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18 February 1983

WEST EUROPE REPORT

No. 2104

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GENERAL MERY ON FRENCH, EUROPEAN, ALLIANCE DEFENSE STRATEGIES

Paris DEFENSE NATIONALE in French Jan 83 pp 7-25

[Article by General (Reserves) Guy Mery: "Defense of France and Defense of Europe"]

[Text] General (Reserves) Mery, former chief of staff of the Armed Forces, does not need to be introduced to the readers of our review. We publish here the statement that he presented to the Institute of Advanced Studies in National Defense on 6 November 1982. Following the point of view of the nation's political authorities, we thus have that of a personality who a few years ago fulfilled the highest military functions, which enables us to benefit from personal reflections based on his incomparable experience.

When one speaks of "defense of France and defense of Europe," two questions immediately come to mind: defending against what, and defending how?

It is to these two questions, which cannot be separated from one another, that I will try to furnish some elements of an answer, but dwelling more on the second one, which--once the nature of the danger is defined--seems more important to me and will give me the opportunity to analyze the advantages and disadvantages of the principal possible strategies in the face of the danger--that is, in particular:

- a purely French defense, such as some have urged from time to time;
- a defense within the framework of the Atlantic Alliance, such as we are pretty much practicing today;
- or a defense described as "European," as it can be conceived of within the current political context.

Finally, I will attempt to conclude with a few orientations of thinking that seem to me to emerge from this analysis.

In doing this, I will be led to express a number of personal ideas that I have gradually formed on the problems of our security and that do not, of course, commit in any way the persons, civilian or military, who are presently responsible for our defense.

I. Defending against What?

Generally, when such a question is posed, those who take an interest, in an objective manner, in the problems of defense and security--I am not referring to those, quite numerous also, who would deny their existence--agree in recognizing that in the present state of affairs, the potential adversary could be none other than the Soviet bloc, acting either by direct aggression that in the initial phase would be aimed at military conquest of the entire European entity, or by an indirect strategy of weakening or rotting-away of this entity, a strategy applied in all parts of the world where favorable opportunities arise.

But what is more difficult, and doubtlessly more subjective, is to establish the degree of relative probability of these two types of threat, which are intertwined and merge together. In effect, the Soviet Union is doubtlessly the only power capable, both by its sociopolitical system, by its ideology and by its organization, of carrying on a truly global strategy of offensive character, and therefore of playing, as circumstances call for, in one or the other of these two registers in order to reach the ultimate goal, as declared by itself, of having "soviet" communism prevail over the whole world.

Let us examine in succession the two sides of this global strategy.

As regards direct aggression, of course, it is undeniable that the extraordinary continuity of the military effort carried on by the Soviets for more than 20 years, as against the "fluctuations" of the Western world's efforts, have enabled them to amass, as compared with West Europe, a very powerful offensive apparatus, both nuclear and conventional, that effectively outclasses the West's apparatus in this region and will continue to do so for several years to come.

But this apparatus should not, for all that, be interpreted as reflecting an obvious and deliberate intention of aggression against European territory. It may also--and doubtlessly more so--correspond to the USSR's threefold concern to:

- 1) ensure a better-guaranteed hold over the satellite countries that it controls--and we have had, in this regard, the examples of Hungary and Czechoslovakia, with the Polish affair not concluded either;
- 2) forcing the Westerners, by a sort of "fixation" operation, to concentrate the essential part of their means on this theater and thus acquiring greater freedom of action elsewhere, while at the same time creating a psychosis of fear among the liberal societies, which are very sensitive to the phenomenon of "disinformation";
- 3) finally, having, if more propitious circumstances should arise, an immediately available mass for maneuver and, at the extreme, an army of occupation.

In reality, an attempt at direct military aggression in Europe by means of this apparatus (which, in order to do so, should also be quite considerably reinforced) seems to me, in the present context, politically and strategically improbable, because, to refer to the aim pursued by the Soviets and the foresee-

able results, the excessive vulnerability of the potential adversaries, because of the increased effectiveness of modern weaponry, tends more and more to make the risks greater than the stakes, no matter what the problems of confidence that may arise vis-a-vis the United States, so long as, in any case, such problems of confidence have not reached the stage of a more or less marked American disengagement in Europe.

Nevertheless, I am convinced, the possibility of such military aggression cannot be totally ruled out, the more so as this is the most serious hypothesis and errors in calculation by the Soviets can always intervene, or an attempt at excessively hasty action in the presence of internal problems which, in their view, could exceed the limits of the tolerable by threatening the cohesion of the system itself.

Therefore the essential thing for the Westerners, it seems to me, is not to "lower their guard," and, without really playing the game of the potential adversary--which could lead to defense expenditures excessive for liberal market economies--not to let too great an imbalance be created, while being sufficiently well-aware of the "critical threshold" below which their defense capacity would cease to be credible.

The Soviet Union's indirect strategy is more difficult to analyze, by reason of its more subtle and more manifold character.

Contrary to certain assertions or false interpretations of events such as that of Afghanistan, it should not be considered either as a strategy of territorial conquest or as a military strategy for getting around a European defensive bulwark considered still too powerful to be attacked head-on.

It is aimed essentially--generally by means other than operational forces--at weakening the positions of the Western states in the political, economic and psychological areas, working against both their cohesion and their will to defense and against the relations of all kinds that the industrialized countries of the free world must necessarily maintain with other countries, notably with those of the Third World.

It is a long-term strategy that seeks to exploit, far more than to incite, local subversive movements or regional destabilizations, its immediate aim being not so much to make the countries concerned pass into the Soviet orbit as to detach them from, or even pit them against, Western influence, and if Western states themselves are involved, to sow doubt or disorder in them and create a veritable moral destabilization, notably through the intermediary of all the pacifist or neutralist movements that flourish in them here and there and by means of a scientifically perfected system of disinformation.

