. The campaign was discontinued after 3 days. The people refused to sign the petition. If the Soviets continue to build up and sense massive resistance among the people, the Soviet authorities will have to put on the brakes sooner or later, in deference to public opinion," hopes Magne Barth.

8954

CSO: 3639/156

## GARNEAU'S PROGRAM FOR CONSTITUTIONAL VETO CRITICIZED

Montreal LA PRESSE in French 23 Jul 84 p 7

[Article by Jacques-Yvan Morin: "Mr Garneau's Constitutional Magic"]

[Text] Editor's note: Ex-vice prime minister of Quebec and former minister of intergovernmental affairs in the Levesque government, Mr Jacques-Yvan Morin is primarily a constitutional law specialist. It is in this role that he wished to offer to the readers of LA PRESSE his reflections on the recent commitment made by liberal candidate Raymond Garneau to reopen the constitutional debate for the purpose of restoring to Quebec its veto power and to persuade him to abide by the agreement made between Ottawa and the other provinces regarding the constitution.

Upon his return to political life, Mr Raymond Garneau is undertaking to recover Quebec's right to constitutional veto and is proclaiming this in the presence of his new boss, Mr John Turner, who is prudently limiting his response to saying these are priorities of his new colleague and not of the federal government.

Mr Garneau would like to provide pleasant dreams for the Quebec electorate on the eve of the elections.

Thus English Canada would renounce the victory--dubious, it is true--of which it was assured over Quebec following the referendum, after 15 years of tension and after having endured the presence of Mr Pierre Elliot Trudeau for all that time in the hope that he would solve the Quebec problem. If Mr Garneau were not a seasoned politician, such an undertaking would seem naive. Therefore it is necessary to look elsewhere for an explanation of the position stated by the former finance minister of Quebec.

It is not only the Quebec government which is upset over the turn of events and the constitutional vicissitudes since the referendum. On the side of the Quebec opposition, the most aware among the liberals have not yet recovered from their astonishment at the behavior of their federal colleagues; some, in private conversation, to so far as to denounce that behavior. That is entirely to their credit. Less so, however, is their attempt to exonerate themselves from the role which they played, at the instigation of the federal liberals, in the "no" victory in the referendum,

thus attempting to shift the responsibility for the consequences to the government of Mr Levesque. Mr Garneau did not fail to do so.

Mr Ryan's liberals could not foresee, they assure us, that Trudeau and Chretien would use them to block the way for the "yes" vote, only later, turning up their noses at the commitments made during the campaign for the referendum, to make use of their advantage and strip Quebec of its fundamental constitutional rights (right of veto and linguistic legislation).

Those among the liberals of Quebec who have not forgotten the heritage of the peaceful revolution nor the role once played by their party in the defense of the rights and interests of Quebec now admit that they were deceived. They trusted P.E. Trudeau only to discover too late the sociologically (and politically) pro-Anglo-Montreal aspects of the personality of the former prime minister. There was a misunderstanding, according to them; the plan provided rather that after the referendum, the PLQ would take power in Quebec and negotiate with Ottawa for an in-depth revision of the constitution, according to the outline set forth in the "beige book."

What can be done now? One wonders. Two courses of action are possible. The first, especially partisan, consists of making the Quebecers believe that a new "French power" could lead English Canada--and especially the provinces, without which no change of this magnitude is possible--to give up the advantages from the unexpected victory of 1981 and generously return to Quebec the right to veto of which it was stripped by Mr. Trudeau and the courts.

This maneuver, which is the one favored by Mr Garneau, allows us to ignore the role of the Quebec liberals during the referendum and, in passing, to fleece the Parti Quebecois while making it understood that what the Levesque government lost was going to be recovered, as if Quebec had bowed to Ottawa's unilateral action.

At the same time, the electoral campaign of Mr Bourassa would be prepared and Mr Turner would rise in esteem by adding that he would negotiate with no one but liberals. Because of the illusions which it feeds, the time it would cause us to lose on a wild goose chase, and because it would have the effect of placing the party above the community, this course of action can only result in weakening us collectively.

The second course of action, more realistic, and, in the end, more in line with the interests of Quebec in the event that it decides to remain in the Canadian federation, consists of recognizing that English Canadian nationalism--which has the right to exist--had made some gains in the secular fight which it has carried on with Quebec and that it will not back down--unless the Quebecers decide to challenge the government. It is an electoral booby trap to believe that Mr Turner (or Mr Mulroney) will renounce the gains made by Mr Trudeau.

The only real hope that the Quebec federalists may entertain is to obtain from Ottawa--and the provinces--the broadening of the highly sought after right to withdraw which was granted to Quebec in 1981 in matters of modifications in redistribution of powers. By obtaining full financial compensation in all cases of withdrawal, Quebec would realize in fact a real right to veto, but only in matters which concerned it. If the national will of English Canada is to evolve toward the centralization of powers during the years to come, it is not within the power of Quebec to prevent that; it can however hope to avoid it for itself. Besides, does it have the moral right to oppose the democratic will of English Canadian people in the administration of their own affairs!

Without going into the details of the discussions which Quebec was able to carry on about the subject with the anglophone provinces--this file is now in the hands of Mr Pierre-Marc Johnson--one may imagine that even this broadened right to withdraw will not be easy to negotiate, although they are not entirely closed to this idea. Mr Trudeau's behavior and the manner in which they proceeded to break the strategic alliance with Quebec cause a certain uneasiness. Perhaps they are also aware that Quebec was not the only victim of the "night of the long knives" and that everyone was weakened by their lack of principles in this somber affair.

For this course of action to have any chance of success, however, it will be necessary for the constitutional question to be the subject, within all parties in Quebec, of attitudes suited to arousing the support of a large majority of francophone Quebecers. That is the only way that our politicians will be taken seriously by English Canada.

Paradoxically, no major constitutional change is possible without the vigorous and active presence of the Parti Quebecois. Even within the opposition in Quebec, impatient as it is to come to power, there are some who admit that the progress of Quebec within the federal state is tied to the permanent existence of a choice between federalism and sovereignty.

To be perfectly clear, I will add that, personally, I do not believe that English Canada is really disposed to grant Quebec, within the federation, the place a distinct society should have. The members of the anglophone political body that I have been able to associate with feel for the most part--or mistakenly hope--that the problem will die out on its own, if it did not disappear after the referendum.

In any case, it is our responsibility, whether we be for federalism or sovereignty, to leave no stone unturned in the defense of the basic interests of Quebec, no matter what government the people choose in the future.

In this perspective, it is simplistic--or overly artful--on the part of Mr Garneau to propose forelectoral reasons an objective which he knows to be unrealistic, or at any rate unattainable without the presence of a separatist party which he wishes would disappear.

If he wishes to speak with any authority for Quebec in the wasps' nest which he has just entered, full of clever and not always scrupulous people (do you remember the confidential memoirs of Mr Kirby?), he ought to try to rally the greatest possible number of Quebecers behind his efforts and maintain toward Mr Turner the healthy mistrust from which Quebecers had strayed in the presence of Mr Trudeau.

12666

CSO: 3619/84

## FAVORITISM OF RECENT LIBERAL APPOINTMENTS DENOUNCED

Montreal LA PRESSE in French 4 Jul 84 p 6

/Article by Marc Laurendeau: "The Formal Transfer of the 'Box of Goodies'"

/Text/ The transition of power from Pierre Trudeau to John Turner seems to have been less marked by noble considerations of the country's future than by an understanding on quite down-to-earth favoritism. According to various sources, the outgoing prime minister concluded with his successor an unusual accord by which the new head of government agreed to name to different positions several deputies whom Mr Trudeau wanted to reward.

Since the Liberals presently have a majority of only seven seats in Commons, Mr Turner does not want to find himself in a minority position caused by the departure of several Liberal deputies. The new prime minister therefore committed himself, when he assumed power, to grant plentiful jobs to those whom his predecessor wanted to please. For that reason, he will wait until the chambers are dissolved. Mr John Turner then takes command of a singularly mortgaged government.

Right after the leadership congress, Mr Pierre Trudeau nevertheless passed around the "box of goodies" one last time: seven appointments to the Senate (with a salary of more than \$60,000 per year), two judgeships and a seat on the Canadian Transportation Commission, all of this offered as a gift to former Liberal ministers and friends of the regime.

People will answer that none of this is illegal and that a regime always offers positions to people who are sympathetic to it. Of course, but this matter of favoritism remains a question of degree. The Trudeau regime distinguished itself by intensive use of largesse granted to partisans straight out of the state's coffers. Carried along by his electoral strategy, he peppered the Senate with political friends and, much more rarely, with opponents whose county he coveted.

At the beginning of the 1960's, people had an image of the Senate as an institution of obscure old men, doddering and senile, moving about by radar and totally out of touch with reality. The Trudeau regime changed that perception, for the senators seem younger, better known. They are sometimes even intellectuals favorable to the regime but more often active political organizers and dynamic fundraisers. Almost all of them have one reality in common: being friends of the government which appointed them.

For more than a century there has been talk of reforming the Senate in Canada and making of it, in the sense in which the Fathers of the Confederation intended it, an instrument of representation of the provinces. If one judges by the direction of Pierre Elliott Trudeau has given the Senate and by the continuation brought at the beginning of his successor's reign, the Senate will continue to be a nest of patronage. In 100 years, on the other hand, the federal government will continue to finance scholarly studies on reforming the Senate.

In and of themselves, the recent judicial appointments seem excellent. Mark MacGuigan will bring to the Federal Court, Appeals Division, all the subtleties of his undeniable judicial competence. The naming of young Yvon Pinard to the bench of first instance of the same court is more surprising. But, in the course of his political career, he has always displayed a remarkably serene attitude. The only deplorable aspect of promotions to the bench rests in the fact that they are the product of bargaining.

The practice of patronage certainly exists in the United States. But there are at least certain filters exist. Important judicial appointments are the object of a debate within legislative chambers and must receive the approval of Congress.

To name Bryce Mackasey to the presidency of the board of directors of Air Canada was already quite questionable. But to dream of making him Canada's ambassador to Portugal, as seems to be the case presently, borders on aberration. Liberal Deputy Maurice Dupras has at least shown some interest in international questions. He is supposed to be named consul in Atlanta.

In two almost uninterrupted decades in power, Canada's Liberal Party has gained an incredible hold on the state apparatus. It has built up a whole network of reward-nominations, concessions (Sport-Select-Baseball) and election subsidies (\$28 million to CANSO, a month ago, thanks to Mr Allan MacEachen, to develop the offshore oil in his region.)

One can certainly speak of a vast political clientele system: the regime perpetuates itself by the favors that it grants and the political coloration that it has had time to give to the different state agencies.

The wave of partisan appointments brings an unpleasant aspect of the Trudeau regime to the surface. Such a strong dose of patronage can entail an electoral cost for the new team of John Turner.

9895

CSO: 3619/83

## TRUNCATED PROGRESSIVE PARTY TO MAINTAIN IMAGE, TACTICS

Copenhagen BERLINGSKE TIDENDE in Danish 28 Aug 84 p 8

[Editorial: "Echoes"]

[Text] Lacking political attention, the Progressive Party seems to be compensating by creating and cultivating internal disputes. After the dramatic showdown with what became the Free Democrats the party got a new chairman, but after only 4 months in the post, P. Sustmann Hansen has decided to resign. After the equally dramatic showdown on who was to control the party secretariat, we now have the debt collection case against Helge Dohrmann and the criminal action brought by Lise Simonsen. There is no end to these squabbles and they will keep on coming because the mood is so contentious.

Over the weekend a number of delegates from the Progressive Party ranks gathered for a meeting in Nyborg. The intention was to discuss party policy and Helge Dohrmann led off by calling for a return to the old line. The old line was the line of protest politics. It was characterized by big words and violent gestures. Behind Dohrmann we can glimpse the shadow of Glistrup and any other loyalists who may be left from the happy days of the 1970's. In the absence of political influence and political attention the party is trying to set a course in sharp contrast to all other parties. The old distinction between the Progressive Party on the one hand and the "moss-grown" parties on the other has been trotted out from oblivion and new situations are envisioned where the Progressives will appeal to the voters with dramatic and excessive ideas of how to solve economic and social problems.

But there are no prospects whatever that such a change in course will do any good. The Progressive Party got its historic chance in the 1973 election when so many voters switched from old to new. It was demonstrated on that occasion that movement could be created in Danish politics with very simple means. Since then it has been shown that movements could certainly be created but they could not be used for anything at all. The voters became aware--more slowly than was necessary--that the big words were empty and that the Progressive Party's so-called "medicine" was unusable whether taken in small or in large doses.

Therefore it is echoes from a bygone time that can now be read in the Progressive Party's own newspaper and heard at meetings of its deputies. It

is possible that this still fires up the few but loyal supporters. But as a political message and as a political mission the words have lost their power. It is possible that Mogens Glistrup is preparing for the day when he is again able to take over the frequently-shifting party chairmanship post. But he may as well realize--once and for all--that the post has become less attractive in the meantime and that the cheers from his audience will be loudest if he listens to the echoes he has in his inner ear from the time when he served as a renewing provocation in many quarters.

6578

CSO: 3613/219

## POLITICAL ATTITUDES FORMED DURING YOUTH FOUND TO ENDURE

Helsinki UUSI SUOMI in Finnish 12 Aug 84 p 2

[Article by Jyrki Vesikansa: "A Generation Retains Its Ideals"]

[Text] University students have not been yesterday what the nation is tomorrow. Generally just the opposite. The intellectual currents of educated people do, nevertheless, constitute an interesting phenomenon and an important one as well. And they will surely have a great influence on the Green wave awaited with trembling by the old parties in the next municipal elections.

The political attitudes of educated people are being reported in an interesting manner by the pen of Pertti Suhonen in the Finnish Gallup Company publication series. Perhaps the most important observation is a reinforcement of historians' earlier-noted generation theory: A person usually clings to the views of his youth, if we may be allowed such a grand, to my mind AKS [Academic Karelia Society]-like expression.

So, similarly, Clemenceau's expression: "He who is not a communist at age 20 has no heart, but he who is not a conservative at age 40 has no sense," does not hold true. In many individual cases it does -- but especially at times of great agitation many retain the attitudes they have adopted throughout their lives. Perhaps somewhat lukewarm but nonetheless retained.

During the peak years of their fascination with the Stalinists, 1972 ("Let's Not Join the EEC") and 1983, the composition of support for the parties of the Left among those who had completed their college exams is illustrative.

	<u>1972</u>	<u>1983</u>
Under 34 years of age	21%	22%
30 - 50/45 years of age	6%	23%
Over 51 (46) years of age	6%	11%

Most left-leaning youths in 1972, of course, hopped into the middle-aged column in 1983 -- but preserved their basic views. Of course, such rough surveys cut the peaks off the phenomena. Namely, at its wildest point support for the Left in student elections was at 40 percent, over 25 percent for the Communists alone.

## Something for Them to Think About at the Public School Level

So, broadly viewed and cutting off the peaks, the Left appears to be retaining its support among educated youths. Support for the Conservative Party has, on the other hand, dropped from 39 percent (1972) to 27 percent (1983) among educated people under 34 years of age.

This should give rise to concern at the public school level since the usual "capable party" does not survive on the basis of middle-echelon white-collar workers alone. Over two-thirds of all academicians over 50 years of age still support the Conservative Party, but the percentage middle-aged academicians account for has already dropped to 46 percent.

## What Attracts People to the SMP?

It is certainly a surprise to many people in what order those under 35 who have completed their college exams at present rank the different parties. Namely in this order:

Conservative Party	27%
Greens	15%
SMP [Finnish Rural Party]	14%
SDP [Social Democratic Party]	13%
SKDL [Finnish People's Democratic League]	9%
Center Party	7%

There appears to be about 15 percent left for the others, primarily the RKP [Swedish People's Party].

So the Greens appear to be replacing the Stalinists as a revival movement for educated young people. The power party, the SDP's boss elevator, does not appeal to them much, nor does the Center Party either. But what can the great support for the SMP be based on? On a spirit of anarchist protest? Surely not on a calculation of interpretations of an empty party's potential?

The situation is scarcely an indication of young academicians' ability to think analytically, critically? We can well understand how the SMP may be a channel for the release of the "forgotten people's" pressures, but not really a home for the well-educated.

## Generations by Years Ending in the Number Five

So our examination confirms the generation theory. It does not, however, disprove the judgment that the infatuation with the Stalinists is dissipating, one which is dealt with in Kim Weckstrom's historical novel to appear this fall, among others. Activists are tired and disappointed, but in general they have probably not become nonsocialists. There probably remains a weak, general leftist attitude in the spirit of: "There was certainly a lot that was right in our goals and a feeling that remains in one's mind, even though they were exaggerated."

Actually, many educated generations in this and also in the last century experienced this sort of relationship in connection with the ideals of their student years, even though life forced them to recognize many different kinds of realism. Generations should not only be divided into birth-year periods ending exactly in decades, but into periods ending in the number five. Like this:

Those born before 1905 consciously experienced the traumas of independence, but also of the Civil War.

Those born between 1905 and 1914 most intensely lived through the early years of independence and experienced an AKS-like spirit of nationalism to the fullest. The Civil War was in general no longer a personal trauma for them.

Those born between 1915 and 1925 bore the heaviest burden in the war, even according to the casualty statistics. The chief responsibility for reconstruction after the war also lay on their shoulders.

The tenderest years of those born between 1926 and 1935 were spent during the war and a time of shortages. After that they often felt that they were in the shadow of those who had been at the front. Some of them felt that they had been exposed to enough propaganda during the war years to last them a lifetime, others were permanently able to accept that propaganda (generally without realizing it).

For those born between 1936 and 1944 the war years are only a vague childhood memory. There was plenty of opportunity for these small age groups to attend college and there were enough managerial positions for them. And they occupied them too.

Those born between 1945 and 1955 are more or less large age groups for whom things have been tough everywhere. Enough time had already elapsed between their youth and the preceding period of ideological propaganda: They are a political generation. Or a generation liberated in terms of sex and the use of alcohol.

The well-educated segment of the population born after 1955 is a big puzzle. They grew up in an affluent Finland and right from childhood on were used to cars and television. Their years of study were marked first by apathy, then Green anarchy. Often too, neopuritanism.

From the standpoint of how they at the present time use their power, the fact that two ministers belong to the 1915-1925 generation, two or three to the 1926-1935 generation (Seppo Lindblom is at its lower end), seven to the 1936-1944 generation and five to the largest age groups is illustrative of this.

Exactly half of the chairmen of the parliamentary parties were born during the war years from 1939 to 1944.

11,466

CSO: 3617/214

## PCF POLITBURO STATEMENT ON REFERENDUM, SCHOOLS

Paris L'HUMANITE in French 18 Jul 84 p 3

[Text] The President of the Republic has decided to call a referendum to amend the Constitution so that citizens will have an opportunity to express themselves on major issues affecting citizens' rights.

Increased possibilities for using the referendum may be envisaged if broader public freedoms are sought. This would entail the need for guarantees against any increase in the power of the president. It is in this spirit that the Communist Party will study the proposed revisions.

At the same time, the President of the Republic has decided to withdraw the bill dealing with the relationship between private education and the government. We are particularly concerned about the situation created by this retreat under pressure from the Right because of the enormous effort that needs to be made urgently to improve and revamp public education, the basis of equality, progress and liberty.

In the face of the aggressive behavior by the Rightist leaders, who are using the banner of freedom to conceal their desire for revenge and to upset the best progressive national achievements, the Communist Party has been voicing its growing concern since 17 June. It has witnessed a worsening of the problems which led to the Left's major and critical step in retreat a month ago. The massive abstention on the part of the socialist and communist electorate was a warning, signaling discontent and disappointment on the part of the very people who made it possible for the Left to become a majority in the government. Measures such as the increase in the gasoline tax run counter to this warning.

To fail to consider the significance of this warning and the political reality it expresses, and make light of the retreat of the Socialist Party, bodes ill for the future of the Left in power.

It was to ensure that France would overcome the crisis that the majority of French men and women came out in favor of change in 1981, and that the French Communist Party and the Socialist Party drew up a political agreement, the contents and objectives of which were renewed in December 1983.

It is essential for the government to take steps toward solving the problems facing workers and the country in the areas of employment, rights and freedoms, growth, production, education, purchasing power, tax equity, and living conditions and security in the cities.

According to preliminary information, the draft budget does not work in this direction. The Communist Party is in favor of reducing taxes, provided real progress would be made towards fair taxes, giving preference to improving the status of lower-income taxpayers. The same is true of eliminating the 1 percent assessment on social security contributions. In order to make available the resources needed for budget action in the field of employment and major areas of public interest, the Communist Party intends to support efforts at improving tax equity through more rigorous measures against financial speculation.

The Communists suggest that employment be the focal point of the country's policy for reasons of justice, democracy and efficiency, and indicate how financial resources can be used more sparingly, and how to stop squandering so much money in financial or speculative operations for the sole profit of a privileged minority, and instead finance first and foremost production, training, research and new technology. This is the way to ensure economic equilibrium and a successful industrial transformation which France needs.

The problem of revamping and improving public education takes on added importance in the present context. For the 1984-85 school year, the means needed to train future generations who will be in charge of the greatest transformation of our history must be mobilized. The reform and renovation of the public educational system should be the main purpose of the new proposals. To develop the abilities of the largest possible number of people is a prerequisite for an effectively running society, once the crisis has been overcome. A reform of the content and the pace of public education and its links with a fully evolving society entails budget provisions, which represent a national imperative that can no longer be put off.

An expansion of freedom, democracy, and methods of expression and participation of citizens at all levels and in all facets of life is the core of what is at stake. It involves a great political and moral aspiration, a need to find an effective end to the crisis and move on to a French-style socialism.

The extent and severity of the problems to be solved explain why conservative circles are so vehemently opposed to the Left's objectives, and particularly to the Communist Party which is trying to make these objectives a reality throughout the country.

It is important for all those facing these problems to listen, talk together, make proposals and hold meetings, in an active and united front, especially since the problems are becoming worse and more urgent and the pressures and claims of the Right and employers are becoming stronger and more demanding.

On 26 and 27 June, the Central Committee called on Communists to step up their activities involving labor and youth, to help gather them together to take action against the crisis and find constructive solutions so that progress could be made towards achieving the objectives of the majority.

It also urged them to pursue the discussions that have been undertaken covering all the problems facing them. These discussions will be developed more fully during preparations for the 25th Congress.

Now preparations for the Festival of Humanity, sale of the support stickers, is mobilizing all the communists' energies. The success of the festival will set the tone for the return. This great assembly of people will provide an important opportunity to affirm our desire to take action to better meet workers' concerns and solve their problems.

9805

CSO: 3519/472

POLITICAL

## PAPANDREOU PERSONALITY SEEN UNSTABLE, DANGEROUS

Athens I KATHIMERINI in Greek 6 Sep 84 p 4

[Article by E: "Fears..."]

[Excerpts] It cannot be explained away. It cannot be forgotten. It cannot be "taken back."

What can be done about it?

Since this is an unprecedented event, no one can guess what the consequences will be.

How unprecedented?

Completely. In no modern civilized democracy has the country's prime minister ever attacked so vituperatively the leader of the opposition, the number two man in government, who was adorned with so many expressively offending statements, and this barely 24 hours after his election to the position. This did not occur by chance, it was not a coincidence; it happened in organized fashion, in the context of an official function, in a press interview with prearranged questions, with TV cameras focusing on the event and with both channels warned ahead of time to include it in the evening news bulletins.

Undoubtedly, it was successful.

Viewers were riveted to their chairs; they could not believe their ears, they were dumbfounded. Eyes shining in cold anger, with a decisive attitude and a strong voice, their familiar politician, who had always presented during the past 4 years an image of smiling composure, had obviously "run amok"!

His target was a politician whom he met often in the Chamber of Deputies and at social functions, with whom he surely had closely cooperated when he had been minister of foreign affairs in the Rallis government and he, Andreas Papandreou, the leader of the opposition.

But now, a "break" has occurred. They will no longer talk to each other. They cannot have any contacts, they cannot reach an agreement, and it will be enough if they will just nod to each other on Tuesday night, when our own president

of the Republic will offer the most socially important dinner of the year in honor of Austrian President Rudolf Kirchsclaeger.