This strategy is an extremely dangerous one for the European countries, which are already fragile in themselves and which in addition are highly dependent on outside sources for their supplies of raw materials and energy products as well as for their trade, and which could therefore, by this approach, be led toward a deterioration, indeed a disaggregation, of their internal situations on the socioeconomic and therefore the political level--the political level including, to be sure, security and defense.

Finally, it is the strategy most difficult to counter, for the democracies of the free world are poorly suited by nature for responses of a global and offensive character, just as the diversity of interests of their liberal economies and their politics is little compatible with coordinated measures, of even the most slightly control-oriented character. Thus it is doubtlessly in reference to this indirect strategy that some have been able to say, rightly, that we have already started on World War III.

For my part, I consider that, while at the same time keeping our defense instrument at an appropriate level, it is certainly the priority danger that we have to counter, for if this indirect strategy were to succeed, this defense instrument would be of no use to us at all. And I am surprised that people can sometimes assert, with a certain unawareness, that the various events that grip the countries of the Third World in a nearly permanent manner, whether they involve Central America, South America, Africa, the Middle East or Southeast Asia, are not to be systematically interpreted as manifestations of the confrontation between the East and the West; for while it is true that they are far from being all provoked by the Soviet bloc and that the West often bears a portion of responsibility for them, it is no less true that their existence and their development favor an indirect Soviet strategy of which the industrialized powers of the free world are the designated victims.

II. How to Defend?

In the face of these dangers, possible or already existing, how is defense to be effected? Several strategies are possible.

At the risk of being somewhat sketchy, I will go into three of them that seem to me the most characteristic, and succinctly analyze their advantages and their disadvantages. They are a strategy for France alone, a strategy for France within the Atlantic Alliance, and a strategy for European defense.

France Alone

The strategy of France alone has had, in certain periods and notably at the time that we equipped ourselves with autonomous nuclear armament, and then at the time when this armament began to be significant, a certain number of proponents both authoritative and impassioned.

What, in fact, is it? Is it conceivable that France, even possessing the defense instrument with which it has provided itself, but with its dimensions and in its geographical position, could cope by itself with the dangers involved? Personally, I do not believe so.

As regards a threat of direct aggression, this would be, it seems to me, military nonsense and a political blunder.

In effect, for the first time in our history, we would have the chance to have a "glacis" between us and the potential adversary, to know that the glacis is occupied and defended permanently by allies who count on our eventual participation, and in such a situation, we would be declaring in advance our deliber-

ate will not to be concerned at all about what might occur beyond our borders, no matter what happens.

Such a position, in addition to the fact that it would signify a serious rupture of Western solidarity--of such a nature as to encourage aggression, in certain cases--would place us, if such aggression were to take place and were accompanied by initial successes for the adversary, in a rapidly intolerable military situation, for the very size of the European theater, which is already quite small for a single battle, obviously makes it impossible to conceive of two successive ones; in the least worst case, such a situation could only lead to a "Finlandization" of our country in the long run.

Furthermore, the upholders of the strategy of France alone should have the honesty and courage to carry their reasoning through to the end and to call for both the return to France of the French corps still stationed in the FRG and our pure and simple withdrawal from the Atlantic Alliance. What they are urging is in fact related to a "neutralist" attitude that does not, it seems to me, correspond either to our interests or to the historic vocation of our country.

To be sure, the possibility of a combat beyond our borders and at the side of our allies, whose interests and points of view can be different from ours, does itself pose several problems, to which I shall return shortly when analyzing the strategy of France within the Atlantic Alliance.

But what I remain convinced of is that in the present state of means of attack and of defense, nothing can happen in our close geographic environment (Federal Republic of Germany, the Benelux countries, the English Channel, the North Sea, the Mediterranean basin) that does not immediately and directly impact our security. This geographic space constitutes what I called, a few years ago, the "first circle," within which we must be able to act, if necessary, with the totality of our means, within the framework of an "enlarged sanctuarization."

In short, as General de Gaulle himself said, it is a matter of defending the castle keep, by fighting, as the case may require, in the "marches," so that the castle keep will not one day be totally besieged and driven into the frightful "all or nothing" dilemma.

It seems to me that this problem, though of a different nature, also calls for a negative response as regards the indirect aggressions of which we are already the victims [as published].

France, to be sure, thanks to a certain number of historic bonds, thanks to a certain number of territorial positions that it has been able to preserve around the world, thanks to certain cooperation and defense agreements that it has been capable of making with former colonies, and thanks to an active presence in all the oceans, can play, and has already been led to play, an important role in the checking of local destabilizations, in the protection of our overseas nationals and, in a more general way, in the attempts that have been made to improve relations with the developing countries (as regards both the quest for a new world economic order and the initiation of a true "North-South" dialogue).

But it obviously cannot bear on its shoulders alone the enormous burden of the African continent; it cannot on its own, no matter what the size and capacities of its combat fleet, guarantee in all circumstances the freedom of maritime communications that are vital to its economy; it cannot by itself presume to help resolve, far away from it, crises of some magnitude, any more than, doubtlessly, it can struggle by itself against terrorist or pacifist movements that are increasingly taking on international dimensions.

In this framework too, then, France must recognize and promote cooperation with others: a cooperation which, in my view, it would be difficult to accommodate to preexisting institutions but should rather call on specific bilateral or multilateral agreements, conceived in function of their timeliness; a cooperation that should be founded on a just and equitable distribution of tasks, with all spirit of competition or supremacy set aside; finally, a cooperation that should never be of such a nature as to jeopardize its freedom of decision and action.

In the last analysis, this France-alone strategy would go against the fundamental principle regarding any strategy, and in particular, any defense strategy whose primary quality is intended to be to integrate as harmoniously as possible with the general strategy of the country concerned.