We can guess what will happen next Tuesday evening in the majestic environment of the former royal palace.

Nothing.

Mitsotakis will not have been placed next to Papandreou, or he will have been assigned a place at a different table, and if they come face to face, they will exchange a cold greeting, because they cannot do otherwise. Moreover, they will be closely watched and their every expression, their every move will be noted with insatiable curiosity.

That the man responsible for this state of affairs wishes now to take back what he said is obvious from the sudden mildness shown by the press friendly to him. Some formula, some way is sought to bridge the gap opened by panic, and the anxiety is evident.

So is ours, but for different reasons.

Because what really worries us is that by now we have the proof--written in our minds, taped on video--that our country's prime minister, under certain circumstances, cannot control, cannot take a hold of himself.

And if, in this particular case, he will have only created a limited "civil war" whose eventual containment will be due to his adversary's coolness and presence of mind, who can predict what he could cause tomorrow or day-after-tomorrow?

Which sane and logical person, regardless of political convictions, does not now fear the future more, after last Sunday?

CSO: 3521/343

## RESPONSIBILITY FOR PAPANDREOU ATTACK ON MITSOTAKIS SOUGHT

Athens I KATHIMERINI in Greek 9-10 Sep 84 p 16

[Text] They are looking for scapegoats up at Kastri [the prime minister's residence] in conjunctions with Mr Papandreou's "appearance" in Salonica last Sunday, when he had attacked the new New Democracy chairman, Mr Kon. Mitsotakis. It is rumored that his explosive "appearance" had been counseled by Minister of Interior Koutsogiorgas, Minister of Merchant Marine Katsifaras and deputy Ministers Kapsis and Maroudas. In regard to Mr Kapsis, he was not even present in Salonica, but after listening to Mr Mitsotakis' interview with Maria Rejan, he had hastened to call Salonica, proposing that "the prime minister should immediately reply."

Present at the discussion that preceded the "appearance" were also An. Livanis and Minister of Public Works Tsokhatzopoulos; however, both adopted a "different stance" and asked that the prime minister not attack Mr Mitsotakis, proposing instead that another way be found to respond. As for Minister to the Prime Minister Lazaris, he was not asked, despite the fact that he was present in Salonica. Following the reaction to that "appearance," and especially the negative stance of the KKE and of the KKE (int), the Kastri entourage began to look for scapegoats, as usually happens in the kind of government where the prime minister, who always decides, never bears the responsibility for his decision, which is attributed to the person who merely proposes....

Meanwhile, the press "exploded" with the subject of elections, thus temporarily obscuring the Salonica issue. However, the latter has not been forgotten by the "adversaries" within the government of those who made the proposal, and they are now accusing them of cultivating an "electoral climate" in order to cover up their Salonica gaffe, reasoning that the issue will be forgotten with the passage of time. Nevertheless, the "accused" persist and, as a result, there is continuous tension among the ministers, who cannot come to an agreement on other, more current issues.

A highly placed official confided to a friend that "these so-called details will take up most of the prime minister's time as soon as he comes back from Crete."

"I see difficult days looming ahead," answered the friend, "because from what I remember, Mr Papandreou is not known for his adroitness in handling such problems."

CSO: 3521/351

## BRIEFS

LE PEN DENIAL--Jean Marie Le Pen denied on Monday 20 August that "he intends to visit Greece in October in order to meet with President Papadopoulos." The National Front chairman made this announcement following the information published in Greece by a magazine of the extreme right, according to which Le Pen would ask for the authorization, during his stay, to meet with the former dictator who is serving a life sentence. An EPEN [National Political Union] (Greek party of the extreme right founded early in 1984 by former partisans of the junta) spokesman had specified to AFP that the date for Le Pen's visit would be set for September and that it was up to the Greek government to allow the National Front chairman to meet with Papadopoulos. The Greek Government had immediately reacted to the announcement by stating officially that "the Greek people, who paid a heavy tribute to the crimes of Mr Le Pen's proteges in its struggle for democracy and freedom, shudders at the idea of such a visit." [Text] [Paris LE MONDE in French 22 Aug 84 p 20]

CSO: 3519/493

## BRIEFS

BENKOW TO FOREIGN AFFAIRS PANEL--Conservative leader Jo Benkow will return to the Foreign Affairs and Constitutional Panel in the legislature when it reconvenes in the fall. Benkow placed his position at the disposal of Arne Skauge last year when Skauge left the government. In a few days Arne Skauge will be appointed as undersecretary to the prime minister, thereby leaving the legislature and allowing Benkow to return to his post on the Foreign Affairs Panel. According to information received by the AFTENPOSTEN, the Conservatives will make one other change: Turid Kristansen, who is Torstein Tynning's substitute in the legislature during his leave of absence, will be transferred to the Municipal and Environmental Committee, trading places with Jan Petersen, who will become part of the Foreign Affairs Panel. These changes will take place as soon as the legislative convenes. [Text] [Oslo AFTENPOSTEN in Norwegian 28 Aug 84 p 3] 8954

CSO: 3639/156

## SECURITY LAW SEEN RESULTING IN POLITICAL BENEFITS FOR SOARES

Lisbon EXPRESSO in Portuguese 21 Jul 84 p 3

[Article by Jose Antonio Saraiva: "Soares in Dictator's Clothing?"]

[Text] If in 1975 Vasco Goncalves had dared present this law on security with Alvaro Cunhal's support, Mario Soares would have organized a second demonstration at the Fonte Luminosa and would have filled the Alameda; however, in 1984, not only was it Mario Soares who undertook to present this law, but also those who opposed him, including Alvaro Cunhal's party, were able to muster only a few thousand of their supporters in Sao Bento.

To what is this incongruity due?

Above all, to the following: the different perspective from which Mario Soares and Alvaro Cunhal are viewed.

In other words, many people believe that Alvaro Cunhal and his party would be able to apply the law fully and even to inaugurate a dictatorship; while few people believe that Mario Soares and his government would be capable of doing it.

Please note that this is not only a problem of ideology: it is also a question of behavior.

What is Cunhal's image?

It is that of a decisive, persistent and obstinate man.

What is Soares' image?

It is that of a temporizer, of a man who was unable to discipline his own party, whose principal fault is an excessive tendency toward compromise.

Thus, Alvaro Cunhal is usually attacked for what he does; on the contrary, Mario Soares is customarily attacked for what he does not do, or, in other words, for what he allows to be done when he should not.

Soares knows that.

And, being aware of it, he periodically attempts to project the image of a "tough person," of a strongman who is intransigent and knows what he wants.

His initiative in presenting this security law is one of these periodic manifestations of toughness.

This did not inspire too much fear in the people, because the Portuguese know their prime minister well enough to understand that he himself does not take these initiatives too seriously and that, as a rule, he does not follow up as he should.

However, there were some--and, when it comes to principles, with good reason--who became concerned.

What is indeed curious is that the criticism addressed to Soares at such times always ironically ends up to his advantage to the extent that it attributes a degree of verisimilitude to his theatrical attitudes.

Indeed, the secretary-general of the PS [Socialist Party] has more reasons today to be satisfied than upset with the attacks against the law on internal security.

The reason being that the image that is born at the end of this debate is that of a competent prime minister who even shows a slight totalitarian tendency. Now, for a man who is usually criticized for his weakness and lack of decisiveness, it can hardly be said that the results are poor.

CSO: 3542/118

## LUSO-AFRICAN MOVEMENT: RAISON D'ETRE, GOALS

Lisbon TEMPO in Portuguese 9 Aug 84 p 24

[Article by Mendonca Junior]

[Excerpts] There are some who are suggesting that the idea of the Luso-African Movement--the exchange of land in Portugal for land in the Lusophone African nations, or former colonies, as it is customary to call them today--is a subtle form of neo-colonialism. This may well be; if the stronger one imposes his domination on the weaker and if international consensus allows it; just as one could admit the hypothesis of equality between independent states: in other words, a confederation. However, to return to the case in point, who would be the colonizer and who the colonized?

For instance, let us suppose that one of these extra-territoriality agreements would be rescinded and that the Africans would want to forcibly continue the occupation of their lands in Portugal. Besides being an annexation, this would be an obvious interference in Portuguese domestic affairs. This is a hypothesis and that was called "reverse colonialism" by the present minister of foreign affairs.

Undoubtedly, this would create a problem. But the kind of problem that could always be taken to international legal organisms. Would it be too optimistic to hope that there would never be a need to ask for military assistance from the United Nations? The other African brothers could perhaps come voluntarily to Portugal to settle the matter peacefully. We who know them believe that this would be the case. At any rate, this would be a calculated risk that the Portuguese would have to take.

The reverse--abuse through force--of Portuguese against Africans, was never a concern. This seems to be the above minister's opinion as well as when he affirmed: "African sovereignty has nothing to fear from a small country like Portugal."

No doubt about it. Suffice it to remember how easily those Portuguese who had lost all their possessions over there remained or returned as cooperants. They did it peacefully and went on with their work.

## New Paths, New Life

The direction followed by the Luso-African Movement is clear. Nothing is hidden and there is nothing to fear. But there is something--no matter how limited--of which to be proud. Above all, the Luso-African Movement is a protest against total separation that no one wants and that we reject. As Chipenda would say, "a 500-year-old marriage cannot be terminated by divorce."

A 400-hectare piece of land, partly forested and with its own water supply, was made available to us; however, its location may not be adequate for the goals envisioned.

Strange as it may sound, its owner never lived in Africa.

On the other hand, the statutes of the Luso-African Association are being drafted. Slowly but surely, we are progressing.

Is it difficult? Sure, but as the Dutch said when they built the dikes that doubled the size of their country, "to do what is difficult is not very worthwhile: What is important and meritorious is to do the impossible."

The day will come. And on that day, the flags of the Lusophone countries and of Portugal will be raised together to the sound of drums and bugles on similar poles, side by side, by whites and blacks at the Luso-African Association, hailed by the respective governments and acclaimed by their peoples.

CSO: 3452/118

PEACE RESEARCHER AGRELL: END 'NORMALIZATION' TRY WITH USSR

Stockholm DAGENS NYHETER in Swedish 6 Sep 84 p 5

[Op Ed Article by Wilhelm Agrell]

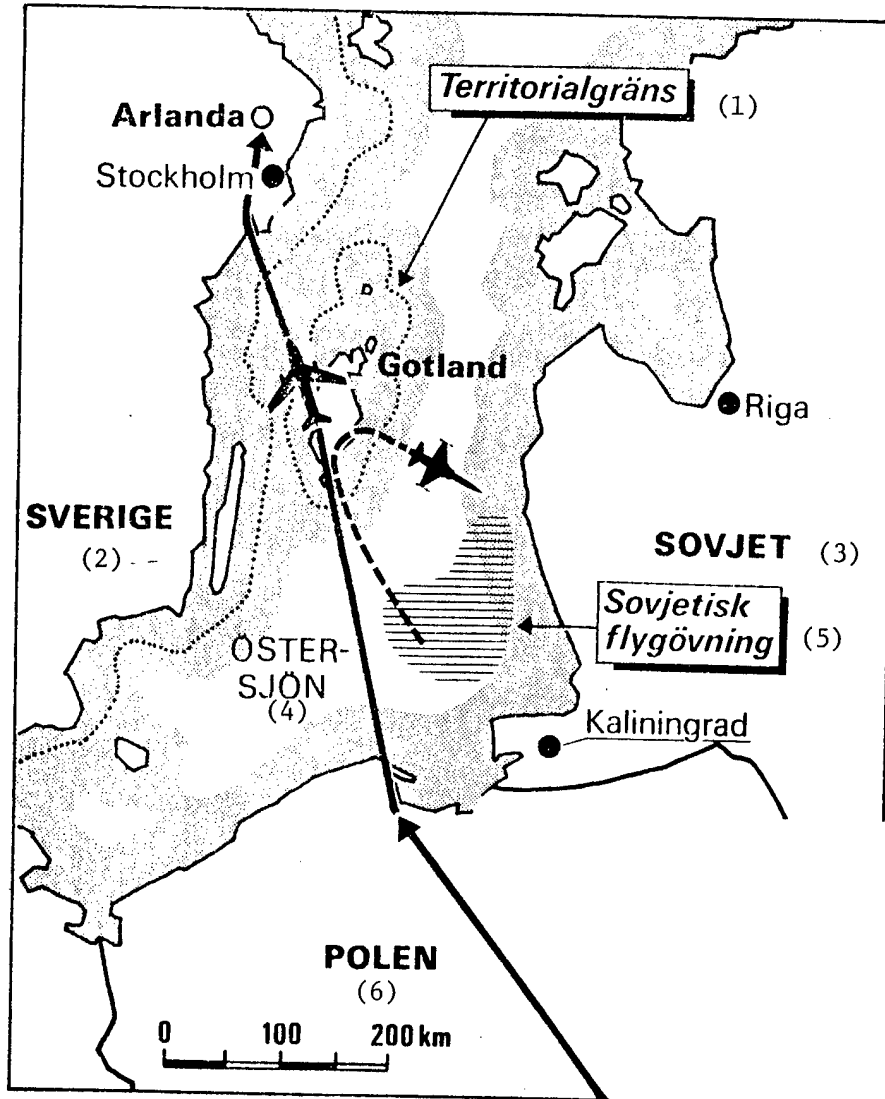
[Text] There is no point in striving for normalization, no matter how cautiously this is done through diplomatic channels, with someone who is pursuing a provocative military power policy. That is what peace and conflict researcher Wilhelm Agrell writes with reference to the fact that the Soviet Union is now denying all knowledge of the air space violation over Gotland.

The Soviet response to the Swedish protest concerning the violation over Gotland on 9 August was to all intents and purposes a denial of any involvement. No great power could possibly pretend that it had such poor documentation of airplane movements directed from the ground that competent authorities would be unable to reconstruct them afterward. It seems optimistic to assume that the Soviet Union wants to hold the door open in this way for an apology later on, which would disavow the statements of these "competent authorities." Instead there is a hint in the Soviet response of the arrogance in the Soviet reaction to Sweden's query almost 3 years ago about whether the U-137 carried nuclear weapons: "Soviet submarine 137 is equipped with the appropriate weapons and ammunition, like all other naval vessels at sea."

The violation and the Soviet response lend relevance to three important questions. The first, well-known from the submarine violations, involves the problem of the viability of technical proof. The second concerns how to interpret Soviet intentions. And the third involves the conclusions that can be drawn with regard to Swedish policy toward the Soviet Union.

There is a great deal of routine military airplane activity, involving both maneuvers and reconnaissance, in the Baltic Sea area. To a large extent the aerial activity follows an established pattern, a "normal activity" that is supervised and documented by a number of surveillance organs. Airplanes flying in the area can be followed by Swedish radar and any plane that communicates with the ground and uses its electronic system gives off

signals that can be located and analyzed and that will normally identify the type of aircraft. Thus the conditions for gathering technical intelligence material are quite different from those surrounding an underwater object.



In the opinion of Wilhelm Agrell the Soviet violation (see map) was planned and must be viewed as a political act.

**Key:**

- |                           |                         |
|---------------------------|-------------------------|
| 1. Territorial boundaries | 4. Baltic Sea           |
| 2. Sweden                 | 5. Soviet air exercises |
| 3. Soviet Union           | 6. Poland               |

Everyone knows this and a diplomatic practice has evolved in which violations are protested on the basis of this kind of technical material, sometimes supplemented with visual identification from an emergency search.

The existence of technical material makes it possible to establish quite clearly that a Soviet fighter of the Su-15 type violated Swedish air space. But could this have been an error, the result of faulty navigation or of confusion? The wording of the Soviet reply, of course, argues against this; if there had been a trivial explanation, presumably the Soviets would have offered it. But there are other things that contradict an error and in practice rule out this possibility.

Airplanes of the Su-15 type are part of the Soviet air defense force, which in contrast to the tactical air force--the "front air force"--does not have offensive combat assignments. Therefore air defense fighters get combat directions from the ground. They are equipped with fighter missiles with a comparatively long range and are not intended for close combat. Thus it is quite natural that the intruding plane was directed from a combat command center that could supervise the movements of the airplane on radar.

If one can establish that the plane was guided from the ground, an initiative on the part of the pilot can be ruled out. The only possibility remaining is that the initiative was decided on by the military command organization. Decisions on military efforts in the Soviet Air Force are usually made at a higher level than is the case in Sweden (see the decision to shoot down the Korean airline plane, which went all the way up to the chief of air defense in the Far East). Thus there is little sense in discussing an initiative at a low level of the military command organization. And if a decision was made at a responsible level one can no longer talk of an error.

If we look at the violation itself there are signs that it was actually quite well-planned. The arrival of Scanair airplane DK-541 was known in advance. Its current position could be followed over Polish air space and over the southern Baltic the airplane was taken over by Riga air control. Therefore it would have been possible to make sure that a maneuvering plane was near the course of the airliner. One reason for this could have been that Swedish radar surveillance would have a shorter warning time that way and could not alert the emergency airplane detail that was standing by at F-10 in Angelholm in time. According to reports, DK-541 was followed until the Swedish pursuit was 5 minutes away from contact and could presumably be followed on Soviet radar. In this way an optical identification and documentation of the intrusion could be avoided.

There are substantial similarities between this procedure and the provocatively executed submarine incursions Sweden was exposed to in 1982, culminating in the Harsfjarden incident. And just as the Soviets brushed aside the technical evidence then, they are brushing aside technical evidence of a violation of our air space now. It seems that in his

confidential talks with Anders Ferm, Soviet General Milstein must have known quite well what he was talking about when he made it clear that the Soviets would not admit any border violations unless the proof was incontrovertible.

Against this background it is impossible to regard the violation as an isolated and at most irritating event. It is necessary to see it as a political act that had some kind of goal behind it. And in this context it is not the overflight itself that is so important but the pattern of which it was a part. It is the pattern that should determine the formation of the Swedish foreign policy line; there is no way to pretend that the pattern does not exist.

The Soviets could be quite sure that the violation would be recorded by the Swedes. If the pursuit was meant as a warning or as a demonstration of power they could also count on the message getting through. It is also possible that the Soviets did not expect the Swedish authorities to tell the public about the incident and in fact that was the government's intention, until the whole thing leaked out. But what could have motivated such a warning or demonstration of power in a situation in which, after much hesitation, Sweden was engaged in normalizing relations?

There are several things that might have annoyed the Soviet Union and the Soviet military, for example the recommendation by the OB [Supreme Commander of the Armed Forces] that the so-called Soviet professor ships' freedom of movement in Swedish waters be restricted. But in any case it seems clear from the Soviet behavior that they do not want a normalization or, more precisely, that they do not want the kind of normalization envisioned by the Swedish government. It is impossible to determine if this is a result of a very sweeping Soviet policy with regard to putting pressure on Sweden or whether the policy is formulated by several different power centers in the Soviet leadership. The consequences for Sweden are important in either case.

This brings me to the third and vital question raised by the Soviet violation, namely the consequences for the government's normalization line. The normalization effort started back in the fall of 1982 with Undersecretary Schoris Moskvaresa and has later been pursued with renewed energy by the Foreign Ministry since the fall of 1983. The argument for the normalization line is that a functioning policy of neutrality calls for trust in both East and West, a trust that cannot be built up when relations between nations are chilly.

This reasoning is quite correct. But the problem is that a normalization line can also have another meaning. As I pointed out in an earlier DAGENS NYHETER article (30 March 1984) it can also normalize a state of constant underwater activity that is hard to identify. And the normalization process, when it is well under way, can lead the Swedish foreign policy leadership to become increasingly reluctant to react to violations with reference to the overriding benefits of normal relations. The handling of the violation over Gotland did little to dispel these apprehensions.

In reality this violation means that the normalization line has run into a decisive setback and that Sweden finds itself at a point where this part of its foreign policy must be reviewed. It will not do to strive for normalization, no matter how cautiously diplomatic channels are used, with a counterpart pursuing a provocative military power policy. Normalization in that case would be a de facto acceptance of the power policy and would we then be able to enjoy any gains we might make in increased Soviet sympathy for our neutrality?

The problem is that Sweden would then be left without a functioning political line on what is currently the nation's most important foreign policy question, namely relations with the Soviet Union. And the alternative is not very attractive: a continued and perhaps intensified coolness in international relations, the risk of further provocations and continued pressure on Sweden's neutrality policy.

6578

CSO: 3650/278

## MANPOWER, FISCAL CONSTRAINTS DEMAND POLITICAL RESPONSE

Hamburg DIE ZEIT in German 24 Aug 84 p 3

[Article by Christoph Bertram: "Army on the March into Leaner Times"]

[Text] The planning sessions at the defense ministry are over. Now the cabinet and the parliament must discuss and decide how the Bundeswehr is to get to the nineties—with fewer soldiers and hardly more money.

Defense Minister Woerner has returned from his vacation with a tan and full of energy. Even the successes which he likes to point to during his 20 months in office give an indication of how hard his job really is. "We have calmed down the situation inside the alliance," he says. "I brought back peace and quiet into the Bundeswehr which had felt isolated because of the halfhearted support of the social democrats before we took over."

The Kiessling affair, too, which Woerner calls "the worst 3 months of my life," has not affected the good relations between the minister and the military. For another thing, cooperation with France has made a lot of progress. And, the promotion holdup among officers and non-commissioned officers has improved. "We now have the best non-coms," Woerner says. Another one of his achievements, Woerner claims, is the agreement with the United States permitting the FRG to use American "Patriot" anti-aircraft missiles while American air bases in Germany are to use "Roland" missiles. And as for the new top management at the defense ministry, it is "working out just fine." The three state secretary posts have been filled and cooperation with the new chief of staff is good.

#### The Hydra's Heads

Of course Manfred Woerner knows that in political life mistakes are seldom forgiven, much less forgotten. The Kiessling affair will remain tied to his name and so will the lingering doubt as to whether this fast-talking, tough-appearing man is really up to the mammoth job of defense minister. "I can only get over this through success," Woerner says.

But the grapes of success hang high at the defense ministry—even higher than in any of the other departments. The defense ministry/Bundeswehr moloch, comprising of almost 700,000 soldiers and employees and situated at the interface of domestic and foreign policy, reminds one of the Hydra's heads. As soon as one head is cut off two new ones grow back on. As soon as a problem in the defense ministry is dealt with two unresolved ones are clamoring for an answer. There is not just a single knot which has to be untied or, if need be, cut but any number of tangled skeins. The most important of the problems which will prove a difficult test for Woerner are well-known to all his predecessors some of whom failed because of them. These problems are personnel and armaments.

The minister's personnel and armament program is to be submitted in September and October—first to the cabinet and then to parliament. The preannouncements are saying that it is a program to run for decades which is to fix both the size and the equipment needs of the Bundeswehr for the remainder of the century. But in actuality, it will all be a lot more modest. The time for the great reform has not yet arrived because the reform has not yet become imperative.

For all that, there is no dearth of predictions and studies which prove that the Bundeswehr will soon neither be able to obtain the personnel it needs to maintain present strength, nor the money to pay for the personnel and the equipment. The basic data have long been known. The Bundeswehr needs 225,000 conscripts each year but starting as early as 1987 the number of young men of draft age will rapidly fall below that figure. The baby boom of the early sixties was followed by the late sixties drop in the birth rate as a result of the pill. The Germans, says Chief of Staff Altenburg, "are thorough about everything they do." If nothing happens, the armed forces of the nineties will number no more than 300,000 men instead of the current 495,000.

This does not come as a surprise. The first major study was undertaken in the early seventies when Chancellor Brandt asked an independent commission to look into "the outlook for military organization and possible options." At that time, too, the motivation was concern about personnel and funding. The commission criticized the lack of operational readiness in the divisions of the army and noted with concern the decline in funds spent on defense as against the total FRG budget as well as the rising operating costs of the Bundeswehr. The commission recommended that one-third of all army units, i.e. 12 of the 36 brigades, should be staffed which is to say that they would consist of only a skeleton complement in peacetime and be brought up to full strength with the help of reservists in a national defense emergency.

Public opinion reacted favorably to the commission's recommendations but the army, which was primarily affected by them, did not. The generals stonewalled the proposal. At that time, the Bundeswehr could not see any

real cause for alarm as yet. With social democratic ministers in charge of the defense establishment, the armed forces were showered with money; major projects were being developed and concern about personnel remained within certain limits. Instead of experimenting with radical models, the Bundeswehr gave preference to traditional ways and to instituting reforms here and there, if at all—as for instance in the matter of the army's organizational structure.

This worked out well for some time; but by the early eighties, the money grew short and the costly armament projects ate up more and more of it. Hans Apel, who took over the defense ministry in 1978, almost lost his job because of the "Tornado" cost overruns. On Ash Wednesday of 1981, he called a "closed-door armament" conference of his top civilian officials and generals in the "aquarium," the large, high-windowed meeting room at the ministry. There was a DM 2.3 billion gap in the 1981 and 1982 budgets. Drastic cuts were made as a consequence—mostly at the expense of the less spectacular but militarily crucial pieces of equipment that went into the large-scale systems.

But Apel made a virtue of necessity—at least temporarily. He appointed a commission to draw up "long-range plans for the Bundeswehr" with the job of "looking for ways of how the Bundeswehr can fulfill its mission as part of the alliance in the nineties and can maintain its combat readiness in terms of both manpower and materiel."

The commission, however, had a serious birth defect. Its membership was made up in the first instance of those immediately concerned: the chiefs of staff of the service branches and the department heads in the ministry. Thus, the findings submitted by the commission in June 1982—3 months prior to the change of government—were scarcely more than the lowest common denominator of the ministry bureaucracy: a clean and informative study full of conservative and traditional recommendations.

The main thrust of the report was that the structure of the Bundeswehr—and particularly that of the ground forces—was to be maintained at all costs. For this reason, military service was to be extended from 15 to 18 months and exemptions from military service would have to be curtailed. The commission also recommended looking into the question of whether women should be accepted as volunteers and whether foreign nationals permanently resident in the FRG should be drafted.

These recommendations still make up the fundamentals of the plans Woerner and his chief of staff will submit to the cabinet over the next few weeks. They, too, would like to leave the structure untouched as long as possible, i.e. they would like to keep the Bundeswehr at its full strength of 495,000 until 1990 and then cut down to no less than 470,000 men. What speaks for this program is that the constraints pointing to a radical solution are not as immediate as the figures might initially lead one to assume. The

fact is that until 1987 the Bundeswehr will have more draftees at its disposal each year than it can actually induct. The path from the peak of the baby boom to the lowlands of the pill years can be evened out over the course of several years, if—as the long-range commission already pointed out—the armed forces give priority to inducting the "older age groups while temporarily exempting younger men from military service."

Another thing that speaks for not prematurely giving up on the status quo is that all the alternatives would be too hard to bear. Even if the organizational structure commission's model of skeleton-staffing one-third of the army brigades were adopted, peacetime Bundeswehr strength should still be 472,000 men so that the 1.2 million man strength could be attained in case of a national emergency. The fact, after all, is that the Bundeswehr not only needs manpower to staff its operational units; it also has to secure the deployment area in case of a national emergency prior to the allied armies' taking their positions in the frontlines. This does not leave much room for cuts and capping, if the military contribution the Bundeswehr makes to the alliance is not to grow noticeably smaller while the risks grow larger.

To keep both the size and the structure of the armed forces constant as long as possible, Woerner can count on the backing not only of his generals but also of his chancellor. "We must give priority to strengthening our conventional defense capability," Kohl told a meeting of high-ranking Bundeswehr officers in February. "It must be clear to everyone that this goal cannot be attained by cutting down on personnel in the Bundeswehr."

Nonetheless, anxious questions are being asked at the ministry as to whether this fact is also clear to the FDP, which is a member of the coalition government. Uwe Ronneburger, deputy chairman of the FDP fraction, discounts the possibility of a rift by saying: "I do not think there is any potential for new conflict within the coalition." And yet, both he and other FDP political leaders are saying that other options need to be looked at first of how to maintain defense strength. "Prolonging military service is an option that should be considered last of all," he says. "First, we should be looking at the alternatives."

The ministry has already decided not to get involved in one other controversy, namely voluntary service by women. "They would not fill more than 13,500 jobs anyway," Woerner says; and besides, it would run into more money. But there is no way to get around extending military service to 19 months after 1989 that is only halfway compatible with alliance requirements. "We will have to do it under any circumstances," Woerner says—and he is right. It will even have to be done in structures where reservists play a major role.

The long-range planning commission had called for that decision to be made in 1985 because otherwise the training schedules could not be introduced in time. But the commission also found that this "can be delayed by inducting older age groups on a priority basis." The political calendar, however, is not as flexible: the next Bundestag elections are scheduled for 1987 and the social democrats have already voiced their concern.

Kohl and Woerner will therefore not be able to evade the issue. But the question is whether the coalition government will really make enough of an effort to push through a program which will not take effect until after that election. For Woerner, that would be quite an achievement; but it will not come easy.

In the other major Bundeswehr area of concern—namely equipment—the achievements will stay within limits and not only because of the lack of funds. Woerner proudly points to the fact that—all the dark prophecies to the contrary notwithstanding—he has succeeded in raising the defense budget by 3.7 percent for 1985 while the overall budget is rising by a mere 1.2 percent. At long last, he says, he managed to get an extra 13 percent for ammunition and an extra 30 percent for research and development.

But how much of a shortfall still exists on the "periphery" was explained by the chief of staff in the 1985 Bundeswehr plan. There is a lack of reconnaissance resources, communications systems as well as command and control systems. Both the ground and the air forces do not have enough modern ammunition for their modern weapons systems. The "Tornado," for example, the most advanced fighter in the Western world today, will be relying on obsolete ammunition half of the time until the mid-nineties and thus hardly be of use for missions over enemy territory. The antitank helicopters, which are particularly vulnerable at the time of firing their missiles at a target, are still using old-fashioned wire guidance projectiles which drastically reduce their combat effectiveness.

But how this problem is really to be solved nobody knows. Like it or not, large-scale projects like gleaming airplanes, dashing ships and awesome tanks do have more military sex appeal. They are the pride of the generals and the parliamentarians. These are the items that are touted by both the military and the industrial lobbies. Moreover, given the forever tight budget situation, some military planners tell themselves that it is more important to get the big ticket items approved and that the rest of the program would work itself out in the end. In the meantime, the defense ministry has even purposely kept away from including ammunition and similar expenditures in its plans on the assumption that these items can be added later without lengthy debate in parliament. The military men are not entirely unjustified in their fears that armament programs are cut or stretched out time and again for lack of funds. Thus, they at least want

the politicians to put their stamp of approval on the big projects, entering an obligation which they cannot easily evade. At Apel's closed door meeting it was the "peripheral" expenditures which were cut most of all—and that is one reason for the present sorry state of affairs.

It is a new experience for Woerner to be keeping a sharp eye on the military men in general and the armament department in particular. When his party was still in the opposition, he loudly criticized the then government for "no longer giving to the Bundeswehr what it needs to fulfill its mission." Now he can see that it is not so easy to arrive at rational decisions on armaments and to implement them—and he freely admits it. Which is another reason why he has strengthened the position of the chief of staff in assigning priorities in armament planning—a prerogative which he enjoyed at least in theory under Woerner's predecessor as well. Some of the service branches were not too happy about this—particularly the air force which had counted on Woerner's support who is a passionate flier; but Woerner did not budge.

But it is one thing to plan correctly ("our planning staff is the best," Woerner says) and quite another to do away with practices which started out during the years when the coffers were full. There is the practice, for example, by the procurement department which keeps the cost down on big ticket items in order to get the green light for them from the politicians but later compensates industry for this by asking for supplemental appropriations. Then there is the practice of fixing prices prior to the conclusion of the development phase—as in the case of the Fighter 90. The minister and his new state secretary for armaments, Timmermann, will put a limit on costs and thereby force the service branches to state their priorities in a more definitive and transparent manner. Keeping the financial plan at the zero growth level therefore is part and parcel of the command and control function.

#### Armaments and Personnel

The fact is that priorities will soon have to be assigned not only in the armament field but also as between expenditures for arms and expenditures for personnel. Only if the Bundeswehr is able to induct a sufficient number of draftees and get a sufficient number of volunteers to join will a great many of the armament projects for the eighties still make any sense. Chief of Staff Altenburg puts it this way: "Where are we going to get the personnel for all these big new projects?"

In calculating the investments in the armament sector, Bundeswehr plans for the early nineties must even now take the additional personnel costs into account. At that juncture, the Bundeswehr will not only have to get along with fewer draftees but will also have to compete with industry to

recruit a sufficient number of volunteers. Not only the defense ministry but industry, too, is wondering where the long-term soldiers and skilled workers will come from, given the shrinking manpower reservoir among the younger age groups in the nineties. The Bundeswehr is planning to get young people to join with the help of bonuses; but it will not be competing alone on the labor market. Perhaps the press and information staff's proposal to consider "broad-based Bundeswehr vacation programs for young people" is a very clever attempt to win favor with the scarce recruits of the nineties. But as clumsy as it is it shows how poorly prepared the Bundeswehr is for the new era of population scarcity.

Will Woerner still be the one to chart that course? He says he still enjoys his job. He still likes being among military men and makes it plain to them that he does. Nonetheless, he is said to have grown tougher since the Kiessling affair and more suspicious, too. But has he gotten tough enough? Has he learned enough? Woerner would like to strengthen the audit department and to turn the planning staff into a cost benefit instrument. The minister seems confident. How justified his optimism is remains to be seen. Perhaps it was a good thing for Woerner that he fell flat on his face so early in the game; it may have served to prepare him better for the stormy weather he is bound to face. He has no lack of good intentions and he understands equally well that he dare not make a second mistake. But that, in itself, would be quite an achievement considering past experiences at the defense ministry.

9478

CSO: 3620/430

## PERSONNEL SHORTAGE FORCING ARMED FORCES REORGANIZATION

Helsinki UUSI SUOMI in Finnish 13 Aug 84 p 6

[Text] A personnel shortage is leading to a reorganization in the Armed Forces organization.

In an AAMULEHTI interview Armed Forces chief Gen Jaakko Valtanen said that they have been talking about the personnel shortage long enough. They do not, however, seem to be settling the problem by talking about it, rather they have to do something about it.

Valtanen said that they have been reorganizing inside the Armed Forces for about 20 years and have transferred personnel to new duties and for new equipment.

"We are now at a point where this practice is no longer possible," he said.

The Armed Forces cleanup will begin with the combining of operations. For example, the internal composition of staffs, installations and troop units will be restudied.

These arrangements will apparently not, however, lead to the elimination of troop units or garrisons.

According to Valtanen, this does not seem to be possible because many regional and local viewpoints are involved in the matter.

During the interview we reminded him of the negative response that came from labor and municipal officials when four of inland Finland's military districts were merged into two.

"These are difficult matters," Valtanen commented.

"We must try to provide bigger district and affairs units with the same personnel."

11,466  
CSO: 3617/214

## FIGHTER JET COMPARED WITH TORNADO AS POSSIBLE FIASCO

Paris L'HUMANITE in French 30 Jul 84 p 3

[Article by Jean-Pierre Revery]

[Text] As was to be expected, the objections raised by the CGT [General Confederation of Labor] and the PCF [French Communist Party] against the European combat aircraft project have started to be validated by facts. The decision of the defense ministers of the five countries involved (France, FRG, Italy, Spain, and Britain) at their meeting in Madrid in early July to extend by 6 months their "feasibility study" has confirmed the existence of serious differences in interests and needs. The British are asking to head the program and are striving to have the aircraft's characteristics parallel their requirements. Between now and the next ministers' meeting set for March 1985, the free-for-all will undoubtedly have degenerated. France--and one may wonder what it is doing in this mess--has its own project, the ACX, whose initial prototype could fly as early as 1986.

To understand the nature of the problems raised, an example is available, barely familiar to the French public--that of the Tornado aircraft coproduced by the Federal Republic of Germany, Britain, and Italy.

When the project was launched in 1969, what was planned was a multipurpose combat aircraft designated, incidentally, as the MRCA [Multi-Role Combat Aircraft] whose cost was not to exceed 10 million German marks each. Belgium, Canada, and the Netherlands were slated to buy the aircraft but were soon to desist. On that occasion the Dutch defense minister noted that the plane was "too bulky, too heavy, too expensive, and too late."

#### Financial Pit

As for the others, the adventure was just beginning. When the initial prototype took to the air on 21 September 1974, 1.6 million marks a day had already been spent, that is, a total of over 3 billion marks plus another billion sunk into improving the RB 199 jet engine coproduced by Rolls Royce, MTU [Engine and Turbine Union--FRG], the FIAT [Italian Automobile Manufacturing Company, Turin].

Expenses continued to increase at exponential rates. At the close of 1982 the British audit office estimated at 476 percent the escalation in the project's cost from 1976 on. And the FRG defense minister announced at the same time that the cost of the weapons system had reached 78.36 million marks per aircraft and that the maintenance cost per plane a year could be expected to be 1 million marks.

Two West German newsmen calculated that for the price of a single Tornado it would be possible to build "a luxury hotel with 300 beds, conference halls, and a swimming pool!" The worst of it is that the Tornado represents only very remotely what each of the participants had expected.

Indeed, instead of a multipurpose plane, Britain received an "air defense" version that was notoriously underpowered for this type of mission. As for the Federal Republic of Germany, its 322 Tornados (rather than the 800 that had been anticipated when the project was launched) "can be used only as nuclear bombers," as Lt Col Alfred Mechtersheimer was to disclose. Because of this, the Luftwaffe officer was dismissed from the service and excluded from the ranks of Franz-Josef Strauss's party. Mechtersheimer's statements had indeed a very adverse impact since the FRG's Constitution bans West Germany's possession of nuclear weapons.

The list of the Tornado's mishaps does not stop there. Since September 1983, three Tornados belonging to the British Royal Air Force and three belonging to the Luftwaffe have crashed. The investigation of these accidents has brought to light the fact that the aircraft is far too complex to be controlled safely by its pilot. Last but not least, the plane is only partially "European" since its avionics (radar, electronics, etc.) is of American design. Under these conditions one will understand why no Tornado could so far be exported to other countries.

#### Series of Risks

Such a precedent should prompt reflection by the supporters of the European combat aircraft project. All the ingredients that could lead to a similar fiasco are present. The requirements of each country are different and threaten to result in the production of a vehicle with shortcomings that will satisfy no one, will be very expensive to produce, and will not have an export market.

Additionally--and this is undoubtedly what is of most concern in this matter--France risks being "stripped of its feathers" from the viewpoint of its technological and industrial potential, which has truly "strategic" importance for it.

It would make all the less sense for France to assume such a risk as the design office of the Dassault aircraft company is working unremittingly on a new-generation aircraft, the ACX. On its part SNECMA [National Company for the Study and Construction of Aircraft Engines] is designing a family of jet engines worthy of the 1990's thanks to its M-88 engine testing bench. And Thomson is already engaged in perfecting the radar systems required by an aircraft like the ACX.

The ACX's appearance on the market would constitute an appropriate occasion to test the sincerity of the pro-European professions of faith heard so often beyond the Rhine. If these expressions are sincere, how can one imagine that the Royal Air Force would not prefer the ACX to an American plane?

2662

CSO: 3519/484

## ENTRANCE IN NUCLEAR CLUB, FRENCH NUCLEAR UMBRELLA ADVOCATED

Athens TO VIMA in Greek 31 Jul 84 p 11

[Text] I suppose that national defense is the uppermost thought of every Greek at the moment when the country is subjected to the pressure of a threat. All other objectives are in a position of lower priority in our national conscience. Thus, while we tolerate unemployment, inflation and lower per capita income, we would feel shame were Turkey to succeed in taking over one more section of our national territory, as it did in Cyprus...

2. Nonetheless, it would be a deceptive alternative which certain people would pose in the loaded question: "National defense or national economy?" as appears to have been done on his own by someone in authority who said: "... if the economy is on its knees, why do we need armaments?" (TO VIMA 18 Jul 84 p 3)

Every healthy society builds its present and future (and, therefore, its economy) on a strong national defense. The safeguarding of national defense is the number one prerequisite for promoting economic activity. No businessman invests in or develops any activity in a country or area if it faces an impending attack or suffers from lack of security. The starting point (1974) of the Greek economic crisis (drop in investments, interruption of the rapid rhythm of tourist development, etc.) is not so much due to the oil crisis as to the invasion of Cyprus by Turkey and the continuation of its threat in Thraki and the Aegean... Therefore, a strong national defense and economic development are compatible and not antagonistic objectives...

3. As a whole, Turkey is superior in military potential compared to our country. This superiority is multiplied manyfold if we take into consideration that it has the undisguised support of the military and intelligence potential of the U.S. (and West Germany)...

4. The defense problem is multi-faceted and therefore very difficult; for instance, it cannot be solved with aircraft alone nor with a land army. In order to solve the problem all alternative solutions (consequently a nuclear umbrella as well) should be investigated under cost effectiveness methods,

The building or acquisition of an atomic bomb is possible in a short time if a certain process is followed which is already known to the experts. The proposal for the acquisition of a bomb by Greece is made for the sake of peace and not

because of warmongering intentions ("If you want peace, prepare for war.").

### Defense Analysis

5. All analyses of our country's defense problems must be based on the above-mentioned facts. Unfortunately, from what I know, we do not have before us (and public opinion is uninformed) and inter-party/inter-science national report on our defense problems in terms that do not affect classified subjects.

How did we arrive at the famous "purchase of the century"?

Is it the most effective solution to our defense problems, based on fact 3?

6. The decisive indicator of the effectiveness of our foreign policy is the ensuring of the defensive protection of the country against the Turkish threat.

7. In view of the fact that our diplomacy was unable to secure guarantees for our borders (the foremost objective) from either of the superpowers, any alternative policy suggested on this subject should not be ignored:

A. An alternative solution for our country is the securing of a nuclear umbrella, from the French, for example, in exchange for purchasing from them the aircraft we need. The use of the French nuclear force is to be made only in the case of attack against us... Our country could also ask India for some official statement on nuclear protection (only the securing of this statement could justify the "Third World" foreign policy orientation of our country...)

B. Instead of resorting to conventional or semi-conventional solutions through the purchase of aircraft in order to assure our defensive protection for the next 10 years, perhaps we should plan to join the club of countries which are seeking to obtain a nuclear defense? a) As long as this club is continuously expanding and b) Turkey is seeking to join it (together with Pakistan), we see no reason why we too should not consider something similar. No matter how illogical nuclear armament may seem to every Greek, some facts (such as those mentioned previously) force us to think along those lines.

C. In one of my other publications I have suggested a more conservative solution to our defense problems (see "The Aegean," Metopi Editions, 1979).

Unfortunately we do not have alternative evaluations: a) to our over-the-years defense capability in relation to the opponent's superiority; b) its cost in foreign exchange; c) the relative participation of the Greeks; d) the degree of dependence on foreign countries, etc., in order to decide on the correctness of the decision to obtain the "F-16's" in relation to solutions A, B and C mentioned above. The only way to overcome Turkey's superiority is under the nuclear umbrella.

### The Nuclear Club

8. We favor solution A (in view of the fact that it is quickly attainable) and we believe that our country will benefit if it combines its defense, for the time

being, with the French technological superiority, especially after the tremendous success of the "Exocet" rockets in the British-Argentine conflict.

(Consider from what a position of strength President Kyprianou could talk against Turkey if he had the nuclear cover of France! Also consider how the Armenians could demand their national rights if, instead of killing Turkish diplomats, they used the threat of a nuclear bomb against the Turkish military regime!)

These matters are not mere daydreams in view of the fact that nuclear bombs have become objects of international commerce.

However, the desire of Greece to obtain a nuclear bomb as a deterrent weapon against the threat of Turkey in Cyprus, Thraki and the Aegean should not be considered illogical. It is a legitimate defense in any case. When many countries such as Italy, Switzerland, Egypt, Finland, Libya, Belgium, Denmark, Japan and others are considering the probabilities of joining the nuclear club, our country, which faces a serious and immediate threat, should not remain idle... According to our initial study, the scientific potential we have at our disposal in this area is one of the richest in the world.

#### The Advantages

9. The main advantages of nuclear armaments for our country would be: a) the total release from military service of approximately 80,000 youths every year and their availability for more productive occupations (for example, the continuation of postgraduate studies, etc.); b) the strengthening of the feeling of security and, because of it, the stimulation of economic and business activities; c) the consolidation of peace between Greece and Turkey is more probable, in view of the fact that Turkey will no longer think of threatening our national territory because of fear of a nuclear disaster (e.g., the end of violations of our national territory, etc.); d) the enhancement of our country's international prestige; e) the familiarization of the scientific potential of the country with nuclear technology and its use for peaceful purposes.

Only shortsighted political leaders cannot comprehend the above-mentioned advantages. There are already concrete views on the feasibility of our proposal; what is needed is the showing of political willingness on this vital subject...

Mr. Stavros Tehofanidis is professor of Applied Economics at the Pandeios Supreme School of Political Sciences.

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CSO:3521/338-A

## CONFERENCE FOR SOLDIERS' RIGHTS TO MEET IN ATHENS

Athens ANDI in Greek 31 Aug 84 p 8

[Excerpts] The Sixth Conference of the ECCO [Pan-European Conference of Soldiers' Organizations] is set to take place in Athens from 28 to 30 September; co-organizers are the Committee for the Army and the Committee for the Rights of Soldiers. It is well known that information on the existence in Europe of soldiers' movements and their activities does not correspond to the importance of the problems of the army. The need to make these issues--the movements for the rights and freedoms of soldiers in European countries, as well as the regimen under which our own army functions--the focus of our attention and of the efforts by progressive parties and organizations aimed at fashioning an army policy has been noted before by our magazine, when it presented the ECCO for the first time in Greece, together with the Copenhagen declaration and the organization's activities on behalf of soldiers' rights in Sweden, Denmark, Finland, Spain, France and Holland. Thus we are able to talk today about the appearance of a soldiers' movement which, despite the many ways in which it expresses itself and the contradictions that are bound to accompany this whole endeavor, constitutes a reality that spotlights the problems regarding the functioning of the army and its democratization.

Therefore, the very fact that the Sixth Conference of the ECCO is taking place in Athens is especially meaningful, not only because it affords the opportunity to the soldiers of 10 countries to be heard, but also because it makes it possible to face the army's problems in a different manner.

As an example of ECCO's attitude toward the army's problems and as a limited comparison with our new Army Regulations 20-1 we publish below excerpts of the founding document of this organization:

"We believe that soldiers are civilians in uniform who must have equal rights with the rest of the population and not be considered third-class citizens. On the contrary, we share the view that it is only those soldiers who experience democracy first-hand who feel duty-bound to protect it.

"Under such an organization of the army, the autarchic discipline based on punishment and the omnipotence of commanders must be replaced with another, based on dialogue and persuasion, the explanation of orders and respect for human rights."

"...Soldiers are struggling for the genuine and effective subordination of armed forces to the people's power, inspiring in their members deep respect for the principles that are the foundation of democracy, thus precluding the use of the army for the satisfaction of the interests of a minority....

"...We understand that everything that erects a wall between soldiers and civilians (training based on a spirit of caste, service far removed from a soldier's residence, distinctive symbols such as short hair and the salutes, etc.) go against the grain of the soldiers because they place them above the society they are supposed to serve...."

It would also be beneficial if, because of the ECCO conference, a better coordination could take place between the Greek committees for the army, a coordination which, of course, would lead to better results in their various activities.

CSO: 3521/355

MILITARY

GREECE

PORT CORPS CHANGES AIMED AT CIVILIAN ADMINISTRATION

Athens TO VIMA in Greek 2 Aug 84 p 2

[Text] The resignation of L. S. [Port Corps] Commandant, Vice Admiral Konstandinos Prokopis, and perhaps the selection of Commodore Pandelis Protonotarios as the new commandant of the corps is the beginning of the process of converting the Port Corps into a civilian agency. At the same time, the ministry of Merchant Marine is being up-graded to a productive-economic ministry while it is not to be excluded that an announcement will be made soon raising its standing in the hierarchy of ministries.