A country like France cannot urge respect for alliances, presume to contribute to the constitution of a total European entity, participate in the settlement of conflicts and crises--in short, wish to make its voice heard in the world in the cause of alleviation and peace--while at the same time enclosing itself within its borders as regards its own particular problems of defense and security.

France within the Alliance

We come now to a strategy of France within the Atlantic Alliance, which is, roughly, the strategy that we have been practicing for some 15 years.

I shall not dwell here on the matter of our relations with the Alliance since we left its integrated military organization. I will only mention that on the one hand, we have remained fully within a number of civilian and military organisms of the Alliance, and that on the other hand, at the very time when we withdrew from the integrated military organization, we created and installed at different levels of that organization (SHAPE [Supreme Headquarters Allied Powers Europe], Europe Center, Armed-Forces Group Center, South Europe) permanent liaison missions charged, among other things, to participate in the planning of the actions that we might decide to carry out at the side of our allies and, within the framework of such planning, to specify the procedures and signaling means that it would be advisable to put into action.

Nor shall it dwell on the prejudgmental attacks of recent years on the subject of a possible return to the integrated military organization (what some have called a return to "Atlanticism"); I can give assurance that there was never, during the last presidential term, any question of doing so, and I believe that there is no question of it now either.

We shall nonetheless remain in the Alliance; all the governments that have succeeded one another in the last 15 years, including the present government, have always proclaimed that we will be faithful and loyal allies and that we should therefore do everything, it seems to me, in order for the actions that we may decide, as the case may require, to carry out alongside our allies to be technically achievable and as effective as possible.

This, then, is a position that implies no constraint, that gives us total freedom of decision and action, since it is founded essentially on a number of choices: choices that we will make ourselves, about the form, volume and modalities of our action, and choices that the allies would have to make for accepting these conditions or not.

But two problems can arise when one goes into this aspect of things, and I know that some of you believe you perceive, through these problems, a certain ambiguity in our position:

- 1) Is the strategy carried on by the Alliance, to which we could be led to contribute, a good one? Is it effective?
- 2) Is there compatibility between this strategy and our own strategy of deterrence?

To the first question, my answer can only be a subjective one, of course, and it will be very prudent; in effect, it is always difficult to judge in advance, in peacetime, the effectiveness of a wartime strategy, all the more so as the effectiveness depends largely on the quality of the organization responsible for putting it into effect.

Nevertheless, it must be noted that this organization has aged, that it has become dulled, that it is--at certain levels--excessively centralized and automated; in short, that it perhaps no longer matches entirely the phenomena of the suddenness and speed of development of crises in the present-day world. I am thinking in particular of the system of integrated general staffs, very voluminous, responsible solely for planning, without direct authority over the troops in normal times, and within which the peacetime national military officials would not be those responsible in time of crisis, representing a break in continuity that seems to me very susceptible to criticism.

As for the defense strategy itself, whether the doctrine of a "flexible" response or the theory of so-called "forward" battle, very filiform in character, I am not sure--and I am not the only one with this attitude, including some among our allies too--that a doctrine of "inflexible" response, complemented by a battle formation of greater depth, would not be better-suited to the reality and breadth of the threat.

I therefore believe that this organization should be reconsidered, both in its structures and in its doctrines and theories, that in any case it should be reflected on, on the understanding that we are doubtlessly not the people best-placed for putting over a point of view, since we no longer belong to the organization, but that we should nevertheless be listened to, for our possible eventual contribution is far from negligible; and also on the understanding

that it would not be advisable at all to precipitate matters, because in the period that we are going through, it would be extremely dangerous to find ourselves in a position of disequilibrium during the time--doubtlessly quite a long one--that a changeover would require. But if an opportunity to apply changes arises, it would also be necessary to have prepared for these changes and to have examined thoroughly all the conditions that they imply and all the consequences that they might have.

I add that this Alliance and its military organization, conceived for coping with direct aggression in the European theater, are by their very nature poorly suited--not to say entirely unsuited--to the multiform and worldwide character of the threat of indirect aggression. I know that some, aware of the importance that this latter type of aggression is now taking on, recommend, as a solution, an extension (mainly southward) of the Alliance's geographic area of responsibility. This, in my view, would be a fundamental error, for such an approach would lead to even greater bloating of the system, entirely incompatible with the nature of the crises to be resolved, as well as to a dissipation of effort that would be prejudicial to the effectiveness required in the European theater.

I repeat, in the face of threats of this order, it is up to each state to take up its responsibilities, generally in agreement and collaboration with others, but without, in any case, delegating them to any international organization whatsoever. What has been done--or rather what has not been able to be done--by the United Nations so far seems to me a sufficient illustration in this regard.

To the second question, my reply will be briefer. In the event of direct aggression in Europe, there is no incompatibility between our strategy of deterrence and our possible eventual participation in a combat alongside our allies, beyond our borders. Those who assert the contrary commit the error either of shutting themselves inside a single conceptual framework (generally, the conceptual framework that corresponds best to their theory) or of misunderstanding the nature of the deterrent phenomenon and of the personalized dialogue that it implies.

The 5 years that I spent at the head of the Armed Forces general staff confirmed me in the idea that a concept should never be schematic, and in any case should never let itself be enclosed within schematic frameworks, still less within a single one. Reality is far more varied and far more diffuse. Furthermore, no one has ever asserted that we must necessarily fight beyond our borders alongside our allies, but I do not see what it might be in our concept that would make us exclude such an eventuality out of hand. On the contrary, it seems to me that certain situations of tension in Europe could be calmed down by a gesture of solidarity on our part; on the contrary, it seems to me that in the event of more serious crisis, it could be vital for us to make contact with the adversary where he might win his first successes, and perhaps decisive successes, rather than wait for him at our borders. It could also happen that even if we wanted to, we might not have the time or technical capability for moving our troops sufficiently far forward. It could also happen--though I do not believe in it very much--that the adversary's attack was so ab-

rupt and massive that we would have no recourse other than to brandish immediately the threat of massive reprisals (hoping that our American allies would do the same).