Reliable sources report that the effort at "demilitarization" will be initiated by the Directorates of Labor and Welfare headed by Messrs. I. Manousakis and Tr. Papageorgiou.

With the departure of Admiral Prokopis, on whom the KYSEA [Government Council for National Defense] bestowed the title of honorary commandant of the Port Corps, and due to the promotion of a junior ranking officer, Rear Admiral Alkiviadis Varelas, Vice Commandant of L.S. and Commodores Dimitris Giannakopoulos, Triandafyllos Papageorgiou, Panagiotis Valassopoulos and Dimitrios Vavouris were retired with the rank of Rear Admiral.

As soon as Commodore P. Protonotario's appointment has been published in the Government Gazette, he will be promoted to the rank of Rear Admiral. Following this, a meeting of the Port Corps Supreme Council will be called to select the Vice Commandant of the Corps.

Candidates for the position of vice commandant according to seniority are: Commodores Nikolaos Tsandilas, Ioannis Manousakis, Georgios Spartiotis, Stylianos Lainis, Aristeidis Papandreou, Khristoforos Ndounis and Georgios Karagiannis. The most probable to be appointed to the position of Vice Commandant is I. Manousakis, in which case, Commodore Tsandilas will retire. However, it is not to be excluded that the selection of the Vice Commandant may be delayed and the position will remain temporarily vacant.

The minister of Merchant Marine, Mr. Katsifaras, thanked retiring Admiral Prokopis in a letter in which he stated that "you have left a most favorable impression in maritime circles."

When asked by reporters about the reasons that led to his resignation, Admiral Prokopis refused to make any comment. However, from what has been learned,

Admiral Prokopis submitted his resignation on 24 July, although he had expressed his intention to resign approximately 4 months ago, thus registering his opposition to the planned civilian administration of the ministry. As a matter of fact, in his letter of resignation to Mr. Katsifaras he stated; "In the intervening 4 months since our conversation, the reasons I brought to your attention became even more evident."

Yesterday Mr. Katsifaras admitted indirectly, although clearly, that there had been differences of opinion by stating that the new Commandant knows the 5-year plan of the government and the objectives of the civilian leadership for the merchant marine.

The conversion to a civilian administration of the services controlled by the ministry began last year with the removal of the Port Corps from the NAT [Seamen's Retirement Fund] and the Seamen's Home. The idea of the civilian leadership of the ministry is the total conversion of its services to a civilian administration and the change of the name and transformation of the Port Corps into Coast Police. However, the matter of the subordination of the L.S. to the ministry of Public Order or the GEETHA [National Defense General Staff] is still pending. Regardless of what happens to the Port Corps, the question of the agency, which in the future will control and implement the directives of the ministry throughout Greece, remains to be answered.

9731

CSO: 3521/338

## LIST OF BENEFITS FROM AIRCRAFT PURCHASE

Athens TO VIMA in Greek 5 Aug 84 p 4

[Text] In addition to the remarkable and the not indifferent offset benefits, there are certain other bonuses included in the cost of the fighters that substantially reduce their price.

It took 2 years and several months for the special commission of the Air Force General Staff to complete the negotiations with the companies that manufacture the new fighter aircraft, but it obtained more than the Spaniards, the Canadians and (recently) the Turks were able to secure in the modernization of their Air Forces. Beyond the significant offset benefits, which are expected to lessen considerably the dependence on the manufacturing country, in these 2 years, the commission for the "purchase of the century" managed, through "hard bargaining," to balance the package of offers made by the manufacturing companies of all three types of fighters and definitely lowered the "not indifferent" price of each aircraft.

Thus, at the end of September, when it will finally be decided what type and how many aircraft we will purchase, the prices of the aircraft that the Greeks will have to pay are as follows: for 100 "F-18's," the sum of 2.8 billion dollars; for 100 "F-16's," the sum of 2.1 billion dollars; and for 100 "Mirage-2000's," the sum of 2.4 billion dollars.

Today TO VIMA discloses for the first time what the three manufacturing companies offer in the package of "technical support" (in addition to the offset benefits) included in the price of the 100 aircraft. The package is the same for all three companies:

1. They must bring to Greece the so-called "ground equipment" of the aircraft which includes the building of special facilities (mainly hangars) for the anti-aircraft cover of the fighter. The package also includes supplying the Greek Air Force with special equipment for the servicing of the aircraft on the ground (on the flight line).
2. Spare parts for the initial support of the aircraft, which will cover all the needs of the Air Force for 2-1/2 years. During that period, the manufacturing company is obligated to supply entirely free of charge any spare parts that may be needed for the new aircraft.

3. The day following the signing of the definitive contract, 20 Greek pilots and 40 mechanics will leave for the country of the manufacturing company to be trained at the company's expense. The training of the pilots will take from 6 to 8 months and that of the mechanics (flight and others), 1 year.
4. The supply of two flight simulators for the training of pilots in Greece. Each simulator, which costs exactly as much as an aircraft, simulates flight conditions on the ground and thus permits the training of pilots.
5. The sending to Greece of 40 technical advisors--in the contracts it is stipulated that they be the most experienced the company has available--to solve any problem that may arise with the aircraft during their operation by Greek pilots. The foreign technical advisors will remain in Greece "for several years," according to the understanding of a member of the commission of the GEA and, for the first 3 years, they will be paid in foreign currency by their company and thereafter by the Greek government (also in foreign currency).
6. All the documents which contain all the technical data, the blueprints, the maintenance plans and even the plans for rebuilding each aircraft are to be furnished.
7. The immediate supply of all plans for the improvement of the aircraft decided upon by the company as well as any corrective plans for any eventual damages and maintenance. These plans are also considered to be "Top Secret."
8. Technical equipment for aircraft maintenance not on the flight line (at the military airbase), but at EAV [Greek Aircraft Industry]. It is the first time that such a condition is included in the contract for the purchase of any fighter aircraft. This equipment includes the manufacture of spare parts by the Greek Aircraft Industry which will not only enable it to supply the Air Force, but to sell to third countries as well.
9. The obligation of the manufacturing companies to adapt their aircraft to the armaments available to the Greek Armed Forces. And not only this, but to adapt them in the future in order to be able to be fitted with whatever up-to-date armament the Air Force may acquire up to the year 2000.

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CSO: 3521/338

## BRIEFS

MISSILES PURCHASE--The Armed Forces are soon to purchase ground-to-ground and air-to-air anti-aircraft missiles in conjunction with the "purchase of the century." The purchase of the missiles was decided--as alternate minister of National Defense, Mr Andonis Drosogiannis revealed--during the last joint meeting of KYSEA-KYSYM [Government Council for National Defense-Government Council] that took place for the "balanced modernization of all three branches of the Armed Forces," under the chairmanship of Premier Andreas Papandreou. These missiles will be completely up-to-date (their type and number are kept secret for obvious reasons), will cost millions of dollars each, and will be used by all three service branches and will not, under any circumstances, replace aircraft because "no missile (or projectile) can adequately protect one from an aerial attack." [Text] [Athens TO VIMA in Greek 4 Aug 84 p 1] 9731

CSO: 3521/338-A

## SUPER-FAST COMPUTER TO BE USED IN COASTAL SURVEILLANCE

Oslo AFTENPOSTEN in Norwegian 29 Aug 84 p 5

[Article by Olav Trygge Storvik: "Super-Fast Computer"]

[Text] The first super-fast computer, which can process enormous amounts of data from radar satellites monitoring large areas of ocean, will be ready for use in Norway in a few years. The Defense Research Institute is playing a key role in the development of such a computer, Institute Research Chairman Ragnvald Solstrand has informed us.

In an article about security policies and military/technological development which appeared in the yearbook of the Committee for Armament Control and Disarmament, Research Chairman Solstrand informed us that the world's first and, up until now, only radar satellite was in orbit for a few days in 1978. A special type of radar made it possible for this satellite to "see" extremely small details, such as small vessels and their wakes, from a height of 800 km. The vessels' speeds could also be determined. In the course of a few minutes the satellite could sweep a ca. 100 km-wide strip of coast, and be ready with a new overview after 1 or 2 hours. This technological breakthrough gave our ocean monitoring activities a whole new dimension, and it will have major consequences under both peace and wartime conditions, Solstrand points out.

The technological barriers in this field were found in the field of data processing and the enormous amounts of data relayed by the satellite. Using the computers which were available in 1978 required 40 hours and the use of a highly complex computer program to process the data from just one satellite sweep. The super-fast computer which is now being developed by the Institute will be able to accomplish this task in the course of 5 to 7 minutes, indicates Solstrand.

In the article, Solstrand describes the driving forces behind the development of weapons technology, and provides an overview of development trends in important fields such as data, sensor and communication technology, as well as laser and particle-beam weapons technology.

Solstrand warns against a number of possible political consequences which the developments might lead to, and adds that there is considerable danger in the fact that Western strategies and tactics in various fields may break down because they are based on technological superiority which no longer exists. He maintains that there are numerous examples of instances where it has taken NATO a long time to adapt strategically and tactically to changed conditions.

Another article in the Annual Report, by Research Chairman Frode Fonnum, deals with work pertaining to treaties banning the use of chemical weapons. Norway has contributed to the development of controls through research which has been carried out to find ways of proving that chemical weapons have been used under winter conditions.

8954

CSO: 3639/156

## NAVY TO BE EQUIPPED WITH 'SEARCHWATER' RADAR

Madrid DIARIO 16 in Spanish 14 Aug 84 p 6

[Article by A. Torrejon and A. Ceresuela: "Air-Navy Combat Group Will Have Long-Range Radar Systems"]

[Text] Madrid--The Spanish Navy will be equipped soon with one of the most modern systems of long-range warning radar. This equipment, three "Searchwater" systems purchased from a major British arms firm, will go to the future air-navy combat group whose backbone will be the "Principe de Asturias" aircraft carrier.

The three systems acquired cost 2.5 billion pesetas under a contract of industrial compensation over 5 years for 33 percent of the total value. These compensations can mean access by the Spanish industry to the best and most sophisticated technologies of the time in this type of radar. The purchase was already authorized in a recent Council of Ministers.

## Information

This radar which will be delivered within 2 years has the same function as the well-known U.S. Awacs although with a smaller radius of action.

It will be installed in helicopters, concretely the Sikorsky SH-3D Sea King of the fifth flotilla. It is held by an articulated and retractile arm that will become more deployed when it operates. Inside the helicopter is an operator facing a console. The information obtained is sent to the CIC [Combat Information Center] of the aircraft carrier to determine the potential threat and where it comes from in mere seconds.

The radar, a half sphere some 2 meters in diameter, gives the helicopter 200 kilometers more scope than the radar that is on the aircraft carrier. It spots movements on the surface as well as in the air.

## Budget

This purchase completes one of the most vital aspects of our future air-navy combat group. Long-range warning systems are indispensable if the group is to be capable of confronting potential underwater, surface and air threats.

The Navy is being equipped little by little with the arms systems that will make up the combat group. However, there are complaints about the small budget allocated and the delay in contracting new units to replace those that must be decommissioned in a few years after their many years of service.

The Navy now laments the delay in the work on "Principe de Asturias"--almost a year--and the fact that contracting of the two FFG frigates promised by the government has not been finalized. They were in exchange for two Descubierta corvettes given up for quick sale to Egypt just as they were to be launched by the Navy.

It would also like the Ministry of Defense to consider the ships projects that Bazan has made. They are very interested in project 559, a frigate of 3,500 tons equipped with the latest technical innovations. It has the latest experiments after the Falkland Islands War like the materials for the deck and sides.

7717

CSO: 3548/324

## HUNT FOR SUB NEAR STOCKHOLM ENDS WITHOUT RESULT

Stockholm DAGENS NYHETER in Swedish 9 Sep 84 p 6

[Article by Anders Ohman]

[Text] The navy searched for a foreign submarine in the Stockholm archipelago for 6 days after two people saw parts of a foreign underwater craft near Vaxholm on Monday, DAGENS NYHETER has learned.

The search produced no results and was called off on Saturday, according to the defense staff.

The coastal artillery and the coastal fleet had joint sub-hunting exercises last week in the Stockholm archipelago and it is common that reports come in during such maneuvers of suspicious objects and movements in the water or of unexplained indications on technical surveillance equipment in the water, such as magnetic coils, etc.

The navy calls this "background noise" and the reports received are carefully analyzed to find out if they have anything to do with foreign underwater activity.

On Monday two reliable people saw parts of an underwater craft in the water near Vaxholm. The observations were made independently of each other, which is one reason why the search was intensified.

The defense staff would not go into any details.

"We have had certain indications. That is normal when we have maneuvers going on in an area. The search did not lead to any results," Major Bert-Olof Lax of the defense staff told DAGENS NYHETER.

Reports of suspected underwater activity have also come in from the northern archipelago and Karlskrona.

6578

CSO: 3650/278

## BRIEFS

NAVAL HOME GUARD ESTABLISHED--Boras--The home guard will recruit 3,000 new men in order to have a functioning naval home guard in Sweden within a year. "We have been preparing for a Swedish naval home guard similar to those in Denmark and Norway for a year now," the chief of the national home guard, Major General Robert Lugn, told BORAS TIDNING. Trials that have been going on in Goteborg since the summer turned out well and OB [Supreme Commander of the Armed Forces] has already allotted extra funds for 3,000 men. According to Lugn the seacoast is rapidly losing its population and the aim is to provide better surveillance of the nation's long coastline. "The depopulation means that we no longer have any local observers who can report various kinds of violations. Therefore the naval home guard will take over this function," he said. [Text] [Stockholm DAGENS NYHETER in Swedish 9 Sep 84 p 6] 6578

CSO: 3650/278

## PREVIEW OF 1985 BUDGET GIVEN

Brussels LE SOIR in French 1 Aug 84 p 2

[Text] The race is over, but if Martens did not actually cheat to reach the finish line, he at least seems to have been involved in doping practices. The deficit on paper is 495.3 billion for 1985. The ground was rough, and it is still politically rocky.

The 1985 budget and the second part of the recovery plan were on the table of the government council this morning, after another exhausting day spent by the principal ministers at Val-Duchesse. The specifics on the decisions made should be announced this afternoon, before a last meeting of the council which will take up a controversial, 20 item agenda covering the following: Pegard, the structure of the industrial renovation fund, regionalization of the prototype fund, increase in the capital of the National Investment Corporation, with its implications for Distrigaz; reform of the law on commercial practices, projected amendments to compulsory automobile insurance regulations; the status of conscientious objectors, and various proposals affecting commercial firms, including, finally, the creation of the famous single person corporation which should give small and medium-sized businesses easier access to venture capital.

Thus there is plenty of work to be done before parliament returns in October for what promises to be a lively session. Lively from a number of standpoints, since between now and then the legal draft of the general budget statement, and even the accompanying law implementing the budget should be completed, as should work on defining how, a number of sensitive points in the second part of the recovery plan are to be implemented. These involve the following issues, among others: assignment of rent restrictions; a ceiling on reimbursements of health and disability insurance; the portion of medical costs related to clinical biology to be paid by the insured, and the tax statement of physicians.

Budget and recovery law? As we have already said, it seems that we have been witnessing a duel to the end between the Christians and the Liberals, with Jean Gol crossing swords alternately with his French-speaking colleagues Nothomb and Hansenne and with the CVP [Socialist Christian Party] minister of social affairs, Jean-Luc Dehaene. The PRL [Liberal Reform Party] deputy prime minister had the following to say, the humor of which will be appreciated: "I do not want

to be rolled in the flour in August to be breaded like a veal scallop in October." This is a sample of the atmosphere, which says a great deal about the confidence prevailing among the representatives of the various ideologies comprising the current majority.

#### The Bar Is Lowered

We have already mentioned a number of the issues that have been under constant debate for the past week in an attempt to bring the government's projected expenditures closer to revenue for the coming year.

The possibility of a sale to the private sector of public corporations and services such as the Seaways Administration (the Ostende-Douvres ferry) or Sobelair, a subsidiary of Sabena, has not been included in the accounting for the time being. But a few tricks were used to lower the figures, we were told. Jean Gol--again--this time supported by Christian Social Budget Minister Philippe Myastady, argued the art of the possible to preserve the credibility of the government's projects, instead of endeavoring the impossible by resorting to deception. Philippe Maystadt found plenty of arguments, as he can show a whole array of operating expenditures which, when added up, would be more than compatible with the goal of cleaning up the financial situation, were it not for the relatively intolerable burden of the public debt. As we have already reported, the burden of this debt will be reduced to 20 billion next year, as a result of contributions by bankers negotiated by Willy De Clercq, who, according to reports, is growing increasingly anxious to leave the Belgian political scene for the European Commission.

So the figures have been reduced, but by how much? The deficit ended up at 495.3 billion, or 10.3 to 10.5 percent of the gross national product. This instead of the 480 billion initially projected and instead of the 10 percent which is the ideal level. Sunday evening hope was lost of going below 520 billion....

Betting on a strong and relatively long-lasting economic recovery, Martens all the same speculated a bit with the 1985 revenue. But, he should not by the same token change the objective he has set for himself in his multi-annual program, i.e., to gradually bring the government's budget deficit down to 7 percent of the GNP by 1987. But it is true that a political renunciation of this sort would be inconceivable until after the 1985 legislative elections. Especially if, in the meantime, parliament comes out in favor of maintaining the government for 4 years or a complete legislature.

As for the second part of the recovery plan, it will be submitted to Parliament when it returns, in the form of two bills: 1. matters related to education; 2. everything related to easing social welfare laws.

#### Deregulating Social Welfare

It is of course the contents of this second bill that is the main bone of contention between the Liberals and the Christians, with the former trying to increase the dose for obvious political reasons, and the others trying to minimize the commitments made last March.

Agreement was finally reached, however, on the main points, but within the limits initially set: legalization of successive job contracts for a specific term; putting advance notices on a monthly basis; a reduction in the number of workers protected because of their union activities in medium-sized firms; an overall ceiling on wages below which the time for advance notices is regulated by the law and above which it is regulated by the courts; replacement contracts, etc.

As regards initial bonuses offered to unemployed foreign workers, they will be available after one year of unemployment instead of three.

"Parental Leave" Pending

One point, however, seems to have been disputed to the end: parental leave.

Defended by the Christians, the idea of allowing one parent to take paid leave to be fixed on the basis of the number of children is violently opposed by the Liberals. They see in this additional constraints likely to discourage firms from hiring women, and regard it as discriminatory between working women and women at home (who would not receive any benefits).

This issue may also be deferred until September, to be taken up along with the other four problems--rent restrictions, the AMI franchise, medical insurance and physicians' tax statements--which were postponed on the excuse that the legal drafting needed to be perfected.

What conclusion can be drawn at this stage? As far as the budget is concerned, although Martens has not completely agreed to bring his ambitions in line with his means, he seems to be ending his political term neither a winner nor a loser. Notwithstanding this, however, while he did stave off the threat of deflation which would have increased social constraints, the period of austerity will probably be extended, and needed in order to clear up the financial situation. The insane growth of the government debt, moreover, has not been brought under control or even begun to be, which places a heavy responsibility on the governments to succeed Martens V.

As for the second part of the recovery plan, the wishes of the Liberals have been only partially met: a victory (but was it really contested?) over what is referred to as social deregulation, and several points which might perhaps appear to be minor in comparison with what has been resolved, but which are politically sensitive because they directly affect people's pocketbooks, have been left pending.

Victory, defeat, or halfway between success and failure? In short, a compromise, because when they go back to their constituents, legislators will probably find something in the work done by the government in July to support their own position and the determination of the coalition to pursue its policy.

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CSO: 3619/82

## BANGEMANN STRESSES MARKET APPROACH TO ECONOMIC RENEWAL

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Aug 84 pp 23-25

[Interview with Federal Minister for Economics Martin Bangemann by WIRTSCHAFTSWOCHE editors Wilfried Herz and Friedrich Thelen; place and date not indicated: "I Am Not Dogmatic"]

[Text] As far as Federal Minister for Economics Martin Bangemann is concerned, the market economy is "not a dogma." In an interview with WIRTSCHAFTSWOCHE, the minister enumerates his goals and explains the role government should play in modernizing the economy.

[Question] In 1987, the FDP will have to go through the test of another Bundestag election. If your plans become reality, you will have held the post of party chairman for 2 and that of economics minister for 3 years by that time. What achievements in economic policy do you intend to put before the voters to convince them that the FDP cannot be done without ?

[Answer] To begin with, we have some achievements we can point to right now which we can build on: healthy, realistic economic growth of between two and three percent; price stability without equal anywhere and a trade balance with healthy surpluses. The only goal we have not attained thus far is full employment. We will have to make use of the next 2 years to tackle that problem.

[Question] And what do you think the employment picture will look like in 1987 ?

[Answer] I do not believe we will be able to bring down the present number of unemployed dramatically. It will be our job to see to it that the situation does not get worse. Perhaps there will be some signs of improvement by then.

[Question] What do you base your forecast on ?

[Answer] The demographic trend will be in our favor although we will still be facing some difficulties, along these lines over the next 2 years. But that does not allow us to sit on our hands. We will try to create more new jobs—for instance by conducting a more targeted training policy and taking advantage of regional policy measures. That will work particularly well in the service industries and in small and medium-sized factories.

[Question] Do you think there is a need to step up economic growth beyond two to three percent in the medium term ?

[Answer] We should be aiming for two to four percent growth, I think, and for maintaining the present growth rate. In my view, growth rates in the 7.5 percent range—such as they now have in the United States—have an element of crisis in them. Basically, they indicate that the economy is overheated and the problem of achieving a soft landing in the aftermath of such growth rates is quite a troublesome one.

[Question] In other words, you do not consider Reaganomics a useful recipe for our economy ? But after you came back from the United States you said you were very impressed with developments there.

[Answer] We cannot simply copy the American example. The creation of a surprisingly great number of new jobs—they are talking about 20 million—has only been possible because the Americans have a far more flexible labor market and economic system than we do. Simply put, people are willing to take a lower-paying job rather than no job at all. They are also willing to accept work contracts that permit them to get fired from one day to the next. That is something we cannot simply transplant to our situation. The really critical thing about the American example is that the recovery stems in part on the fact that they have accepted huge deficits. Budget consolidation in our case is one of the major reasons why we may be able to achieve steady growth.

[Question] But in rejecting Reaganomics, you are surely not rejecting certain basic features of it such as sharp cuts in income tax; bigger tax writeoffs and deregulation.

[Answer] Deregulation—which is another way of saying cutting down on the bureaucracy—is something we are trying to do ourselves. And as far as tax policy goes, you are aware of the decisions the government has made. We fully realize that our present tax structure is counterproductive. We of the FDP would have liked to see the planned tax cuts go a good deal further.

[Question] There is a German variation on Reaganomics: the credo your predecessor Lambsdorff set down in his 1982 manifesto. Would you call it a proper guideline for your own policies ?

[Answer] Yes. His basic philosophy was a solid budget policy; a tax policy that removes the obstacles to productivity and a limit on social benefits because any unchecked growth of these expenditures runs counter to a solid budget policy and to incentives for investment. A lot of what Lambsdorff put into that document has in fact been realized since.

[Question] Lambsdorff himself says differently. He had hardly left his post when he started accusing the government of not implementing his plans rapidly enough and fighting unemployment with only half a heart.

[Answer] I would think that Count Lambsdorff was referring to some isolated instances which we should indeed give serious thought to--such as how much money is being misdirected by the public sector through subsidies of specific economic activities; how much of it flows into relatively unproductive sectors of the economy and how competition, above all, is falsified by such practices.

[Question] Count Lambsdorff's proposal called for linear cuts of all subsidies and a graduated plan to do away with subsidies altogether over a period of years. Minister of Finance Gerhard Stoltenberg was forced to admit recently that he was unable to get his proposals for an elimination of all tax breaks through the cabinet.

[Answer] The term 'subsidies' covers a multitude of things that ought to be separated very carefully before one turns them into a program of action. If you are subsidizing a certain industry, then you must think in terms of its ability to compete on the international markets. To be honest, our steel industry would not need any subsidies, if the European finance ministers had not vied with each other with regard to subsidizing their native industries. Our shipping industry, too, is no match for such international competition--or take the example of our federal railroads which are laboring under very specific developments and which cannot even cope with their structural reform program without government assistance...

[Question] And if the railroads do want to operate more economically from a management point of view, the politicians will not have any of it.

[Answer] Are you referring to the shutdown of the repair workshops ?

[Question] Yes.

[Answer] There are too many of them. From a management point of view, that is uneconomical. But we believe it would make no sense--either from the point of view of a well-balanced regional policy or the economy as a whole--to shut down workshops in the very areas which are beset by any number of employment problems already. The cabinet decision was to look into the question of which ones to close down once again. Let me give you another example: the Airbus...

[Question] ...the development, production and sales of which the government is underwriting to the tune of almost DM 8 billion.

[Answer] In my view, that particular subsidy is justified. There are development risks which even major conglomerates cannot cope with alone. If a public demand exists for the development of such an industry and the technological capability associated with it, then the use of public funds is justified. But a subsidy which merely serves to keep industries alive which are no longer able to compete and develop—that makes no sense at all.

[Question] Spoken like a true politician...

[Answer] Thank you.

[Question] ...a politician who always comes out against subsidies in principle; who will just as often cite a specific example to prove that subsidies are justified but who never comes up with a concrete instance of where he will make cuts.

[Answer] Let me take the example of agriculture...

[Question] ...where by raising the pre-taxation lump sum payment subsidies are literally poured out—even for the benefit of those farmers who have had no loss of income as a result of the EC decisions.

[Answer] I admit one could think of a more ideal solution; but that is really a way of compensating the German farmers for the losses they incurred because of the exchange rates over which they have no control. For that matter, this particular subsidy which is meant to offset the 10 per cent price reduction has a time limit on it. It runs out in 1991.

[Question] But the legislation already says that the question of whether to extend the life of the subsidy should be reviewed before the present program runs out.

[Answer] That could come out in any number of ways. As for me, I think we will only make some headway in European agricultural policy, if we keep on working on a European currency policy. We would not be facing the problem of differing farm prices at all, if we had made more progress in the field of European currency policy. I believe that a genuine European currency policy and the establishment of a European currency bank—which would enjoy the same amount of independence as the German Bundesbank—would be of great benefit to us.

[Question] Then the farm subsidies are the last instance of where market principles are sacrificed on the European altar ?

[Answer] As before, the agricultural policy of the European Community will make it difficult over the next several years to proceed according to market principles. We are, after all, living in a world market situation where agricultural products can be produced at far more competitive prices outside the Community. We must not endanger the security of our own supply channels.

[Question] But that does not include the necessity to satisfy 100 or more percent of our demand with our own products. If other countries adopt this practice with regard to other products, we can forget about international division of labor as well as our own exports.

[Answer] You are right. You do not have to convince me. I am already a convert—which is another way of saying that I am in favor of free trade. We can aim for percentages which are substantially below satisfying our own demand.

[Question] Bonn forced the other EC members to give in on the national farm subsidy issue. Will the others now turn the tables on us with respect to the steel subsidies ?

[Answer] Our position on this issue is quite unequivocal and the legal situation is quite simple. The present ordinance which permits subsidies for the steel industry runs out on 1 January 1986. It can be extended only by unanimous vote. We are not willing to extend it.

[Question] What role should government play in modernizing the economy ? What can it do and what should it not do ?

[Answer] I believe in the market economy; but I am not dogmatic about it. There is no point in elevating the market economy to the point of dogma; because the market economy is an undogmatic system—and to turn an undogmatic system into a dogma is to destroy it. At this time, the government is playing a more important role by necessity.

[Question] Where do you believe the necessity lies ?

[Answer] It applies to environmental protection where government activity has grown more significant. But it also applies to those areas where government acts by providing funds and guarantees—as in the case of exports. And of course it also applies to some major technological undertakings whose financial consequences simply cannot be foreseen. Here at the economics ministry, for instance, we have assumed a caretaker function on behalf of private industry in the entire field of marine technology as long as and insofar as private industry is unable to cover the pertinent risks.

[Question] Do you share your predecessor's view that labor's fight for more of a welfare state is responsible for the partial paralysis of our economy and, in turn, for a decline in our ability to stay competitive ?

[Answer] He was speaking about excesses which we have since done away with. I do not think we can cut into the social safety net any further without affecting some aspects which are required for a market system. The market economy is not a jungle.

[Question] Do you believe that shorter working hours are one way to combat unemployment ?

[Answer] I would think that that would have the least effect on unemployment. Shorter working hours can have an impact if they are handled as they were in the most recent labor contracts; if they are made a flexible element of the entire work process. I have no quarrel with achieving greater output not only on the basis of higher wages but also of shorter working hours. But one must understand one thing: There is a limit to everything that should not be exceeded, if one does not wish to endanger the competitiveness of one's own industry.

[Question] And that limit was not exceeded in these labor contracts ?

[Answer] They call for a 3.9 total rise in costs this year and next— which is within the limits we ourselves had calculated, too.

[Question] Not all the available data, e.g. orders received, the Ifo economy test, interest rates, the labor market, seem to point to a positive trend for the economy.

[Answer] We are in a situation where we have a number of positive indicators and a few rather negative ones. We are still expecting the positive indicators to prevail. Our export opportunities have not diminished. The question is how much we must do to stimulate domestic demand while keeping our interest rates from adjusting to the American rates and rising. This is why we introduced two very specific measures into the equation. To stimulate domestic demand, we have reinstated tax deductions on interest payments and to help alleviate the capital market situation, we have eliminated the tax on stock dividends.

[Question] Have you gotten Minister of Finance Stoltenberg to agree on this already. The deduction for interest payments reduces tax revenue by the billions.

[Answer] Of course we must factor in the fiscal consequences of measures of this sort. But rather than work up job programs or similar useless undertakings, which cost a great deal more money and have less of an impact, one

should consider programs which really can have an impact—without losing too much revenue and resorting to too many dirigistic practices. We are neither demand siders, nor supply siders. As part of the policy mix, the interest payment deduction represents a very effective and unbureaucratic way of stimulating demand. We will have to see what else may be necessary.

[Question] The DGB says you will present a catalogue of job policy programs to them.

[Answer] We are thinking of targeting the regional policy institutions and other assistance programs—such as the business start program and the research assistance program—more to the needs of the job market. And we are looking into **focused labor market** programs and will be concentrating on the actual composition of the jobless population—young people, women and the older generation.

[Question] What about new investment programs ?

[Answer] There are no investment programs as such; but we will be making an urgent appeal to the communities to go through with investments which they have already planned to make.

[Question] Will there be a revival of "concerted action," albeit in some new way ?

[Answer] That solely depends on the DGB and its member unions. The BDI [Federation of German Industries], the German Employers Association and the Union of White-Collar Employees stand ready to engage in such a dialogue. I myself have no compunctions about seriously considering the DGB proposals and not only **talking** about them but **finding** mutually acceptable solutions.

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## POPULATION DECLINE TERMED ECONOMIC, SOCIAL 'TIME BOMB'

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Aug 84 pp 26-36

[Unattributed article: "The Time Bomb Is Ticking Away"]

[Text] The population decline in the FRG cannot be stopped; the way into a pensioners' state is wide open. The economic consequences of this are still being swept aside. The necessary adjustments are not being made.

It is the year 2030. The number of Germans living in the FRG has declined from 58 million 55 years ago to 38 million. The economy has been hard hit by the decline in demand. Plants are being shut down and investment activity is virtually nonexistent. Paralyzing pessimism is spreading. The working population has crowded into the metropolitan centers while the countryside rots away. The infrastructure is breaking down; bridges are collapsing and schools are simply vegetating. The working population must support an ever increasing number of retired and sick people. Many take refuge in the underground economy. The social security system breaks down completely.

A doomsday scenario, to be sure—but a conceivable one nonetheless. It is just as conceivable as **some other scenarios—like this one**, for instance: Productivity continues to grow; demand declines at a slower rate than the working population. Per capita income rises. New work schedules make it possible to establish a far better relationship between work, family life and leisure time until old age. Small-scale social safety nets replace government programs and thereby take the strain off taxation. Information and communication technology allows people to choose freely between working at the home screen or in the employer's office. The metropolitan centers are broken up and the environment recovers.

Reality may lie somewhere between these two extremes; but exactly where, no one can predict in good conscience. More and more economists, at any rate, are looking into the problem of population trends and are trying to discover what adjustment processes the economy must theoretically make in the face of population decline. Thus far, there is no such thing as a coordinated economic research program. The economists concerned will therefore be forming a committee as part of the Social Policy Society and steal a march on the sociologists who have dominated the issue for decades. "What

business do the sociologists have getting involved in this," says Cologne economist Bernhard Felderer who has done a study on "Economic Development in an Era of Declining Population."<sup>1</sup> "Both the reasons for and the consequences of population decline are economic," Felderer says.

But far more notice has thus far been taken of the non-economic consequences. The dying people slogan has aroused deep-seated fears; the handwriting is on the wall: our culture, if not the West itself, is declining. Curiously enough, the most shrill voices come from abroad. Igor Betushev-Lada, for example, the head of the social forecasts department of the institute for sociological research of the USSR Academy of Science, calls the German population trends a "science fiction horror story." It would be difficult, he says, "to come up with a more terrible anti-utopia." It would be quite easy, the Soviet scientist warns, "to determine the year, the day or even the second in which the last inhabitant of the FRG gives up his ghost, thereby making room for more fertile peoples..." And French historian Pierre Chaunu calls the German development a perfect example of "how excessive individualism destroys both freedom and the individual" and a danger for mankind as a whole.

In fact, population researchers cite historic examples to draw parallels to the contemporary state of affairs such as the downfall of the Roman Empire and the collapse of the Greek city states: the high level of consumption; the hedonistic approach to life and the decline of morality. Greek historian Polybios, writing in the second century B. C., put it this way: "Because people have succumbed to megalomania, greed and wantonness; because they no longer marry or, if they do, no longer care to raise the children which were born to them except for one or two so that these may grow up in luxury and inherit all of the wealth of their parents—because of all this, evil has spread so rapidly and undetectedly." In the FRG, the evil started in the sixties. Following an unprecedented baby boom, the number of births began to recede in 1964 and by 1972, the number of deaths exceeded the number of births for the first time. Ever since, Germany has had a negative birth rate. The population is shrinking (see Table I). For years now, the net reproduction rate—which is the average number of female offspring born during a woman's lifetime—has stood at 0.7. To keep the population constant over the long term, a rate of 1.0 would be required. None of the Western industrial nations attain this rate any more, to be sure; but nowhere else is the rate as low as it is in this country (see Table II). According to Chaunu, the FRG is "the tip of the iceberg."

Population experts explain the phenomenon by citing the demographic transition theory. According to this theory, both fertility and mortality were high during the first historical phase. The population grew very little. This situation was typical of the past centuries and millenia. Then, both living conditions and the state of medicine improved. Life expectancy rose and so did population. Most of the developing countries are still living through this phase. Gradually, however, birth rates started to adjust to

the new situation. Fertility declined; population growth began to level off again. Until recently, the industrial nations were passing through this phase. Now they appear to have entered a new phase which is the one the sociologists refer to as post-industrial. The number of births is falling below that of deaths; population is shrinking.

But this theory is merely descriptive. Whether the developing countries will follow the same pattern and population growth will almost inevitably level off as a consequence remains open to question, since their social and cultural traditions are substantially different from the historic antecedents of the present-day industrial nations.

For all that, the population experts are largely agreed on the fact that a decline in population growth is inseparably related to industrialization. Ever since the economy changed over from mainly agricultural to increasingly industrial production, children began to lose their economic value. In times goneby, they provided welcome and inexpensive labor in the fields, helping to augment wealth and guaranteeing security in old age. In an industrialized society, children represent a non-material value at most. Their cost, however, rises along with greater affluence and correspondingly greater demands. It is only a small step from such a line of reasoning to the purely economic theory of the so-called generative approach. The basic concept in this instance, says Prof Felderer, "is the result of rational thought." As long ago as 1912, political economist Julius Wolf drew the following far-reaching conclusions from it: "In all likelihood, the trend apparent among high-culture peoples is a fact which will not soon disappear from the history of mankind. Its fundamentals are far too much based on reason for them ever to be discarded again in the age of mathematics which is even now taking the place of the age of tradition."

Today, the mathematics is above all determined by the alternative costs of women. Women hold a far greater number of jobs in the qualified professions today than they did before; their income has risen twice as fast as that of men. If they have a child, they do without this income for several years as a rule. If they go back to work at a later stage, they must in most instances make do with a far less qualified job and correspondingly lower pay. And that, says Felderer, calls for "additional sacrifices above and beyond the original one."

From a purely rational point of view, however, a counter-argument for these high earners could also be made. If the wife works, family income is augmented to a far lesser extent because of the high tax rate on the second income. In addition, extra costs are apt to arise due to the purchase and maintenance of a second automobile and the need for a cleaning woman. Productivity of the wife in the household, on the other hand, leads to extra savings.

This type of arithmetic does not tell the whole story, however. Having a job means a great deal more to a woman than simply earning a second income. In an era when both marital and extra-marital relations have loosened up considerably, a job means independence and security to a woman as well as self-confirmation and self-realization in the sense of emancipation.

This fundamental change of values has brought about a fundamental change of the demographic situation. More and more people are living alone or in a non-marital relationship and more and more of them are getting married later. Between 1972 and 1982, non-marital relationships increased from 110,000 to 515,000. Having children (insofar as they are still desired at all) is postponed--until it is too late. Josef Schmid, a population expert at the University of Bamberg, the author of the book "A Revolution on Cat's Feet"<sup>2</sup> puts it this way: "A careful analysis of the kind of good life which can only be had with a certain amount of independence turns the family and children into a kind of low-priority consumer item which is no longer considered a worthwhile tradeoff."

It is not the contraceptives which have led to this situation but the individual desires of those concerned. The improved ways of preventing conception have simply made it easier to realize them. "In the past, a conscious decision had to be made not to have (another) child," population expert Max Wingen, president of the Baden-Wurtemberg bureau of statistics explains, "but today it is the other way around: a conscious decision is made to have a child." Accordingly, one-child families have long since become the norm. The non-material utility value represented by children is scarcely augmented by every additional child--while the costs are. Even those families which do want more children frequently change their mind after the birth of the first child once the loss of independence and the drain on the family finances become apparent. The average German family today has 1.5 children--a good one-third less than would be required to keep the population constant.

Against this background, forecasts and projections have come to alarming conclusions. If the net reproduction rate stays at the level of the past few years (0.627), there will only be about 38 millions Germans living on the territory of the FRG in 2030. And if the rate keeps on declining--which the experts say is a distinct possibility--the number of Germans will drop to 33.6 million. And even if the net reproduction rate climbs to 0.8 by 1990, the German population will shrink down to 43.3 million by 2030. Projections reaching farther into the future are even saying that, given a constant birth rate, the German population will stand at a mere 22 million by 2070.

These forecasts are of doubtful accuracy, however. In 1966, at the height of the baby boom, the population was projected to increase by 14 million by the year 2000. A scant 6 years later, once the baby boom had been replaced by the baby bust, forecasters predicted a 4½ million decline by that same date. If political consequences would have been taken on the basis of that first forecast, Schmid says, "we would have had to introduce birth control measures. And if we had actually done so, we would have been amazed how soon and in how telling a fashion they would have taken hold."

Nonetheless, population experts such as Guenter Buttler, a professor of statistics at Erlangen-Nuremberg University, warn of "taking these projections lightly and hoping for an adequate rise in the birth rate at a later date." Over the past several years, the experts say, a specific generative structure has been evolving the fertility of which is essentially below the replacement level. Any prognosis, Schmid says, thus can only be made "within a certain band width of the birth deficit"—which is just about what the Federal Bureau of Statistics in Wiesbaden has come up with on the basis of its projections.

Short-term developments for the next 20 years are relatively easy to predict. It is only then that a new generation will be faced with the birth rate issue. But this generation is composed of the present, low birth rate age groups. Even if our attitudes toward having children did change, this would merely slow down the aging process of our society—the way toward a nation of pensioners is already well marked.

Even a rise in net reproduction rate up to the replacement level of 1.0 would not suffice to prevent a decline in population because of this unfavorable population structure. But such a rise is more than unlikely. To achieve it, the number of women having only one child would have to drop from 31 percent to 5 percent and the number of women having three increase from the present 10 to 35 percent—and those having four or more children from 2 to 10 percent.

To be sure, all the long-range forecasts and projections are limited to the German population. The big unknown in all of these computations is the percentage of the foreign population and the development of its birth rate. In the short run, the number of foreigners is likely to increase disproportionately in view of their considerably higher fertility and more favorable age structure. But in the medium term, the experts are looking for an adjustment process to German life styles and, in consequence, to fewer children.

In 1982, there were 4.6 million foreigners living in the FRG which added up to 7.5 percent of the resident population. Some experts believe that the number of excess births among the foreign population amounts to 20,000 per year. By the year 2000, the number of foreigners living in the FRG would then amount to 6 million. The Bonn government even expects 55,000

excess births annually due to the expansion of the European Community. The Bonn Institute for Economic and Social Policy (IWG), the think tank of CDU political leader Kurt Biedenkopf, believes that the foreign population will climb to only 4.9 million by the year 2000. According to government figures, the population of the FRG will drop to 59.1 million by the year 2000 while the IWG projection places it at 57 million.

Longer-range projections on the number of foreigners amount to mere speculation. No one can say whether the FRG would be in a position to "remain an island with a disproportionately declining population and a rising standard of living for decades" while a population explosion is going on throughout the rest of the world. Wolfgang Klauder, for one, calls such a scenario unrealistic at best. Klauder heads the medium-term and long-range projections section at the Institute for Labor Market and Professional Research (IAB), a part of the Federal Labor Office in Nuremberg. To prevent excesses and a mounting potential for conflict, the FRG, in Klauder's view, "must work out a long-range plan oriented toward its social goals and its absorption capabilities."

Long-range planning, however, is not the forte of politicians whose horizon is limited by short-range election schedules and whose achievements are measured against their ability to resolve day-to-day problems. And the problems in question will not be due to the decline in the birth rate for a good many years to come but to the consequences resulting from the baby boom of the sixties.

At this stage, the high birth rate age groups are still crowding into the training market. In late June of this year, more than 250,000 young people had applied for apprentice slots.

Unemployment continues unabated. By 1990, the number of persons of earning age will have climbed to 32 million from the present 27.4 million.

Until the late eighties, considerably more young people will be entering the job market than older people leaving it. Not until a later date will the lower birth rate age groups be leaving the dual job training program. The number of university graduates will not decline until 1995.

The baby boom generation of the sixties is establishing households in the eighties. That number will still be on the rise until the early nineties, thereby obscuring the problems arising from the decline in population.

On the surface then, there seems to be no need at present to take any long-range action. On the contrary: the lower birth rate age groups raise hopes for less strain on the labor market over the next decade. These hopes might

turn out to be illusory, however. While it is true that the number of persons of earning age will continuously decrease as of 1990, it will still stand at 29.2 million in the year 2000—a higher figure than today.

The official government report on population trends states that the new additions to the labor force at that time will "enter a labor market which was unbalanced throughout the eighties and well into the nineties and which will initially at least be marked by relatively high unemployment. They will thus be competing with as yet unemployed members of the baby boom generation—some of whom will have been out of work for long periods of time." The authors of the report think they know how that particular competition will come out. The chances to find work are proportionately worse for those who got their training earliest. In other words, anyone who cannot get an apprenticeship today, has virtually no future ahead of him.

There is a considerable potential for social conflict inherent in these trends; but the long-range consequences from an economic point of view are positively devastating. If the number of those able to work goes down rapidly during the next century and if there are very few young, qualified workers around to take their place, productivity and technological progress will be determined by the ability of the middle-aged and older wage earners to adjust to changing demands with a certain amount of flexibility. "We will kick ourselves for not having taken advantage of the opportunity to, if anything, accelerate the structural changes in our economy and society by providing the proper training for the young labor force of the baby boom generation, thereby enhancing our chances to compete in international markets," says Udo Frenzel, a member of the Battelle Institute in Frankfurt.

Once again it is the Japanese who proved "what a future-oriented society can achieve by setting free its potential," Frenzel finds. In the sixties and early seventies, the Japanese managed to integrate their high birth rate age groups—who are between 30 and 35 years old today—into the work force as well as the society although they did so by Frenzel's own admission under somewhat better economic conditions. Just the same, he adds, the well trained Japanese labor force is "the result of the fulfillment of the agenda for the future undertaken by Japan at that time."

In this country, demographic trends and their economic and social consequences are still all too frequently played down, repressed or simply ignored. That is the way it was in the seventies when the IAB and the Battelle Institute published their forecasts about the development of labor resources and predicted a lengthy period of unemployment. And that is still the way it is today where the government continues to subsidize housing in the face of all the population forecasts and the projections on new households. In contrast to the politicians, the market has long since reacted to the demographic trends. Long-range investors, e.g. the insurance companies, have withdrawn from the housing market.

None of the political parties has come up with a program for coping with the shift in age structures occasioned by the decline in population. The pyramid is expected to turn into a topheavy mushroom (see Table IV). Fewer and fewer of those able to work will be supporting an ever growing number of old people. To be sure, the problems will not come to a head until next century, becoming most acute in the year 2030. To restore long-term confidence in the old-age security system, there is a need for fundamental reform today. Instead, Frenzel says, "holes are plugged with the help of tricks and fund shifts. As far as substance goes, nothing at all has been changed."

Even in the area of family policy—its very home turf—the CDU/CSU-FDP coalition has not made any progress as yet. Last year, they even cut the maternity payments—despite all the lip service paid to family policy. Commenting on this policy, Bavarian CSU Chairman Franz Josef Strauss said: "It makes no sense to leave a bequest of healthy households to a dying people." Strauss views the "decline of the biological production community with growing concern"—which is why the CSU wants to get the coalition to tackle the family policy issue in earnest. "We have to be the ones who push; who make life difficult," says CSU general secretary Gerold Tandler.

But even the CSU is not willing to talk about population policy. It brings back unsavory memories because, as Schmid says, it was "clearly a term used to support the power policies of the Third Reich." A public debate on government measures to influence the birth rate is simply not taking place in this country.

The intent of family policy is at best to raise the birth rate by indirect means. The idea is to create a climate favorable to the family and to children and to offset financial disadvantages incurred by families with children by providing government assistance to them. "Since the livelihood of all the members of our society is guaranteed by the fact that those who are working at any given time turn over some part of their income to those who are not yet or no longer working," says population expert Buttler, "it is not fair to saddle the parents for the most part with the cost of raising their children while a steadily increasing segment of the active population evades these expenditures by not having any children at all." And as for Strauss, he feels that family policy is one of the greatest social policy issues of the postwar era given the fact that a family reaches the poverty level with the birth of its second child and becomes destitute once a third child is born.

As soon, however, as the continuing drop in the birth rate dawns on the public mind and the anxiety about dying out, being flooded by foreigners and shrinking down economically begins to spread, the debate about an active population policy is likely to catch on. For now, the general consensus still is that the number of children one has is one's own

affair and that the state "has no business in people's bedrooms," as even Edmund Stoiber, the head of the CSU family commission readily admits.

The effectiveness of government subsidies is a matter of dispute at any rate. "We know of no nation," Buttler says, "which has succeeded in raising the birth rate with the help of an active population policy and thereby stabilized the population figures." Even in the GDR, whose population program has long been cited as outstanding, the state's 1976 decision to provide subsidies for young families was but a short-lived success. The subsidies were collected and the births merely advanced in time.

A few years later, the number of births went down once more. Although more families did in fact decide to have a second child, as Charlotte Hoehn, a member of the Wiesbaden National Institute for Population Research points out, "even the GDR did not succeed" in convincing people to have three children. The average number of children in the GDR rose by 0.1, Hoehn says, which is "less than is needed to keep the population from shrinking."