In short, there is a very great variety of possible scenarios, and we must have a concept that is broad enough to cover the maximum number of such scenarios, even as we understand that some of them will be less favorable to its application than will others.

It is a false idea to speak of "pushbutton" war. There will always be, at the moment when hostilities break out, some choices--and difficult ones--for the political and military authorities to make, no matter what the preparations or reflections that it might have been possible to do beforehand. For it is the adversary, and he alone, who will establish the real scenario, the one that he wants to act out, and in this area, there will always, and doubtlessly, be a bitter uncertainty up to the last moment.

"Uncertainty" and "ambiguity" must never be confused with one another: ambiguity is condemnable; uncertainty, in the matter of defense strategy, is inevitable, for it is inherent in such a strategy.

Some, then, rejecting this self-styled ambiguity, as I have just done, nonetheless fear that our last-warning concept, on which I base the possible eventual use of our tactical nuclear weaponry, loses its effectiveness partially, even totally, in the event that we bring it into play in the middle of a battle beyond our borders, one in which we would necessarily be quite closely involved with our allies. As I was just saying, to have such a fear is to misunderstand the personalized character of dialogue in the deterrent phenomenon. One does not brandish a nuclear threat in an anonymous manner. The very essence of deterrence consists in stating clearly, in making known, the forces at one's disposal--indeed, in making the adversary believe that they are even more considerable than he imagines. With all the more reason, when one wants to transform this potential threat into a real threat, to preserve one's own vital interests, it will not occur to anyone not to lay one's cards on the table or say that "I am the one who threatens you." When one is practicing a doctrine of deterrence, there is necessarily a preliminary dialogue, and such dialogue is necessarily personalized.

It could appear desirable, doubtlessly, that such dialogue could be of the same type within the same alliance. But there is nothing to say that the dialogues could not be different, if the vital interests are evaluated in a different manner. I would even say that in certain cases, the broaching of a certain dialogue by one of the partners can lead the others to a postulation of the same order. In any case, I do not see by what means these other partners could prevent us from taking such a position, so long as they have desired and accepted our cooperation, with full understanding of our concept.

Furthermore, the allies have not deceived themselves about this problem, and have understood quite well the interest of this specific position on the part of France within the Alliance. They have even confirmed it in an official way, in Ottawa in 1974, by recognizing that the French deterrent concept is of such

a nature as to strengthen the deterrent phenomenon in Europe and thus to contribute to the maintenance of stability in this region. For the uncertainty (again, the uncertainty) that could be introduced by a French decision dictated by the sole concern of our vital interests would, this time, work in favor of the Alliance.

In the last analysis, a specific conception of our defense within the Atlantic Alliance--even if the Alliance's strategy may be subject to criticism on certain points, and even if certain situations of cooperation could force our country's political authorities to make some difficult choices--seems to me the only one which, in the present state of affairs, we could reasonably adopt and, as the case might require, put into practice.

European Defense

Why, then, speak of a European defense, the third form of defense strategy? Well, first of all, because, effectively, there is a lot of talk about it. I have the opportunity to speak at a certain number of seminars, conferences, and there are few of them--no matter what the subject at hand--at which, at one moment or another, someone does not talk about Europe and "European defense."

Even political parties who in certain periods had fiercely fought the idea of the organization of such a defense rally to it today with the zeal of true promoters. In short, there seems to be a revival based on this idea and centered around it, and it seems to be meeting with a certain consensus among public opinion, all this being motivated, to my understanding, not only by a clearer new awareness of the dangers that threaten us and of our weaknesses but also by a certain loss of confidence in the validity and credibility of an American commitment in Europe.

To be sure, in the absolute and on the level of principles, with its population of some 300 million, its technological and industrial capacities, the nuclear capacity that two of its states have achieved, there is no theoretical reason (apart from, perhaps, its dimension and its dependence on foreign sources for certain basically necessary products) why Europe should not constitute a solid bulwark of defense, which some are already conceiving of as a "second pillar" of the Atlantic Alliance.

It would still be necessary to have an understanding about the composition of this Europe: with or without Spain, with or without Greece or Turkey, with or without certain Nordic countries--and on this point, all the champions of this concept are far from being in agreement.

But let us overlook these details for the moment, even though they are not secondary. What is more disturbing, on the other hand, is that all the argumentation that I have been able to hear, all the reading that I have done on the subject, has seemed to me quite theoretical and quite far-removed from the realities of the moment. I believe that things are not so simple in practice, and I personally tend to think that while the idea of a European defense is effectively an idea of the future, that it is advisable to examine it with the greatest interest and the utmost seriousness, the effective achievement of such

a defense still remains quite a Utopian notion, and in any case, quite a remote one; and this is for three principal reasons.

First of all, and before everything else, there is the nuclear fact, which supposes the existence of a political authority and therefore a political union of Europe, which to my mind must necessarily come about before the organization of a European defense. Of course, the idea of defense can be more strongly motivating than mere economic or trade relations for the achievement of this union, but it is only when a common political will is clearly expressed, unreservedly, the the highest bodies, that it will be possible to make progress with the problem, and I do not see why, in this spirit, a European assembly, elected by universal suffrage, should be deliberately excluded from the debate a priori. Furthermore, it should be noted that all the attempts that have been made, all the testing of the waters that has been done so far, both in Great Britain and in the FRG, to establish the bases for more or less intensive cooperation in the nuclear area, have always ended in failure. This, then, is a very delicate problem, one whose difficulty should not be misunderstood and a particularly sensitive one as regards the FRG, since it is committed--notably vis-a-vis the USSR--not to equip itself with that type of armament.