In other words, there is nothing to be done about the decline of the German population. Government programs hold the promise of merely short-term success. There will be no change unless generative attitudes change over the long term. But the results will not be as bad as all that. Even if the worst case scenario did come true and the population of the FRG would be cut in half by the middle of the next century, there will still be as many people living here as did at the start of this century (see Table III). In all likelihood, we should therefore be worrying less about the absolute figures," Klauder says, "but rather about the effect of a long-term process full of ups and downs which leads to shrinkage and aging in a way that is unprecedented in the history of industrialized society."

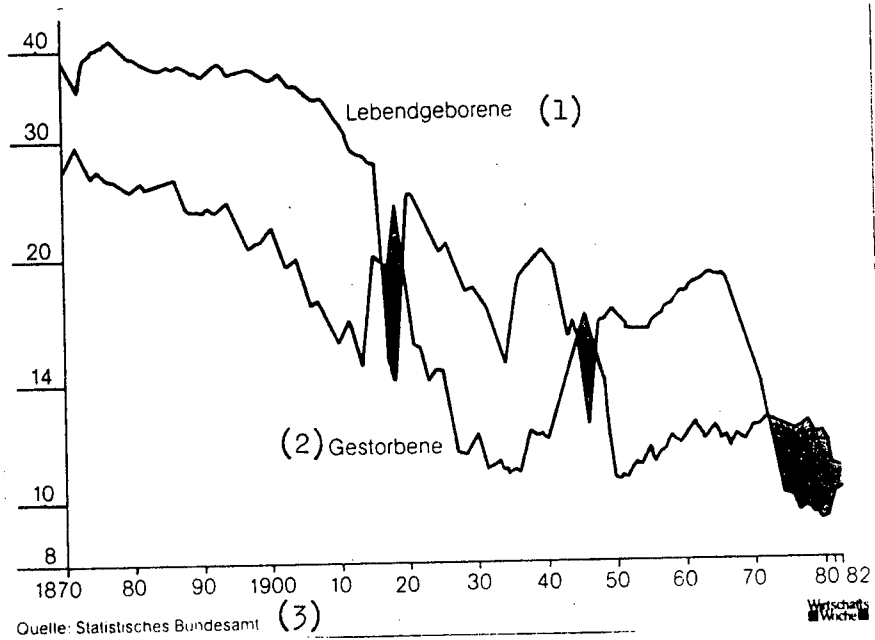
The time bomb is ticking away. No one as yet has come up with a way of defusing it.

#### FOOTNOTES

1. Bernhard Felderer, "Economic Development and Shrinking Population: An Empirical Study" [Wirtschaftliche Entwicklung bei schrumpfender Bevoelkerung. Eine empirische Untersuchung] Berlin, Heidelberg: 1983.
2. Josef Schmid, "Population Shifts in the FRG: A Revolution on Cat's Feet" [Bevoelkerungsveränderungen in der Bundesrepublik Deutschland. Eine Revolution auf leisen Sohlen] Stuttgart, Berlin, Cologne, Mainz: 1984.

Table I. The Population Is Shrinking

Live Births and Deaths on the Territory of the German Reich and the Federal Republic of Germany per 1,000 Inhabitants Between 1870 and 1982.

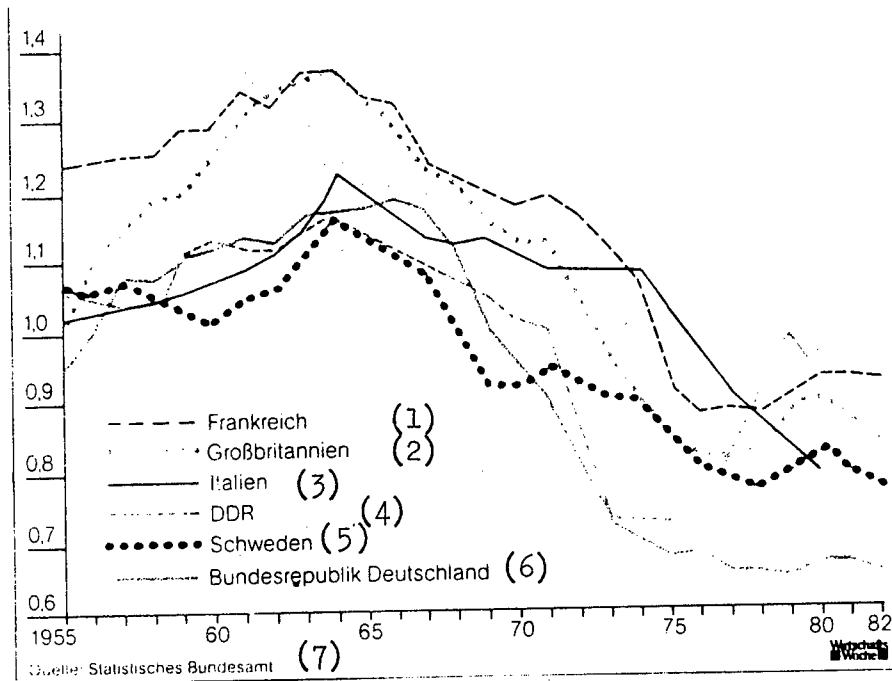


Key:

1. Live births
2. Deaths
3. Source: FRG Bureau of Statistics

Table II. Baby Boom and Baby Bust

Net Reproduction Rates in Six Selected Industrial Countries Between 1955 and 1982.

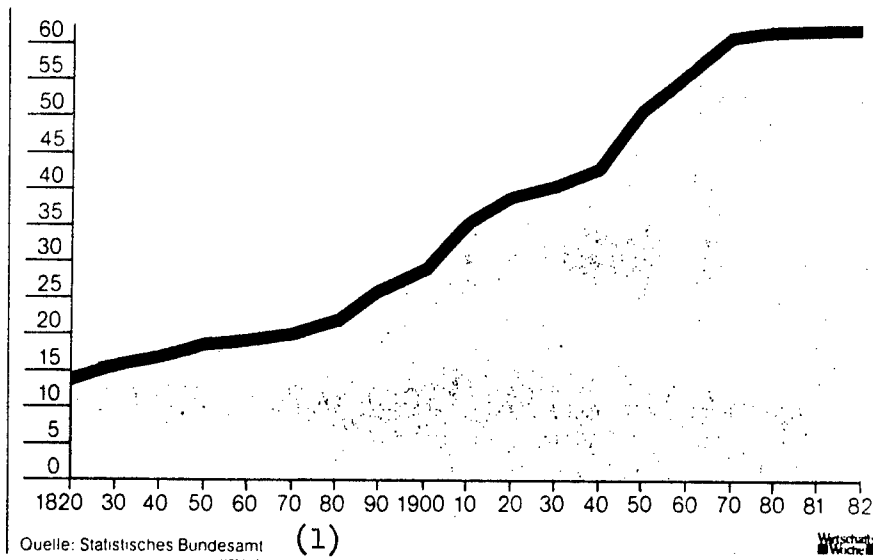


Key:

1. France
2. Great Britain
3. Italy
4. GDR
5. Sweden
6. FRG
7. Source: FRG Bureau of Statistics

Table III. It's Downhill From Now On

Population Trends on the Territory of  
the Federal Republic of Germany Between  
1820 and 1982 (in Millions).

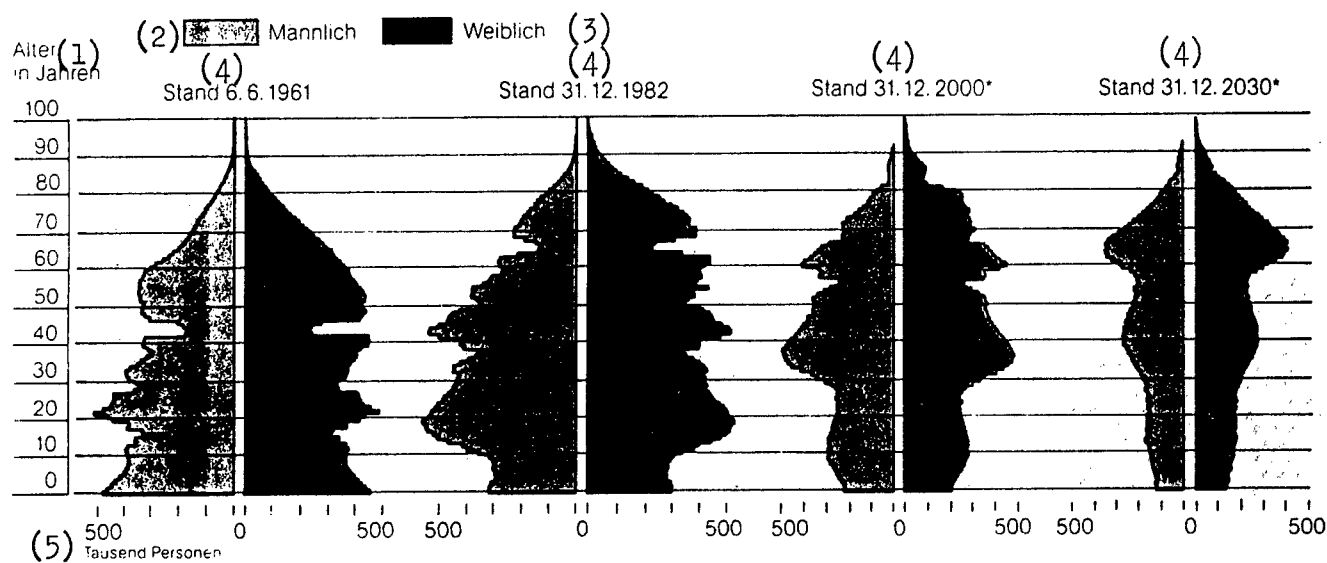


Key:

1. Source: FRG Bureau of Statistics

Table IV. From Pyramid to Mushroom

Comparative Age Structure of Resident Population in Federal Republic of Germany in 1961, 1982, 2000 and 2030.



\*Modellrechnungen, Annahme: konstante Nettofortpflanzungsrate 0.627 Quelle: Statistisches Bundesamt

Wissenschaft  
 und  
 Wirtschaft

(6)

(7)

Key:

1. Age in years
2. Male
3. Female
4. As of [date]
5. In thousands
6. Projections based on assumed net reproduction rate of 0.627
7. Source: FRG Bureau of Statistics

Decline Cannot Be Halted

if German Population Up  
a Whole and By Selected  
Based on Three Assumed

(6)

(7)

(8)

Key:

1. In millions
2. Total
3. 20 to below 60 age group
4. Over 60 age group: models I to III
5. Under 20 age group
6. Model I: constant net reproduction rate of 0.627
7. Model II: Decline of net reproduction rate to 0.5 by 1990, remaining constant thereafter
8. Model III: Rise in net reproduction rate to 0.8 by 1990, remaining constant thereafter
9. Source: FRG Bureau of Statistics

## GOVERNMENT CONTRACT WITH AEROSPATIALE FOR 1984-1988

Paris LES ECHOS in French 2 Aug 84 p 7

/Text/ The initial planning agreement between Aerospatiale /National Industrial Aerospace Company/ and the government, which will cover the 5-year period from 1984 to 1988, was signed on Monday by Charles Hernu, minister of defense, and Henri Martre, president of the national company.

"The first mission for Aerospatiale is to produce for the French armed forces viable weapons systems in the field of its expertise and in the framework of the guidelines set by the military planning law," said the defense minister. In his opinion, the planning agreement reflects "the government's resolve to see Aerospatiale develop its position as a leading French company in the aeronautics sector" for aircraft (Airbus, ATR 42 regional transport planes, etc.), helicopters (Super Puma, Gazelle, Ecureuil, etc.), tactical missiles (Hot, Roland, Exocet, etc.), ballistic missiles (M4 Hades, etc.), or spacecraft (Ariane, etc.).

Charles Hernu also called on the company's management to make an "administrative effort" during a difficult period "marked by a significant drop in operations impacting on its financial position."

Aerospatiale, which has a payroll of 35,463 workers, had revenues of 24 billion francs in 1984 (as against 21.4 billion francs in 1982) of which 62 percent represented exports and saw a net loss of 357.5 million francs (compared to a profit of 96.2 million in 1982).

The minister noted that the government's assistance in 1984 consists of 100 million francs in cash investments, 1.4 billion in reimbursable loans, and 7 billion francs' worth of orders.

Henri Martre thought that while the "secondary effects" of the initial oil crisis "proved to be particularly favorable to the aeronautical industries," the second oil crisis of 1979 in contrast was more serious for it. But, he added, "after these temporary setbacks we are beginning to perceive the first signs of renewed economic progress and a resumption of investments."

According to the head of Aerospatiale, the early commercial operations of 1984 are "encouraging" and support the "daring wager" of seeing an upswing in sales beginning in 1984.

The labor union representatives however expressed their concern about the employment situation, the workers' purchasing power, and their transfers among the various units of Aerospatiale.

Charles Hernu answered them by indicating that he hoped that in the future there would be a further reduction in the work week to 37 hours. While declaring himself favorable to the free expression of demands and collective bargaining by wage-earners, the ministers nevertheless recalled "the special circumstances" of defense workers, a sector where it is necessary to protect "secrets" and personnel.

According to the minister, it is thus necessary to find specific means for the application of the Auroux laws in this sector.

2662

CSO: 3519/483

## CIT-ALCATEL RETRAINING PROPOSAL

Paris LES ECHOS in French 2 Aug 84 p 10

/Text/ At a time when the telecommunications sector is being "slimmed down," the plant of CIT-Alcatel /Industrial Telecommunications Co-Alsatian Atomic, Telecommunications, and Electronic Manufacturing Co/ at Guingamp in Cotes-du-Nord Department is in turn in the sad situation of being overstaffed. Of its 983 workers in 1984, the firm is scheduled to lay off 220 personnel by 1985. These decisions will undoubtedly worsen the difficulties of a department in Brittany already witnessing sharp unemployment.

The management of the Guingamp production unit does not disparage the various opportunities which may arise, as long as jobs can be saved. Recently, a pamphlet lauding the merits of rabbit-breeding was distributed to the personnel with the approval of CIT-Alcatel's president-director general, Mr Talmet. "The rabbit, a way of creating your own employment," the said document explained in some way.

Is there a connection between electronics and rabbit breeding? Before the magnitude of the problem, management is prepared to encourage, through financial support, all measures that would make it possible to retrain personnel, were it no more than five individuals, the president-director general explained.

In the enterprise as a whole, negotiations between labor unions and management are obviously under way and should lead in September to a few salvage measures thanks to the adoption of a training, transfer, and retraining plan.

The CGT /General Confederation of Labor/ of CIT-Alcatel in Guingamp on its part rejects any attempt to retrain workers for rabbit-raising. One of its activists said: "One does not become a breeder from one day to the next."

This search for jobs illustrates very well the confusion of company executives who are in some predicament before the inevitable problem of the need for painful retraining of some workers.

## MODEST FIRST-QUARTER INDUSTRIAL IMPROVEMENT CLAIMED

Paris LES ECHOS in French 13 Aug 84 p 2

[Text] The results of the monthly industrial survey conducted by INSEE [National Institute of Statistics and Economic Studies] in July confirm the trend recorded since the end of the first quarter of 1984 towards a gradual improvement in the general climate. In spite of this, the balance of the replies given by business leaders is still negative.

Moreover, as INSEE pointed out, "industrial leaders predict only a slow growth in manufacturing output during the third quarter, after a stable second quarter." In addition, although there is a general recovery, there are still major sectoral disparities.

Sales of capital goods are increasing and foreign orders in particular are showing gains. Improved production is anticipated for the coming months as a result of a strong electrical and electronics sector.

However, and this confirms the figures recently published by the National Automobile Manufacturers' Association, the prospects for this industry are gloomy. Production was stable during the second quarter, but as INSEE explains, there is still a large inventory of finished products and the order books are relatively empty. There has, however, been a slight recovery in foreign demand.

As for intermediate goods, INSEE reports a slight increase in activity. Here again, there are considerable disparities. Growth has been strong in chemicals, plastics, cardboard, glass and steel.

#### More Disparities

In this last sector, however, increased activity in the second quarter is due to seasonal trends. One must be slightly optimistic, however. The inventory of finished products is still below its normal level.

And despite a slight decline in foreign demand, orders improved overall in the past two months. Moreover, according to industrialists, production should increase over the coming months.

In the future, the same growth in production is anticipated for cardboard, even if overall orders have fallen off somewhat. The same is true of the chemical industry, where demand is very active, particularly in organic chemicals.

INSEE, however, predicts a slowdown in the production of construction materials and stabilized production in the metalworking-foundry sector.

Finally, as regards consumer goods as a whole, production has been relatively stable and is not expected to change appreciably during the third quarter.

Here again there are some disparities. While the textile and clothing industries will drop off slightly, the leather and footwear sector may grow.

9805

CSO: 3519/487

## SLOW GROWTH IN SECOND-QUARTER WORKER SALARIES

Paris LES ECHOS in French 2 Aug 84 p 3

[Article by Adrien Popvici]

[Text] Workers' hourly wages continue to be squeezed. This at least is what is indicated in the initial estimates of the quarterly survey conducted by the Labor Ministry, which is counting on a rise of less than 2 percent during the second quarter. This is good for both firms and the economy. And it is a positive achievement for the former Mauroy government, which must be credited with the de-indexing of wages and prices, in effect now for over a year.

During the first quarter of this year, prices increased (+3.7 percent) more rapidly than workers' hourly wages. In fact, the rise in hourly wages ranged from 1.8 to 2 percent during the second quarter. We should note in passing that during the first 6 months of the year, the SMIC [Interoccupational Minimum Growth Wage] rose by 6.8 percent, while the hourly rate did not exceed 3.5 percent.

The slowdown in workers' wage hikes definitely had a considerable effect on the growth of unit costs and on the slackening of prices. The wage cost per unit of production (wage bill/volume production), for instance has fallen off for the past 18 months, and for the first quarter of 1984, some sectors, such as industry, even showed a decline, according to the quarterly accounts published by INSEE. As for the overall wage cost (which includes the impact of social security contributions), it increased by only 0.4 percent during the first three months of 1984.

It is worth noting that the considerable deceleration in the growth of the hourly wage has continued despite the rise in the SMIC. During the second quarter, the minimum wage was in fact revalued upward: on 1 May (+3.4%) and on 1 July (+1.2%).<sup>1</sup> Despite these increases, workers' wages are still modest.

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<sup>1</sup>The Labor Ministry survey for the second quarter uses effective wages as of 1 July.

We should add that the initial wage increases for 1984 under conventional agreements generally occurred during this same second quarter. In certain sectors, the contractual increases sometimes even greater than the average (around +1.5%), because they are only expected to occur once during the year.

Of course, efforts along these lines must be pursued. Up to now they seem to have been relatively well accepted by labor--the great majority of the conflicts have revolved around employment. INSEE forecasts for the upcoming quarters are reassuring (see table).

In view of expected price increases, which will have to be revised to take account of recent increases in government rates and the rise in the dollar (by at least 6.7 percent over the entire year), and of the automatic hike in the SMIC, which will probably not occur before 1 November 1984, everything seems to confirm that hourly wage rates will slow down during the "second quarter," as INSEE indicated in its latest report on the situation in July.

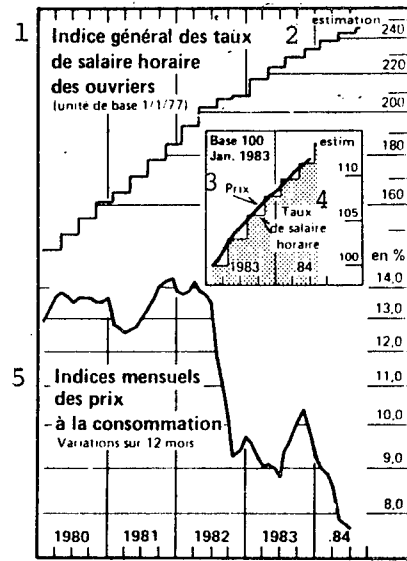
But the National Institute of Statistics did not include in its forecasts the change in the political-labor balance of power which occurred with the Fabius government and the departure of the Communist ministers. The wage instructions for the civil service given by Mr Mauroy at the start of the year have not been followed. According to INSEE, "without an additional increases between now and the end of the year, the average annual growth of the average index for gross salaries, including the 500 franc bonus, will amount to 7.2 percent for 1984," without counting the impact of seniority and staff increases.

Most civil servants' federations are demanding a salary increase for government workers of at least 2 percent on 1 September. Will the government give in to this demand? And if so, will this rebound into the private sector? If this happens, if firms--or the government--give in to labor unions' pressure, one of the most certain achievements of the austerity plan will be jeopardized, as will the very success of this policy which must be pursued at least until the end of 1985.

- Key: 1. Hourly Wage Increases (as a percentage)  
 2. (Quarterly changes measured on the first day following the end of the quarter)  
 3. Source: the Labor Ministry's quarterly survey  
 4. \*INSEE forecasts

<b><sup>1</sup> Progression du taux de salaire horaire (en %)</b>											
<sup>2</sup> (glissements trimestriels mesurés au premier jour suivant la fin du trimestre)											
1982				1983				1984			
1	2	3	4	1	2	3	4	1	2*	3*	4*
4,7	2,9	0,2	4,2	3,1	2,5	1,9	1,9	1,5	1,8	1,5	1,6
<sup>3</sup> Source : enquête trimestrielle du ministère du Travail.											
<sup>4</sup> *Prévisions de l'INSEE.											

- Key:
1. General hourly wage index of workers (base unit 1/1/77)
  2. estimate
  3. Prices
  4. Hourly wage rate
  5. Monthly consumer price indices (Changes over 12 months)



9805

CSO: 3519/487

FINANCE MINISTER: FISCAL SITUATION IS GOOD

Reykjavik MORGUNBLADID in Icelandic 12 Aug 84 p 2

/Article: "Finance Minister Albert Gundmundsson: 'Status of National Treasury is Good'"

/Text/ "This meeting was held in accordance with what I had stated earlier I would do, i.e. report on the status of the National Treasury every 3 months, and I had a pleasant and unbiased meeting with the opposition representatives this morning," said Finance Minister Albert Gundmundsson when MORGUNBLADID asked about his meeting with the chairmen of the opposition parliamentary groups on Friday.

"The status of the National Treasury is good and the first thing to be noticed in that connection is that the expenditures are less than before. The expenditures have only risen by 36 percent beyond the estimate, and during the same period last year the expenditures had increased by 86 percent beyond the estimate. Revenue beyond the estimate is not much more than during the same period last year and is now 49 percent beyond the estimate. This shows that restraint in all expenditures has been very strict and it seems to me that we will succeed in saving considerably both in expenditures and wages," said the finance minister.

When he was asked whether he thought that this good situation could remain through the year, he answered: "I will do everything I can so that the second half of the year will turn out as well as the first half. If that is successful, then I think we will be able to get along with less foreign borrowing which of course improves the situation of the national economy considerably."

"We have a report on the situation after the first 6 months of this year and it shows that import duties have been unusually high and have increased by 52 percent compared with the same period last year as has sales tax revenue. It also comes forth that during the first 6 months of this year, wage revenue has increased by 25 percent compared with the same period last year; wage revenue is by far the greatest public expenditure and two-thirds of the state expenditures are wages.

The factors that yield the highest government revenues, that is sales tax and duties, have increased twice as much as the wage cost. Added to that is that the revenue the state received from income taxes was 57 percent higher during the first 6 months of this year than during the same period last year," said Ragnar Arnalds, chairman of the People's Alliance parliamentary group, among other things, when MORGUNBLADID reporter asked him what he had learnt at the meeting of the chairmen of the opposition parliamentary groups with Finance Minister Alberg Gundmundsson on Friday.

Arnalds said, however, that although there were obviously many gaps that had to be filled during last winter, and that some of them still exist, that this would bring funds that would fill in these gaps, whatever then would happen later. Arnalds said that he did not feel that he could evaluate the situation today, whether it was good or bad. He also said that it is impossible to guess anything about that unless you had some idea about what the development would be during the latter part of the year. "I think, however, that the situation during the first 6 months of the year is fair when looking at how many gaps came to light in the National Budget and how much was left," said Arnalds.

9583

CSO: 3626/38

## PAPER COMMENTS ON GOVERNMENT'S ECONOMIC POLICIES

Reykjavik MORGUNBLADID in Icelandic 15 Aug 84 p 15

/Editorial: "Status of the National Treasury"

/Text/ The balance of payment capability of the National Treasury is better during the first half of this year than during the same period last year; this improvement amounts to about 941 million kronur. When comparing the situation during the first months of the year when the parliament and the political parties argued for weeks about how to balance the deficit in the newly-adopted 1984 budget and then resorted to the means of achieving that by mainly increasing the foreign credit burden, it comes as a pleasant surprise, that despite all, the treasury balance of payment capability has improved; it was in deficit by 322 million kronur at the end of June. The operation deficit amounted to 2.4 percent of the expenditures of the Treasury A-budget during the first half of the year and this ratio has only been more favorable once since 1977, according to a news release from the Ministry of Finance.

Finance Minister Albert Gudmundsson expresses his pleasure over these figures in MORGUNBLADID on Sunday and says that the result shows that restraint in all expenditures had been "very strict" and he added: "...and it seems to me that we all succeed in saving considerably both in expenditure and wage factors." Usually the Treasury revenue is greater during the latter part of the year so if it proves correct that these current figures can mainly be traced to restraint measures, as the finance minister says, the condition of the treasury could conceivably be better at the turn of the year. The finance minister himself has, however, in other context emphasized that the position should be evaluated when the annual financial statement is issued in the middle of the fiscal year. There are many dark clouds on the horizon when looking ahead to the turn of the year with the interest of the state in mind as a guiding light, and highest on the horizon are the demands of government workers for a huge increase in salaries.

Before Albert Gudmundsson introduced the abovementioned figures publicly he called a meeting with the representatives of the opposition for consultation. MORGUNBLADID asked the opinion of Ragnar Arnalds who was minister of finance during the great inflation years 1980-1983 and made ends meet by profiting from price expansion, any kinds of speculative business and huge imports. Arnalds pointed out that the treasury economic development this year was clearly characterized by the fact that the factors that yield the treasury the greatest revenue, sales taxes and tariffs, had increased by more than double this year but the highest expenditure factor were the wages.

Neither the finance minister nor his party, the Independence Party, can shun the fact that the same factors have saved the treasury now that saved it during the reign of Ragnar Arlands; imports that are the result of too much expansion and are based on spending beyond means with the help of foreign bankers. It would have been one of the most favorable opportunities to do it when the inflation was being slowed down or in the wake of the wage agreements that were signed last February; however, neither opportunity was seized. With the economic measures taken by the government 30 July this year, a radical step was taken with the decision in monetary affairs. No comparable steps have been taken in national financial affairs. In that sector, the same measures were used and depended on during Ragnar Arnauld's term in office are still mostly being used, in other words: it is possible to survive by means of expansion and great import volume.

9583

CS0: 3616/38

## PRESENT, FUTURE POPULATION TRENDS

Rome NOTIZIARIO DELL'ENEA in Italian May 84 pp 40-50

[Article by Ruggero de Leone: "Where Is The Italian Population Headed?"]

[Excerpts] The trend of a population's demographic factors is one of the elements affecting the evolution of the system of production of a developed country. In fact, the demographic trend affects both the demand for various goods, through the number of families, the number of young people, adults and senior citizens, and also the supply, through the labor force. Demographic factors affect also the energy system of a developed country both indirectly, through production, and directly, through private consumption.

On the other hand, demographic factors are affected by many events occurring in the society, in the economy as well as in other areas, such as economic growth or economic crisis, wars, urbanization or industrialization. From the study of demographic data one can therefore gain useful information for the study of a society.

It is therefore of some interest to those who are concerned with the Italian system of production or the Italian energy system to gain an accurate view of the present Italian demographic situation and to formulate some kind of forecast of what will happen in the immediate future in the demographic area.

#### The Italian Population Today

Over this long period of development historic short term changes are superimposed, which one must keep in mind in order to evaluate the present situation and formulate short term forecasts. It is necessary at this time to analyze in greater detail all the factors affecting the birth and death rate.

Mortality rate (the number of deaths over a specific period of time or, as a rate, its percentage over the residents) is determined by three factors. First, the probability to outlive the various ages, that is the probability to live at least 1 year past each given age group. Second, the number (or the percentage) of residents who belong in the various age groups, in particular in the group over 65, where at present approximately 75 percent of mortality is concentrated. Third, a stochastic factor, somehow related to climatic and epidemiologic events, which currently in Italy causes a fluctuation in the annual values of  $\pm 2.5$  percent around the averages.

The birthrate (the number of births over a given period of time or, as a rate, its percentage over the residents) is also determined by three factors. The first is the average fertility of women in bearing children, in particular of those who are in the most fertile ages (currently around 24 years of age). The second is the number (or the percentage) of women who belong in these age groups. The third factor depends on whether these women are having their children at an average age which is the same or later than that of older classes of women. These average ages, taken all together, constitute what is called "the calendar of the births." A rise in the calendar of births causes a temporary rise in the birth rate, such as the one that took place in Italy between 1958 and 1964. If, on the other hand, the calendar of the births declines (as it is happening right now), a temporary reduction in the birth rate takes place. Average fertility and changes in the year are expressed with one number, the gross reproduction rate relative to a given year, which represents, like fertility, the average number of children per woman of childbearing age.

Keeping in mind the progression of all these factors, the third phase of the demographic transition can be divided into four periods: 1955 to 1964; 1965 to 1974; 1975 to 1980; 1981 to....

The first two periods are characterized by an increasing death rate; the third and very likely also the fourth period are characterized by a constant mortality rate (see table 3).

In addition, the first period (1955 to 1964) shows a sharply increasing birth rate, from the 865,000 average births per year during the triennium 1954-1956 to the 980,000 births of the triennium 1963-1965. This increase was brought about by a considerable rise in the calendar of the births at the time of the transition from the crisis of the war and postwar years to the prosperous years of major economic growth. This anticipation however did not affect the Italian islands (figure 4). The fertility of women born between 1923 and 1936 remained instead almost constant, according to a trend shared by almost all European countries. For the women of those classes this represents a break or even a reversal of the historic tendency towards declining fertility which started with the classes of women from 1840 to 1870. The rise in the calendar of births is apparent in the increase of fertility specifically between ages 18 and 24 (figure 3). As a consequence of the greater increase in births than death, the natural increase in Italy during this period grew from 405,000 (annual average of the triennium 1954-1956) to 475,000 (annual average of the triennium 1963-1965).

During the second period (1965 to 1974) the birthrate also shows a decline, from the approximate 980,000 births per year during the triennium 1963-1965 to the approximate 890,000 births during the triennium 1972-1974. This is mainly attributed to a halt in the rise of calendar birth. In combination with the further increase in the death rate, this decrease of the birthrate generated a decline in the natural increase from approximately 475,000 to 345,000.

During the third period (1975 to 1980) a considerable decline in the birth-rate took place, from the 890,000 average births during the triennium 1972-1974 to approximately 635,000 births in 1981. This is attributed to a sharp decrease in fertility of the classes born after 1943, which definitely pushed fertility under the substitution value (figure 5), and also to a gradual decline in the calendar of births due to the economic recession (Figure 3). The mortality rate remained constant, inspite of the increase in the number of elderly citizens, probably due to the progress achieved in the therapy of cardio-vascular diseases, which are the major cause of death among the elderly. The natural increase, therefore, thus declined to approximately 85,000 births (1982).

The fourth period, which began in 1981, shows trends as yet not sufficiently defined. The sharp decline of the birthrate, started in 1975, should by now have bottomed out. The reasons for it could be the following: low fertility level by now reached in many regions (from 1.2 to 1.4 children per woman of the 1952 class); the more marked increase in the number of women of childbearing age, which now includes the more numerous classes born during the 1960's; the halt of the decline in the calendar of births; some reentry of emigrants still of child bearing age in some regions. As for the mortality rate, this period shows a temporary interruption in the growth of the elderly population (figure 10), due to the inclusion between 1980 and 1985 of the sparse classes born during World War I. The period should therefore show a substantial stability both in the birth and in the death rate. The Italian population should therefore remain close to a natural equilibrium.

In order to give a complete profile of the Italian population at the national level, we still need to analyze the migration flows to and from foreign countries. An estimate of the net balance, obtained by comparing the population growth between the 1971 and the 1981 census and the natural increase as reported in the records of the civil registry, yields a positive value of 185,000 units (to be compared with the negative balance of 675,000 units reached with the same estimation procedure for the period from 1961 to 1971). One can therefore conclude that, inspite of the fact that in the most recent years the world economic crisis caused a preponderance of returning emigrants over new emigrants, such a factor is not strong enough to considerably effect the absolute variation of the Italian population which at this time is solely affected by natural movements.

Table 3. In Italy Mortality Increases Until 1975 and Remains Stable Thereafter--Annual Death Averages (in Thousands)

1954-1956	459.0	1971-1974	530,0
1957-1960	461.7	1975-1978	548,9
1961-1964	493.0	1979-1982	544,85
1965-1970	512,35		

## Territorial Imbalances

The demographic evolution of the Italian population, as it has been presented, constitutes an average derived from the evolution of the individual populations inhabiting the various areas of Italy. Such developments are at times very different from one another. In addition, over this diversity are also superimposed the effects of the massive internal migrations of the period following World War II.

The major differences are found in the birthrates. Towards the end of the first phase of the demographic transition (1870 to 1880), Italy presented considerable homogeneity as far as birthrates. Disparities in the regional birthrates with respect to the national average ranged between  $\pm$  10 percent, with Apulia, Basilicata and Sicily at the upper limit and Liguria, Le Marche and Umbria at the lower limit of the scale. From 1890 to 1950 the disparities kept increasing due to the delay of many regions in implementing a plan for the systematic reduction of the birthrate. For instance, Venetia delayed such implementation until after 1920 and most of the regions of Central and Southern Italy and the islands even waited until after 1940.

However, between 1950 and 1979 the disparities were in part offset by internal migrations, which caused not only an obvious fertility increase in the women residing in the immigration regions (mostly the industrial triangle), but also a sharp decline of fertility in the emigration regions ("white widows" and problem in finding a husband). After 1970, as the major migration movements slowed down, the regional disparities started to increase again. In 1982 the birthrate in Friuli-Venezia Giulia, Liguria, Emilia Romagna and Tuscany was lower than the national average by 25 to 40 percent, while the birthrate in Campania, Apulia, Calabria and Sicily was higher by 30 to 50 percent. There was a clear-cut dichotomy between the North and the Center on one side and the South and the islands on the other (table 4). Only Trentino-Alto Adige, Latium, Abruzzi e Molise showed a birthrate close to the national average, while all other regions of the North and the Center were under the national average by at least 15 percent and those of the South and the islands were above it by at least 20 percent.

Birthrates are affected by the gross reproduction rates and by the percentage of women of childbearing age. This percentage is higher in the traditionally more fertile regions. The disparities in the gross reproduction rate among different areas and regions (figure 4) are therefore smaller than the disparities in the birthrates. Their chronological trend indicates that generally, aside from the effects of internal migrations, the fertility dynamics is the same in all regions. Sardinia, Apulia and Venetia represent the exception: at different times and in different ways during this period they lowered their fertility by more than the national average. The level of regional fertility is therefore generally still determined by the historic delay with which many regions, between 1890 and 1940, introduced a plan the systematic reduction of the birthrate.

Table 4. Annual Birthrates, Natural and Absolute Variation of the Population in Mid-1983 (Per 1,000 Residents)

One detects a clear dichotomy between Northern and Central Italy on one side, and Southern Italy and the islands on the other. Such dichotomy is only partially offset by internal migrations.

<u>Area</u>	<u>Birthrate</u>	<u>Natural Variation</u>	<u>Absolute Variation</u>
North	8.6	-2.0	-1.0
Center	9.4	-0.35	+2.5
South/Islands	14.7	+6.20	+4.0
Italy	11.0	+1.25	+1.7

Table 5. Apparent Annual Migratory Net Gain or Loss (Per 1,000 Residents) (1978-1980 average)

Friuli-Venezia Giulia	+3.7	Lombardy	+0.7
Tuscany	+3.55	Molise	+0.65
Umbria	+3.55	Piedmont	+0.5
Emilia Romagna	+3.3	Trentino-Alto Adige	+0.3
Le Marche	+3.0	Sicily	-0.85
Latium	+2.65	Sardinia	-1.15
Abruzzi	+2.1	Apulia	-1.65
Veneto	+1.9	Campania	-2.05
Aosta Valley	+1.65	Calabria	-3.1
Liguria	+1.3	Basilicata	-5.35

The provincial birthrates differ from one another even more than those by regions. They range from the 6 per 1,000 in Triest and Savona to the almost 18 per 1,000 in Caserta (figure 6). The natural variation rates are even more spread out, since the most fertile provinces (which are also the areas of most intensive immigration) have a lower percentage of elderly people and therefore a lower mortality rate. The natural variation rate by provinces ranges therefore between approximately -10 per 1,000 of Triest and approximately +9 per 1,000 of Caserta. Here too a clear dualism is obvious between the North and the Center on one side and the South and the islands on the other (table 4).

At present, net internal migrations show much lower balances than those of the years between 1950 and 1970. Their preferred directions are also very different from the previous ones. They do not point any longer towards the industrial triangle. They are instead directed towards those regions where medium size industry has established itself and where the active population is already stable. The departure point of the migration movement however is always the same: the South, and in particular its interior areas. Only Abruzzi e Molise recently turned from a region with high emigration to a region with positive net migratory balance (table 5).

At the provincial level, we also find that the top target of net immigration are those provinces where smaller scale industry developed (Modena, Reggio Emilia, Pordenone, Perugia) or provinces affected by the expansion of too congested urban areas (Asti, Pistoia, Latina).

As a composite of all natural and migratory factors, the population of Northern Italy is now decreasing by approximately 25,000 residents per year as a result of a natural loss of more than 50,000 per year only in part offset by a weak migratory gain. The population decline is wholly concentrated in Piedmont, Friuli-Venezia Giulia and Liguria, while only Trentino-Alto Adige and Veneto are growing at a modest rate, the first one because of a natural gain and the second one because of a migratory gain. Central Italy shows a modest absolute population increase due to a positive migratory gain in all regions. The natural balance is slightly under the equilibrium value since a clearly positive balance in Latium is more than offset by a sharply negative balance in Tuscany. Southern Italy and the islands instead still show a clear absolute increase, with a natural balance of more than 110,000 per year only marginally offset by a slightly negative migratory flow. Absolute population increase is more pronounced in Campania, Apulia, Sicily and Sardinia, moderate in Abruzzi e Molise (where the natural increase is modest and the migratory balance is slightly positive) and in Basilicata and Calabria (where emigration is more pronounced).

Absolute population changes in the various provinces are at present difficult to evaluate. In fact at this time the civil registry office is assessing registrations and spurious transfers which are typical of the periods after the completion of a census. An approximate estimate (figure 7) indicates that in most instances they range between +6,000 and -4,000 per year. The provinces located on the axis Rome-Naples (Latina, Caserta and Frosinone), which are expansion areas for the extreme urbanization of Rome and Naples, and some provinces in the South where some urbanization is still taking place (Palermo, Catania, Ragusa, Bari, Taranto, Cosenza) constitute an exception with their higher rate of population increase. On the other hand, the Piedmont provinces (except Cuneo and Novara) and the provinces of Genoa and Trieste show a more pronounced decline.

#### A Little Bit of Future

From a demographic viewpoint, the years between 1981 and 1985 are shaping up as years of transition between a past of numerical growth which is already behind but whose effects are still burdening us, and a future that is just beginning to take shape. During this period the Italian population will remain in the neighborhood of the natural balance. Only towards 1995 two events will take place which will definitely push it towards a numerical decline. First, the number of women of childbearing age (18 to 24 years) will reach at that time a fairly net maximum and then will rapidly decline in a more and more obvious fashion (figure 9). Barring improbable fertility increases, the birthrate should then clearly decline. Second, after 1955 the more numerous classes born in 1920 and afterwards will begin entering the more advanced age (more than 75 years of age). One can therefore expect also an increase in the mortality rate.

Among the effects of the past growth which are still felt today, the most important one is the increase of the working age population (20 to 64 years of age). Such increase is also going to wear out by 1995 (figure 8). The year 1995 is therefore more and more assuming the appearance of a turning point in the Italian demographic development, much more than attaining the numerical balance. The increase in the population of the working age group is especially sharp during these years because of the entry of the very numerous classes born during the 1960's and the additional exit, from 1979 to 1983, of the sparse classes born between 1915 and 1919. This increase, together with the world economic crisis, represents one of the main reasons for the increase in unemployment. In fact, it increases the labor supply and it also sustains the demand for durable consumer goods, whose possession is typical of adult age, such as an automobile and home. Due to demographic imbalances and to migrations, the various regions show very sharp differences in the chronological trend of the number of working age people. The regions with a low fertility rate and those only marginally affected by the internal migrations of the 1950's to 1970's already at this time show a substantial stability or even a decrease in the working age population. These are the regions where the scaled down migration of the most recent years was the strongest and where this demographic characteristic was accompanied by a certain industrial development. On the other hand the most fertile regions of southern Italy and of the islands instead show an increase in the working age population which will continue well into the 21st century. After 1995, when the less fertile regions will have experienced a strong decline in the working age population, the onset of an economic recovery will create the demographic conditions for a return to internal migrations with much more substantive flows than the present ones. What will then actually take place will depend to a great extent on the policies which will be implemented in various areas (housing, infrastructures, industrial reorganization). It will depend also on the policy which will be adopted with regard to the immigration into Italy of unqualified labor from less developed countries in order to fill jobs which are unappealing even to unemployed Italians. This type of immigration, which already represents more than 1 percent of the population, is still little analyzed from the demographic viewpoint. It can become an important element of demographic change during the next century, especially if the tendency towards the immigration of people of non-European culture will increase, since such people, as it has already been shown, can be difficult to assimilate.

After the standstill of these last 4 years, during the coming years the elderly population will start increasing again. Such growth is bound to continue until about 2030, up to the time when the numerous classes of the 1960's will reach that age. At that time in Italy there will be more than 10 million people over 65 years of age (figure 10). Their number may be further increased by the reentry into Italy of emigrants as they reach the pension age. This increase in the percentage of elderly people will affect the demand for certain infrastructures and services and will burden the pension system. In addition it will also have certain effects on the Italian society: what will happen when more than one-fourth of the voters for the Chamber of the Deputies will be made up of senior citizens? We have not yet developed a theory which takes into consideration the needs and the lifestyle of a society made up in large number by elderly citizens.

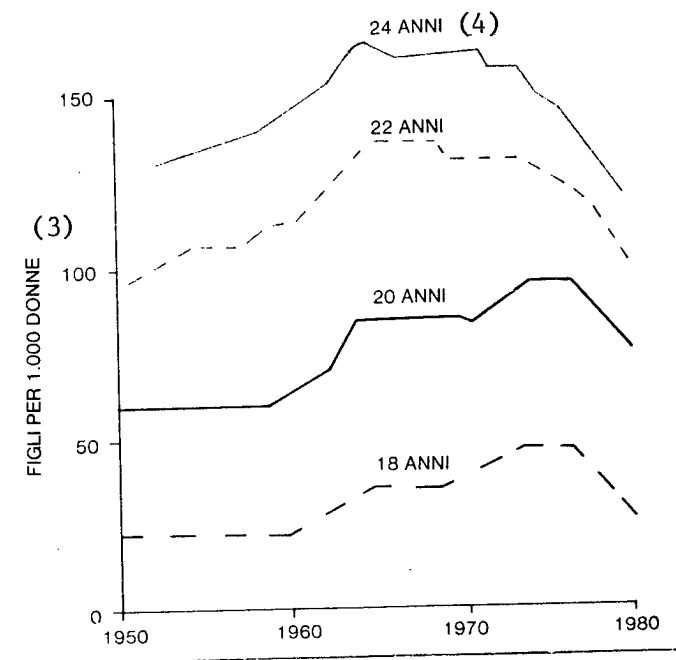
During the last decade a certain spontaneous tendency has emerged towards the correction of the most pronounced territorial imbalances brought about by the impetuous growth of some areas in the preceding two decades. Such tendency took the form of a decentralization of production towards areas previously neglected (Cuneo, Asti in Piedmont; Bergamo, Mantua, Sondrio in Lombardy, for instance) and of net emigration of families from the areas of most intensive urbanization. One can assume that such tendency will continue and possibly increase, especially if fostered by the government.

Regarding the demographic forecasts for Italy in a more distant future, in the 21st Century, it is difficult to make any statement. The reproductive behavior of a population that has reached numerical equilibrium can be only the object of abstract speculation, since there are not enough data about concrete cases. Some hypothesize a behavior with long run fluctuations due to elements related to the conjuncture as well as to psychological factors. However, one does not detect as yet the inception of any mechanism aimed at stabilizing the equilibrium in order to maintain the final offspring at the level of 211 children per each 100 women. It cannot therefore be excluded that first the developed countries (among which is Italy) and then the whole world will face a prolonged period of slow population decline.

Since Western Europe is the first one to begin to find itself in this demographic situation, one way to provide original innovation would be to prepare in advance appropriate technologies to face this situation of numerical decline, which is new for humanity in modern times.

(1)  
**FIG. 3 - FECONDITÀ ALLE DIVERSE ETÀ  
IN FUNZIONE DEL TEMPO**

(2)  
L'aumento della fecondità alle età più basse (18-24 anni) fra il 1955 ed il 1974 indica un'anticipazione del calendario delle nascite; la diminuzione dopo il 1975 dipende in parte anche da un ritardo nel calendario delle nascite.