The second reason is of a more psychological character. In order to set up a defense entity, it is also necessary for all the partners to be convinced of the necessity of such defense, for them not to want to leave to others the trouble of ensuring it, to demonstrate a very strong will in this area, and for all of them to evaluate the nature of the threat in an approximately similar way. Now it must be noted that this is not always the case--far from it--for all the European countries concerned, or even for those who would constitute the bases of such a defense system. I am referring to the small defense effort being made by Belgium, Holland, Denmark; I am referring to the pacifist and antinuclear movements that have developed in most of the Scandinavian countries and that have not spared the FRG; I am referring also to the "insular" character of the British defense and to the special bonds that it wants to maintain with the United States at all costs; and finally, I am referring to the German attitude in the matter of the Ostpolitik or reunification, and more generally, to the seriously insufficient perception of the indirect-aggression threat that seems to me to characterize the behavior of most of the European countries.

The third reason, finally, is of an economic nature. It is beyond question that in this period of world crisis, the economic difficulties that are shaking all the European countries, without exception, are tending rather to separate them than to unite them and to be leading toward a policy of "everyone for himself" rather than to a policy of "all for one, one for all." It is regrettable, to be sure, but in this domain, interest is taking priority over feeling, and we see the same phenomenon occurring, unfortunately, between the United States and Europe.

There is certainly, therefore, a problem of the "defense of Europe," but it does not seem to me that it can be resolved, in the near future, by the organization of a European defense.

Is it necessary, for all that, to shrug one's shoulders, to let things go and do nothing? Certainly not, because of the very importance of the problem, on

which the future of our European subcontinent depends in the long run, and I am pleased to pay homage to all those who are currently brooding over the question, who are trying to see it more clearly and propose solutions, even if sometimes somewhat far-removed from the realities.

For my part, I think that the reflections in this area should be articulated around a few simple ideas, but ideas of prime importance, concerning the very characteristics of the problem to be resolved.

It is a problem, as I was just saying, of a political nature, and one that therefore concerns the political circles of the highest level, which, it seems to me, rules out the "small steps" approach urged by some. It is not useless, to be sure--it is even desirable--to discuss problems of armament or doctrine bilaterally or trilaterally, in already existing groups or in groups to be created ad-hoc--this helps to create a certain climate and to engage certain attention; but the practical results of such approaches have always been, and will doubtlessly always be, quite disappointing, for so long as the fundamental question of a common political will is not settled and clearly expressed. The impulse can come only from the top, and not vice versa.

This is a problem that requires specific and original solutions, which should lead to a-priori rejection of the system of integration whose disadvantages and even dangers I have already denounced, and to the promotion, on the contrary, of an increased responsibility of each of the states, as regards both their own defense and the common defense, and which should lead one also not to try, from the outset, to latch onto already existing structures, whether involving the European Economic Community or even the Western European Union (WEU), whose original sin--that is, the fact of having been conceived, after World War II, for controlling German rearmament--is far from having been wiped out. It is not, it seems to me, by way of structures but rather by way of ideas that the question must be tackled.

Finally, it is a problem that will be susceptible of solution only if the organization envisioned does not create a rupture with the Atlantic Alliance but, on the contrary, remains attached to it by bonds to be determined, for if it were to be otherwise, it is to be feared that the smaller European countries might shrink before a choice to be made between the United States and Europe (we have had many examples of this in all the negotiations relating to European cooperation in the matter of armament); just as it is to be feared that the United States might go back to an isolationism that has always tempted it, even before a sufficiently coherent and effective organization has been achieved, which would radically, and under extreme conditions, upset the political-strategic situation of Europe.

Conclusion

It is difficult to conclude a statement that was aimed mainly at offering a few elements of reflection on "the defense of France and the defense of Europe," through a few personal ideas.

I believe, though, that I can sum up these ideas in the formulation of four major principles or four assertions that seem to me best to encompass our problems of security.

The first principle or first assertion: for reasons both geographical, ideological and political, and even of simple military technique, the problem of the defense of France is linked--whether one likes it or not--to that of the defense of Europe, as well as to that of the defense of the free world.

The Second principle--a corollary of the first: while at the same time preserving a freedom of decision and action to which it is rightly attached, and which some call its independence, France should not hesitate to seek and even to instigate, in certain cases, all the forms of cooperation that can contribute to the countering of any threat of direct aggression, and even more, the indirect aggression that we are undergoing as of right now.

The third principle: in the establishment of its own defense effort, our country should avoid taking measures or declaring positions that might irremediably jeopardize the construction of a "European defense" worked out within the Atlantic Alliance itself and constituting the best and most efficacious of the solutions of the future.

And the last principle: while the advent--still remote, doubtlessly--of such a European defense is awaited, it is up to France, for such has always been part of its vocation, to contribute to the promotion of a true moral rearmament of the West, in the absence of which, the most elaborate and best-structured security systems run the risk of remaining tragically ineffective.

11267

CSO: 3519/274

ATTEMPTED ASSASSINATION OF LEBANESE OF ARMENIAN DESCENT

Jordanians Arrested

Nicosia 0 AGON in Greek 13 Jan 83 p 1

[Text] A Lebanese merchant of Armenian descent, Manuk Artisey Abrahamian, was shot and wounded rather seriously while getting out of his car to enter his house in the Agios Nikolaos area of Limassol.

The new episode with foreigners occurred a short time after midnight; taking part in the attempt against the Lebanese merchant were four people of Arab descent, three of whom were arrested and are being interrogated by the police.

The Limassol District Court issued a decree for an eight-day detainment of two of the arrested, who are Palestinians and live in Jordan, to facilitate the interrogations and investigations. The fourth person, who is being sought, is Ibrahim Abdullah.

Eight shots were fired at the Lebanese merchant but only one hit him, in the abdominal area. The four people who tried to assassinate Manuk wore masks and got into two cars which are already in the hands of the police. One of those arrested, whose name has not been released for understandable reasons, was seized in the Kofinou area while driving a car to Larnaca.

Despite the wound he received, the Lebanese merchant managed to get the two cars' registration numbers and immediately telephone the police who succeeded in quickly locating and arresting the people in the cars.

After the shots, Manuk, despite his wound, managed to follow the four armed people and give the police all the data which aided in their arrest.

The four masked men fired at Manuk while he was getting ready to park his car in his house after his wife and two children got out. According to police information, the victim was returning from a center where he had been having fun with friends, a little after midnight.

The new episode worries the police who believe that Cyprus is being used by foreigners, especially people of Arab descent, to solve their differences. It is not possible to verify the motives for the attempt on the Lebanese merchant.

Reported Phalangist Involvement

Nicosia O AGON in Greek 17 Jan 83 p 1

[Text] A Palestinian organization is behind the assassination attempt on the Lebanese merchant, Manuk Artisey Abrahamian; the motives are political. This is emerging from the interrogations and investigations carried out by the police who are holding and questioning three Jordanians of Palestinian descent.

The police have data showing that the three Palestinians are implicated in the attempt; they are seeking two others who they believe left Cyprus with different passports than those they used on their entry. Found in the possession of the arrested were three to four passports with different names which would facilitate them in leaving Cyprus after the crime. Their goal was to kill the Lebanese merchant.

According to police information and data, the group which undertook his execution arrived in Cyprus about ten days beforehand and with the aid of a Palestinian, who is being sought by police, followed Manuk's movements in order to kill him at the appropriate moment.

The government is seriously worried, after the facts emerging that the motives for the attempt on Manuk are political, and after the assassination of the Syrian Muhammad, that Cyprus is being used again as a country to solve the political differences of various Arab groups and organizations.

Despite the various measures taken, the use of counterfeit passports is making it difficult for security authorities to impede persons commissioned with executions from entering Cyprus.

Associate of Phalangists

According to information--which is not based, however, on serious substantiating data--Manuk reportedly was collaborating with the Phalangists and this is the motive for the attempt on his life.

The good news is that in both cases, the assassination of Muhammad Nastra and the attempt on Manuk, the Cypriot Police succeeded in arresting the culprits.

Further Involvement Alleged

Nicosia TA NEA in Greek 17 Jan 83 p 3

[Text] A woman seems to be the motive for the murder attempt in Limassol on the Lebanese merchant of Armenian descent, Manuk Artisey Abrahamian, 35.

According to our information, the Limassol TAE [Criminal Investigation Department] obtained testimony to the effect that a Lebanese woman who maintained friendly relations both with the victim and one of the arrested suspects is behind the affair. This foreign woman was the "apple of discord."

Relative to the crime, the police arrested three foreigners and are looking for another two. All are of Arab descent. On 16 January, the third arrested person was driven to the Limassol District Court which issued a decree for his eight-day detention. (The other two arrested persons had appeared in court on 15 January.)

Several passports with different data were found in the possession of those arrested.

On 16 January, the police announced they are looking for a second foreigner, a Jordanian, who possibly has left Cyprus. Interpol's assistance is being sought relative to the case.

Our newer information reveals that a total of four persons took part in the murder attempt and a total of eight shots were fired at the victim. After the crime, the victim gave testimony and revealed many facts.

Limassol TAE is continuing active investigations and interrogations in order to arrest the two persons sought and for a full explanation of the crime. Heading up the interrogations is the senior police inspector, Pandelis Frydas.

9247

CSO: 3521/160

WEAPONS STOLEN FROM KHIOS MILITARY UNIT

Athens AKROPOLIS in Greek 25 Jan 83 pp 1, 7

/Text/ The Ministry of National Defense is conducting an investigation in utmost secrecy on the theft of weapons from a military unit on Khios.

When asked about this yesterday, the deputy minister of national defense confirmed the theft of weapons but refused to provide information on when the weapons were stolen and what kinds were involved. He stressed that all data on the case will be made public as soon as the investigation has been completed.

Nevertheless, according to published reports, the theft did not occur on one day only but two.

5 and 18 January

Specifically, the first theft occurred on 5 January when the culprits picked up 17 anti-personnel mines from a small warehouse of an infantry unit in Khios. In this particular case, the possibility that the culprits belong to the unit in question is being looked into and also that their motive might have been to use the mines in illegal fishing.

The second theft occurred on 18 January. This time, seven anti-tank shells were stolen. However, these shells are useless because special firing tubes are needed to fire them, something that the culprits cannot have unless they try to steal them from the military unit.

Finally, the possibility that the theft occurred for espionage reasons is being excluded because these weapons are out-of-date and they are in the hands of all countries.

5671

CSO: 3521/178

WEAPONS TRAFFIC BEING INVESTIGATED

Athens TA NEA in Greek 22 Jan 83 p 1

/Text/ Mr Ap. Sevdakis, examining magistrate of the 13th unit, will investigate an unusual case of weapons traffic following the issuance of criminal charges by Mr G. Theofanopoulos, public prosecutor, on arms traffic, illegal possession of arms, fraudulent acceptance of articles used in crime, as well as vagrancy charges.

The day before yesterday, five individuals were arrested by suburban security officials in the Glyfada area and weapons, hunting rifles, knives and steel knuckles were found in their possession.