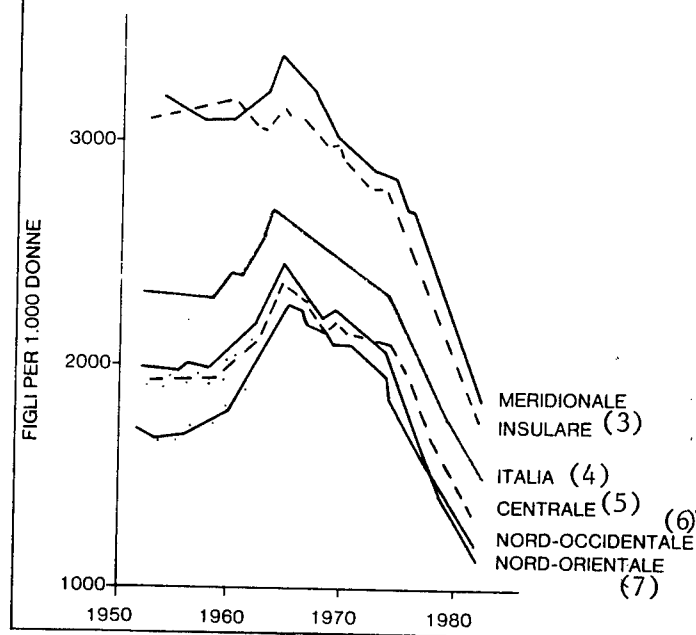


Key:

1. Figure 3. Fertility At Various Ages As A Function Of Time
2. The increase in fertility at the lower ages (18 to 24) between 1955 and 1974 indicates a rise in the calendar of births; the decline after 1975 is in part related to a decline in the calendar of births.
3. Children per 1,000 women
4. 24 years

(1) FIG. 4 - TASSI LORDI DI RIPRODUZIONE  
IN FUNZIONE DEL TEMPO

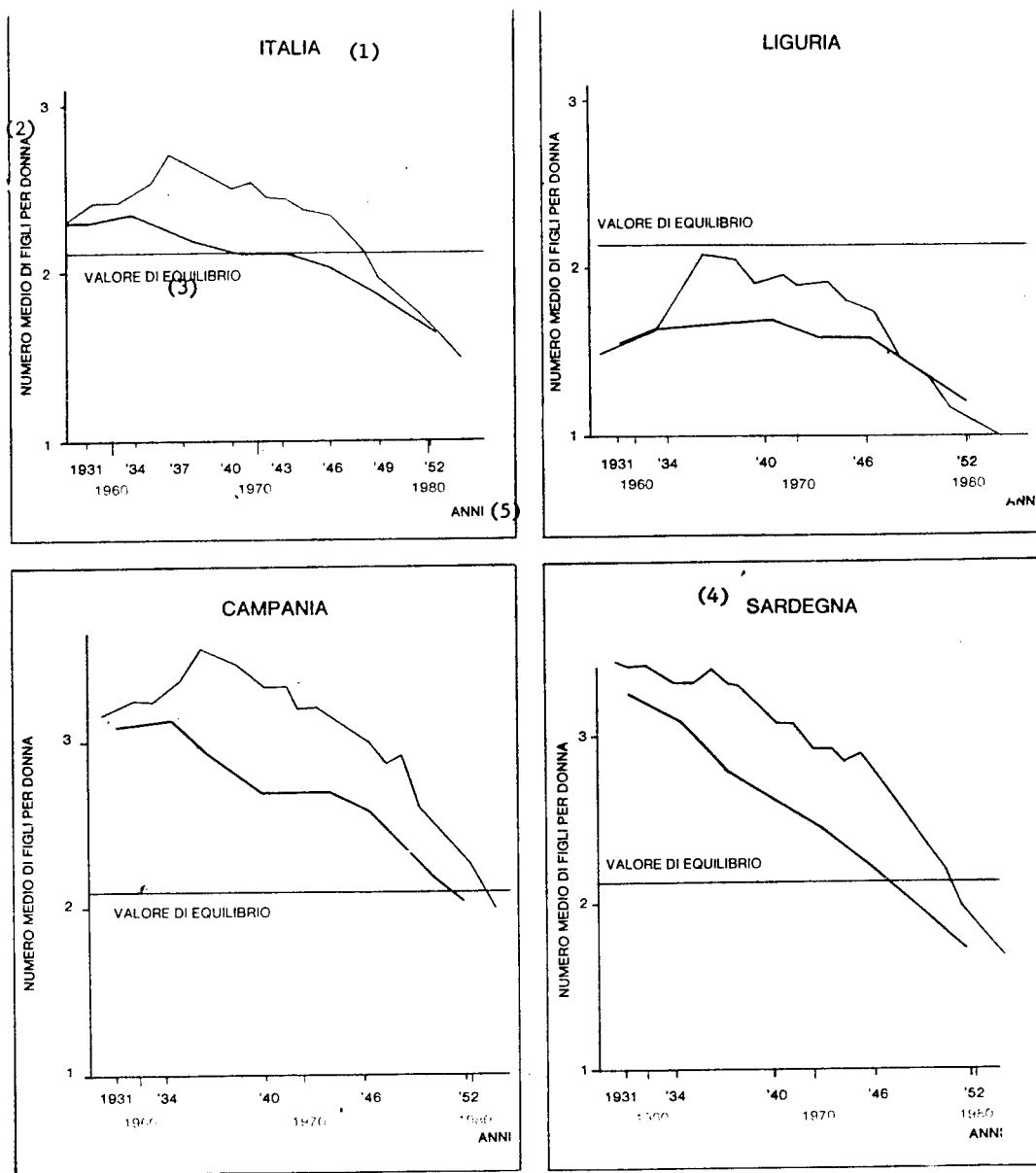
(2) L'andamento dei tassi lordi di riproduzione nelle diverse zone di Italia è molto simile, a parte piccole oscillazioni causate soprattutto dalle migrazioni interne. I valori assoluti sono invece molto diversi fra loro, risentendo tuttora del ritardo con il quale le diverse zone hanno iniziato la seconda fase della transizione.



Key:

1. Figure 4. Gross Reproduction Rates As A Function Of Time
2. The trend of the gross reproduction rates in the various areas of Italy is very similar, except for small fluctuations mostly due to internal migrations. The absolute values are instead very different from one another. They still show the effects of the delay with which different areas entered the second phase of the transition.
3. South Islands
4. Italy
5. Center
6. NW
7. NE

Figure 5. Fertility Curve (Black Line) and Gross Reproduction Rate Curve (Colored Line) in Italy and Some Regions



Key:

- |   |                      |
|---|----------------------|
| 1. Italy                                | 3. Equilibrium value |
| 2. Average number of children per woman | 4. Sardinia          |
|   | 5. Years             |

Figure 6. Birthrates by Provinces (Per 1,000 Residents)

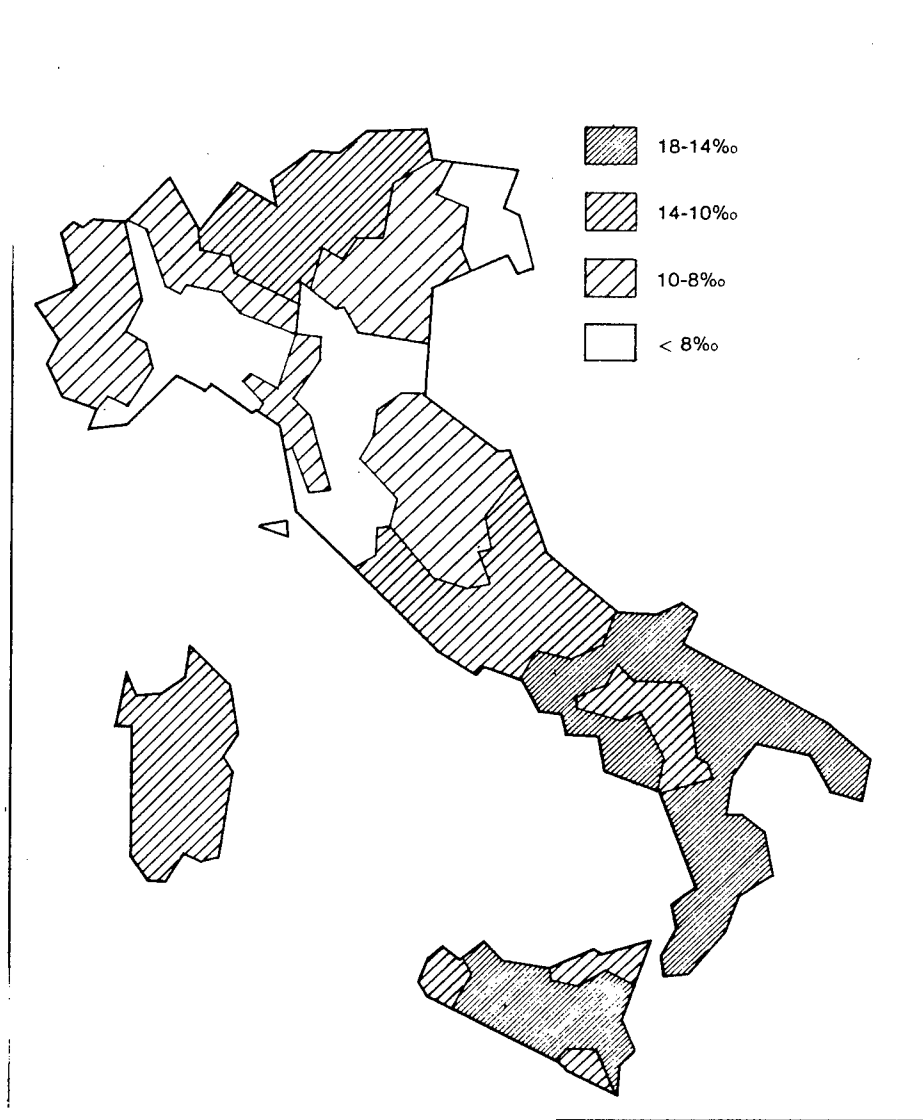
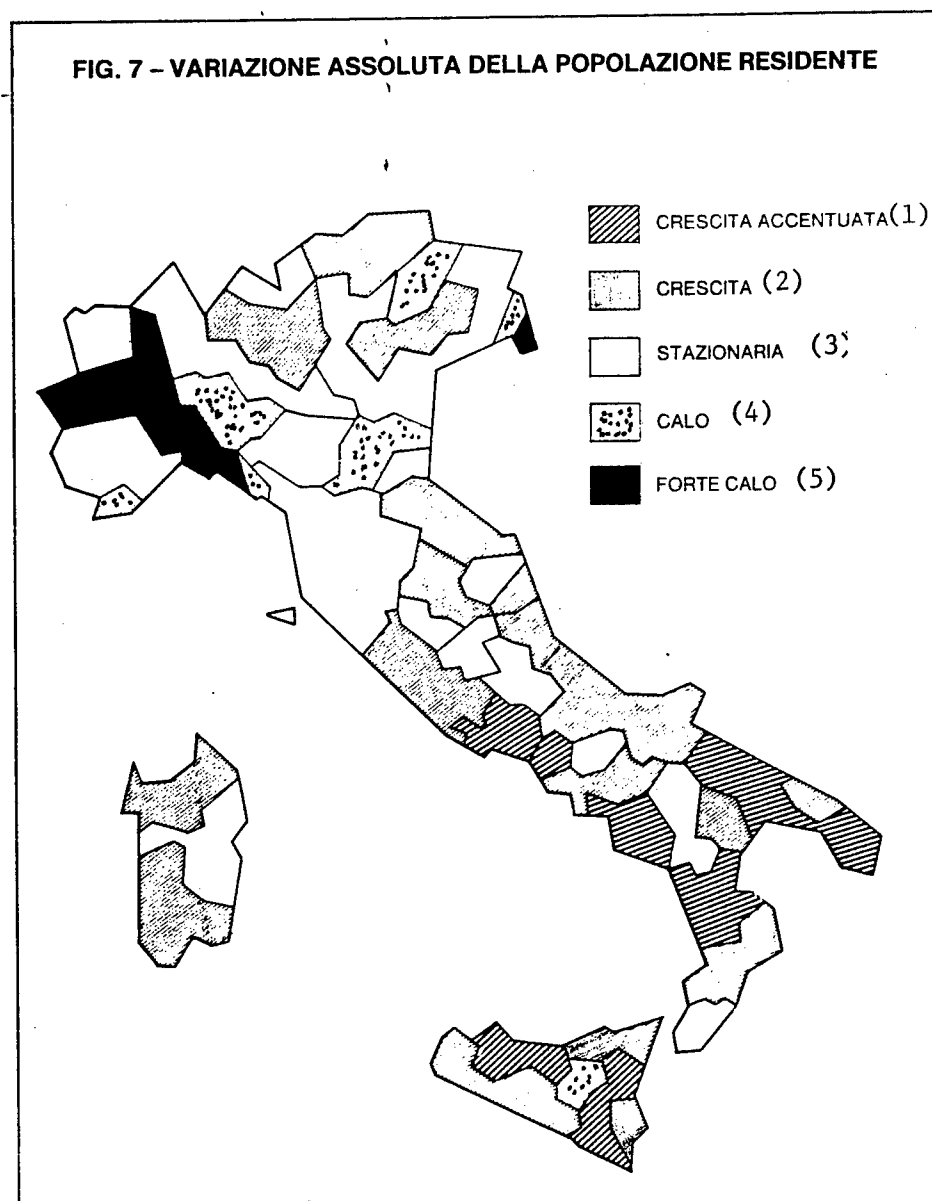


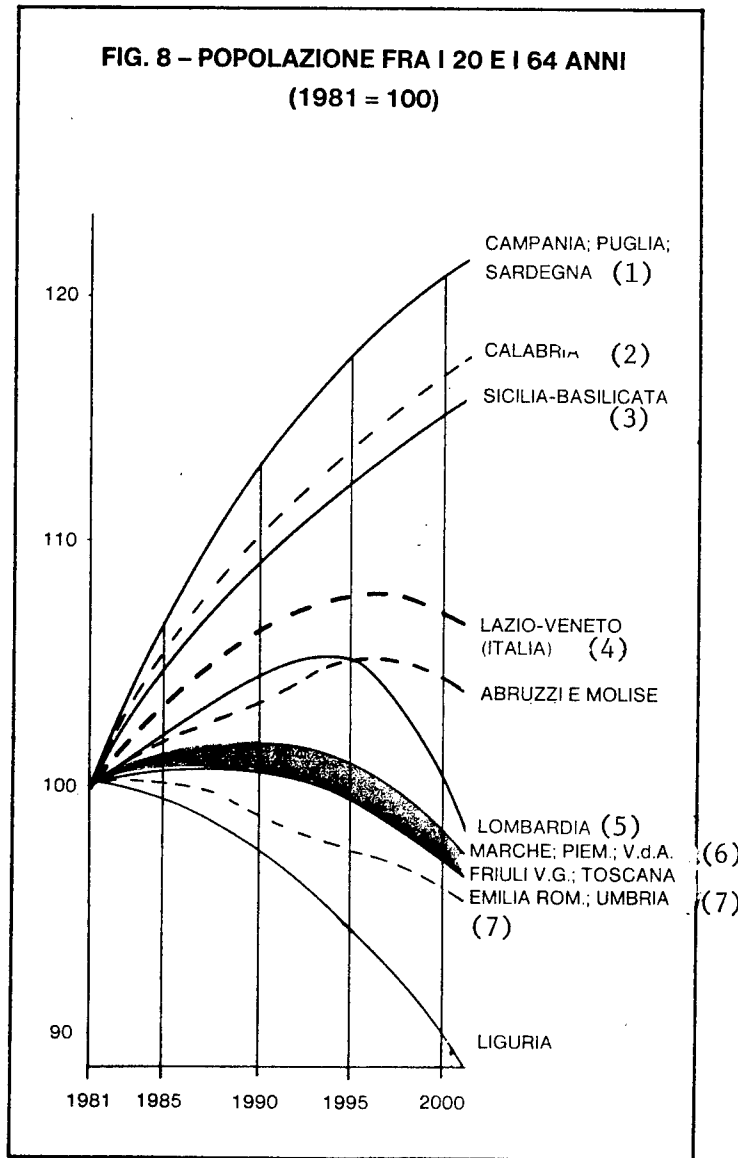
Figure 7. Absolute Variation of the Resident Population



Key:

1. Sharp growth
2. Growth
3. Stable
4. Decline
5. Sharp decline

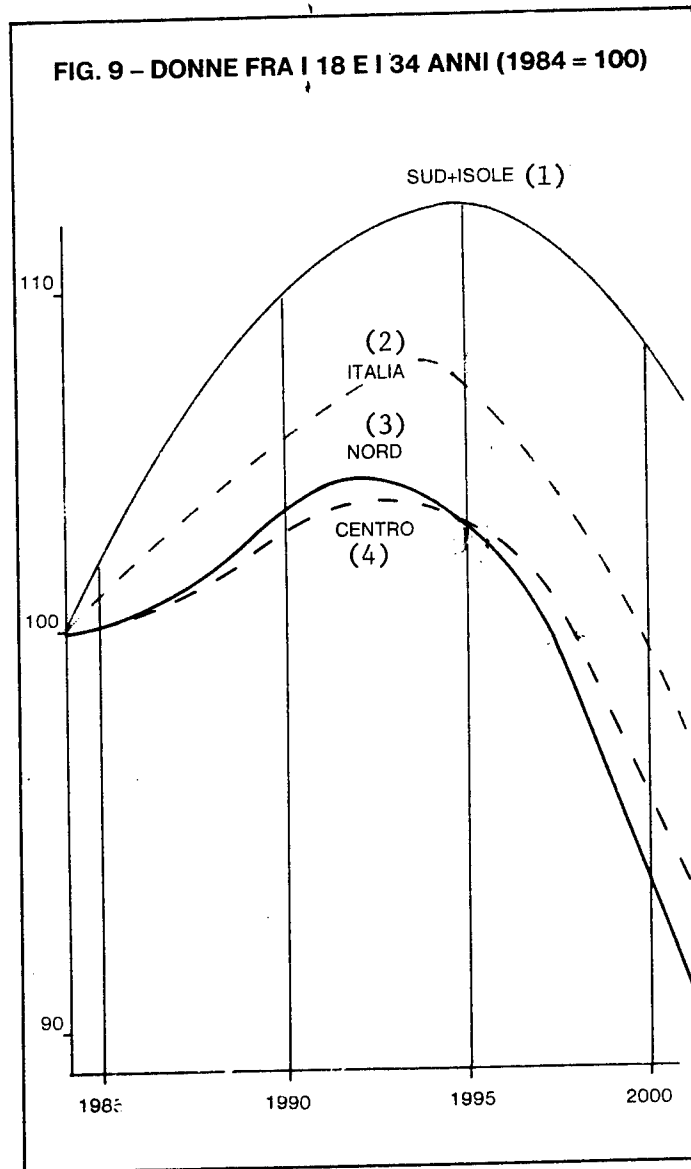
Figure 8. Population Between 20 and 64 Years of Age (1981=100)



Keys:

1. Campania, Apulia, Sardinia
2. Calabria
3. Sicily-Basilicata
4. Latium-Veneta (Italy)
5. Lombardy
6. Les Marché; Piedmont; Aosta Valley; Friuli-Venezia Giulia; Tuscany
7. Emilia Romagna; Umbria

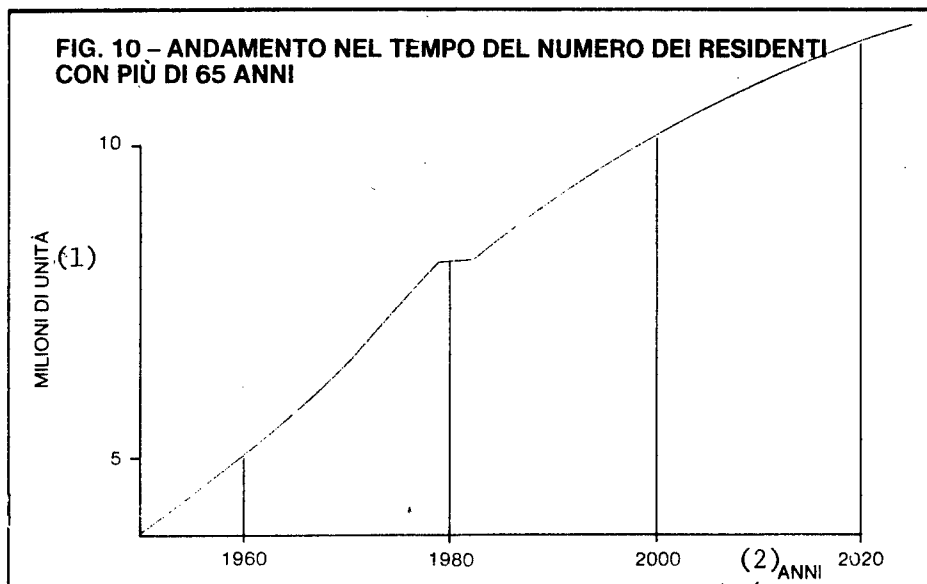
Figure 9. Women Between 18 and 34 Years of Age  
(1984=100)



Key:

1. South and islands
2. Italy
3. North
4. Center

Figure 10. Chronological Trend of the Number of Residents Over 65



Key:

1. Millions of units
2. Years

12667

CSO: 3528/120

## MAJOR PROJECT INVESTMENT ALLOCATED FOR WATER WORKS

Istanbul DUNYA in Turkish 2 Aug 84 pp 1, 9

[Text] Ankara (DUNKA)--1985 will see the completion of water works totalling 69.8 billion T. L. Nineteen of the 21 projects which will begin operation next year will serve agricultural purposes. The total sum of water works planned for the next 10 years will be 3 trillion 222 billion T.L.

While efforts are being made to increase production capacity of water works and to start building new ones, in 1985 a total of 21 new works will be brought into operation. The total cost for the new projects will be 69.8 billion T. L. Nineteen of these works will be for agricultural purposes and they will cost 63 billion T.L. Of the remaining two water works, one will serve the utilities sector, the other the energy sector.

## Agricultural Sector

According to a report of the State Hydraulic Affairs Directorate General of the Ministry of Energy and Natural Resources, during the next 10 years 126 projects amounting to 1 trillion T.L. will come into operation in the agricultural sector. Presently 77 water works are under construction, and 49 are in the planning stage. The cost of the new projects, the first of which will begin construction in 1986, will be 443 billion T.L. Thirteen projects are scheduled to begin operation in 1986, and 25 in 1987.

## Energy Sector

A goal of the 1984-1994 plan is to complete the 23 projects now under construction in the energy sector, and to begin operation for 9 new projects during this time period. The total cost for current projects amounts to 1.3 trillion T.L. while the total for the new projects is 622 billion T.L. Three of the energy sector projects are to begin operation in 1986, 3 in 1987-1988, and 6 in 1989. In a ten-year period, the total cost of water works directed toward the energy sector will be 1.9 trillion T.L.

## Utility Sector

Between 1985 and 1991, a total of 10 water works will begin to produce energy for the utility sector. While 7 of these projects are currently under construction, 3 new projects are still being planned. One water works project will be completed in 1985, one in 1987, 4 in 1988, 2 in 1990, and 2 in 1991.

It is expected that during the 10-year period, 168 water works costing a total of 3.2 trillion T.L. will come into operation in the agricultural, energy, and utility sectors. The total for the 107 projects now under construction comes to 2.1 trillion T.L., while the total for the remaining 61 projects is 1.1 trillion T.L.

#### DSI (State Hydraulic Affairs Directorate General) Aims for 1985

Along with water works planned by DSI for 1985, an irrigation network covering 138, 676 hectares is to be completed. Another DSI goal for 1985 is to protect 33,061 hectares from flooding, and to drain off 630 hectares. The energy sector will be able to move from the established 15 million kilowatt hour production to 48 million kilowatt hour production. The utility sector will be able to secure a yearly amount of 23 million cubic meters of water for drinking, general use, and industry.

In 1985 DSI is going to carry out construction of 13 of its projects in partnership with foreign consulting firms. The total sum for these projects will be 2 billion T.L., with a 645 billion T.L. investment to be made in 1985.

#### Projects to be Completed in 1985

The total sum for water works to be set into operation in 1985 will be 69 billion T.L. The project that will serve the utility sector is the Berdan Merhale Drinking Water Works. The project that will serve the energy sector is the Tercan Dam and Hydroelectric Powerhouse. The water works scheduled to begin operation in the agricultural sector in 1985 are as follows: Iznik Water Works, M. Kemal Pasa Water Works, Tavsanli Reservoir Water Works and Flood Control Project, Orta Sakarya Water and Flood Control Works, Eregli Reservoir and Water Works, Konya Reservoir, Corum Reservoir and Water Works, Samandag Water Works, Aslantas Water Works, Amik Tahtakopru Water Works and Reservoir, Asagi Yesilirmak Water Works and Flood Control Project, Orta Yesilirmak Flood Control Project, the Yedikir, Silopi, Teke, and Mus Water Works, and the Burdur and Germectepe Water Works and Reservoirs.

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CSO: 3554/289

## KEBAN DAM ELECTRICITY PRODUCTION HALVED

Istanbul CUMHURİYET in Turkish 2 Aug 84 p 9

[Text] Ankara (ANKA)--Electricity output of Keban Dam, which produces a significant share of Turkey's energy, fell in the first few months of this year to half of last year's output.

While Keban's electricity production was 2.6 billion kilowatt hours in the first 4 months (January-April) of 1983, this year's production during the same period was 1.1 kilowatt hours. This amounts to a 55.4 percent decrease in production.

The production decline at Keban was the reason for a decline in electricity production of hydraulic works as a whole.

Production at thermal plants has gone up 20 percent, from 4 billion kilowatt hours to 4.8 kilowatt hours. Thanks to this, TEK [Turkish Electric Power Enterprise Directorate General] was able to record a 4.9 percent increase in overall production. Production at TEK's hydroelectric and thermal plants was 8 billion kilowatt hours in the first 4 months of last year, rising to 8.4 billion kilowatt hours in the same period this year.

Energy produced by privileged firms rose 35.5 percent, from 504 million kilowatt hours to 683 million kilowatt hours. Energy produced by the remaining firms increased 58 percent from 621 million kilowatt hours to 981 million kilowatt hours.

Thus, total amount of energy produced in the country was 10 billion kilowatt hours in the first 4 months of this year, compared to 9.1 billion kilowatt hours during the same time period last year. This is an increase of 10.2 percent.

TEK's share in the nation's energy production was 83.4 percent, the privileged firms' was 6.85 percent, and the remaining firms' was 9.8 percent.

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END