These individuals are: Athan. G. Pitzis, 19 years old, sailor; Ath. E. Malamatinas, 22 years old, automobile mechanic; St. V. Kalamidas, 22 years old, iron worker; Nik. Kh. Bellos, 22 years old, cabinetmaker; and Styliani Kaitatzi, 19 years old, ceramics maker and Bellos' girl friend.

The preliminary investigation revealed that in September 1982 Pitzis bought a pistol from a Nik. Aspiotis. He sold this weapon to Malamatinas. Pitzis also sold Malamatinas a revolver. Kalamidas sold Malamatinas a 32 caliber seven-round pistol that was found in the latter's possession.

Found in Bellos' possession was 214,000 drachmas that, according to police, came from "suspect work."

Malamatinas maintained at the preliminary investigation that he sold two weapons to Kon. V. Tsitsanis, son of the well-known composer of popular songs.

K.V. Tsitsanis himself stated and maintained at the preliminary hearing that Malamatinas had gone and had suggested that he buy the weapons but that he had chased him away. He added that Malamatinas used to go to their house and used to do various kinds of service work there.

After his examination by security authorities, Tsitsanis was released. It appears that a Pan. Papadam. is also involved. No other data is available on his identity nor anything on his connection with the defendants.

Four of the five persons arrested are being held on the public prosecutor's instructions and will be sent before the examining magistrate. Styliani Kaitatzi was released.

ARRESTED CRIMINAL SUSPECTED OF BOMBING ATTACKS

Athens TA NEA in Greek 24 Jan 83 p 3

/Article by Pavlos Alisanoglou/

/Excerpt/ Kavala, 24 January, from our correspondent--Military justice officials conducting an investigation into the bombing attack on the Khrysoupolis airport of Kavala on 12 February 1982 are especially concerned with the participation of K. Papakhronis, the "ogre" /Papakhronis was arrested for murder of women and knife attacks against young girls/, in the bombing attack. The investigation is continuing in all directions --even to his possible participation in the "Minion" and "Katrantzos" cases of arson.

Papakhronis admitted to Mr Xinos, examining magistrate of the Salónica Military Court, (in the presence of other military justice officers), that he had planted the five bombs in Xanthi, Kavala and Drama but denied that he had planted the bomb that caused 25 million drachmas worth of damage to the airport.

Nevertheless, authorities believe that he is the perpetrator (or perhaps one of the perpetrators) of the bomb attack on the airport because the material used in the explosive device planted there cannot be found on the market but only in the army.

The authorities are trying to find out if he was acting alone (generally in his bombing attacks) or was receiving orders from somewhere. Specifically, as regards the airport case, we will call to mind the following:

- That it is of more concern to authorities than other cases because it was a question of a "special target:" this airport was built with NATO financial help.
- That on that same night when the airport was attacked, another attack had been planned against the American radio station "Voice of America" located a few kilometers further away (at Dasoto) but it did not materialize because of the strong protection provided by station patrols.

During the inquiry, Papakhronis said he used to steal the explosives from his unit and that they were leftovers of explosive charges. He used to take them to his house in Drama and keep them locked in a suitcase to prevent their being found by his roommate.

He said that he always stayed at the site of the explosion to see the extent of the damage caused by the bombs that he himself used to manufacture and also to see the reaction of the crowds!

He added that he liked to see and to experience close up the entire development of an operation exactly as if his superior officers had given him orders to destroy an enemy target.

5671

CSO; 3521/178

BRIEFS

EFFECT OF OIL PRICE DECLINE--Our oil bill is decreasing by 3-4 billion kronor per year due to a fall in prices which is expected to follow the breakdown of the OPEC meeting, according to the chief of the National Swedish Price and Cartel Office. This savings should be used in its entirety to reduce the deficits in the balance of trade and the national budget. The oil business has problems, and obviously a price reduction on gasoline and oil would be welcomed by the consumers. But it would be short-sighted to stimulate oil consumption now. For environmental and economic reasons we should continue to reduce our dependence on oil. That means that oil should not, because of price, outcompete with new domestic energy sources which in a few years can substitute for a growing part of our oil imports of about 30 billion kronor per year. Declining international oil prices should therefore be met with increasing oil taxes. The structural problems within the oil business must be solved by other means than through increased oil consumption. [Editorial by Svante Nycander] [Text] [Stockholm DAGENS NYHETER in Swedish 26 Jan 83 p 2]. 9287

CSO: 3650/108

BATTLE AGAINST INFLATION IS BRIGHT SPOT IN DANISH ECONOMY

Copenhagen BERLINGSKE TIDENDE in Danish 20 Jan 83 Sect III p 1

[Article by Frank Dahlgaard]

[Text] The inflation in Denmark has now come to a complete stop. If prices are maintained also in the coming months at the same level, there will hardly be any decline in real income in the labor market even if the collective bargaining will result in very modest wage increases.

From November to December, the monthly price index dropped by 0.1 point to a 129.6 price index.

The Department of Statistics and the Registrar of Restrictive Trade Practices state that it is the first time in 4 years that the price index actually drops. We have to go all the way back to December of 1978 when the Social Democratic-Liberal government had introduced a price freeze, to experience price declines corresponding to those now taking place.

The declining prices are especially felt in the area of foodstuffs. Especially the prices of pork and butter (inexpensive EC Christmas butter) have been declining, but coffee, too, has become less expensive on account of the declining dollar rate of exchange and dropping international coffee prices.

Margarine and sugar also became less expensive in December, and the prices of fruits, such as apples, grapes and oranges, have also dropped, when adjusted for seasonal fluctuations. In other words, fruit prices have been lower than normal seasonal prices.

Ladies' clothing, furthermore, was among the commodities the prices of which declined in December, and the explanation is here that many shops held their sales at earlier points of time. The prices of toilet articles and certain forms of hobby and recreational equipment also dropped during the Christmas months.

Reasons

The reason why the monthly price index dropped in December in spite of the fact that the excise duties on a number of alcoholic beverages were increased as of 15 December is that these increases in excise duties are not included

in the price index. Nor are oil and gasoline, however, and these costly commodities, actually, became a little less expensive in December, and this has counteracted the effect of the increases in excise duties among the consumers.

There are various reasons for the present price stability:

1. The Folketing has carried through a salary and wage freeze and a freeze of profits up to 1 March.
2. A large number of imported articles have become less expensive, or their prices have only increased slightly as a result of the drop in the exchange rates of the dollar, the pound sterling, as well as the Swedish krona and the Norwegian krone.
3. The drop in interest rates has reduced the expenditure pressure of the trades and industries.
4. In many places, shops held their sales as early as in December, and a particularly large number of goods probably were offered at specially low Christmas prices.
5. The keen competition has contributed to keeping prices down or producing minor price drops.

Effects

The effects of the stoppage of the inflationary trend will show immediately when the stock exchange today opens to dealings in bonds: major price increases of bonds may be expected accompanied by drops in interest on bonds.

In the labor market, the price trend means that the decline in real income becomes smaller than was probably hitherto expected by many people. If the government's 4 percent limit is exceeded, the increase in costs will, however quickly cause another increase in prices.

There is every indication that a single cost of living increment may now be released with the January wage regulation index, where two increments were hitherto expected, but this is merely of academic interest because cost of living adjustments have been suspended for the next 2 years.

The very sudden stoppage of the inflationary trend in Denmark follows a period of 6 months during which Denmark experienced a higher rate of growth in living costs than nearly all other countries:

The latest report from the Organization for Economic Cooperation and Development shows that, during the period from May to November 1982, Denmark experienced price increases of 5.5 percent.

Only Italy, Iceland, Greece, Portugal, and Turkey experienced higher rates of inflation than ours during the same 6-month period. All other countries in the West have had lower rates of inflation.

In other words, we have a good deal to make up.

EC COMMISSIONER ON AGRICULTURE: 1982 WAS GOOD YEAR FOR FARMERS

Copenhagen BERLINGSKE TIDENDE in Danish 19 Jan 83 Sect III p 2

[Text] Poul Dalsager, agricultural commissioner, stated yesterday during the meeting of agricultural ministers of the European Community in Brussels that 1982 became the best year for EC farmers during the last decade with an advance in real income of 8 percent, but he warned, at the same time, of growing stockpiles of food in the world.

Poul Dalsager said that 1982 had been an "excellent year" for the entire agricultural sector of the European Community--after 3 years of constant decline.

The year 1982 became better for agriculture than for any other sector.

Against this background, Poul Dalsager said that the proposal on the part of the committee of an average price increase of 4.4 percent was "cautious and reasonable."

Some countries will, no doubt, be of the opinion that we ought to have proposed a higher increase, whereas others will feel that we ought to have proposed lower increases, but the wise choice will be between these two extreme points, Poul Dalsager said.

He found that the price package could and should be adopted by April in order to avoid the difficulties which arose last year.

The agricultural commissioner thus alluded to the fact that the prices last year were adopted against a British veto.

Incidentally, Poul Dalsager said that all predictions from experts show that there is a high level of production both in Europe and in the rest of the world, and that stockpiles are growing.

7262
CSO: 3613/52

NEW FOOT-AND-MOUTH OUTBREAK HITS WEAKENED AGRICULTURE

Copenhagen BERLINGSKE TIDENDE in Danish 19 Jan 83 Sect III p 2

[Article by Mogens Bryde]

[Text] Denmark will lose up to 3 billion kroner in export earnings if the important markets, such as Japan, remain closed for another 3 years on account of the foot-and-mouth disease, Minister of Agriculture Niels Anker Kofoed (Liberal Party) stated last Monday in Brussels in connection with the meeting of the Council of Ministers of the European Community.

He added that this is particularly serious at a time when Danish agriculture is economically weakened. To this comes that there can never be any certainty that it will be possible to re-establish the markets.

However, the minister of agriculture said that there seems to be no risk that measures will be taken within the EC which will be detrimental to Danish exports. The fact that, at the meeting of the Council of Ministers, he had given a very detailed report on the efforts made after the most recent outbreak in Funen had had a positive effect.

Niels Anker Kofoed said that the ministers had sent "a political signal" to the Veterinary Committee of the EC, which, next Wednesday, will discuss the situation.

"I found that my colleagues, if anything, were surprised that we have taken such drastic measures," Niels Anker Kofoed said.

The report was made at the beginning of a meeting where the main item on the agenda was the committee's proposal for an average price increase of 4.4 percent for farmers.

As expected, there was a great distance among the partners. Denmark has not yet decided upon specific demands with regard to price increases, but the British Minister of Agriculture said that there ought to be no increases at all, in contrast to France and Italy, which wanted still larger increases than proposed by the committee.

During a break in the negotiations, Niels Anker Kofoed stated that there is every indication to show that it will, this time, be very difficult to reach a compromise, especially in respect of milk prices. It was his impression that a very tense political situation exists.

Other delegation sources said that the West German Federal Government election next March may render the negotiations concerning new agricultural prices difficult, since, at a critical point of time, doubt will arise as to the future of the Bonn government.

Niels Anker Kofoed stated during the meeting of the Council of Ministers that even if an improvement has taken place in 1982, incomes within the agricultural sector still remain lower than within other industrial sectors.

7262

CSO: 3613/52

BRIEFS

INCREASED AID TO FARMERS--The government parties, the Social Democratic Party and the Radical Liberal Party confirm the agricultural compromise which was reached shortly before Christmas. It is a question of a new debt rescheduling arrangement for farmers and subsidies to reduce their interest costs. A pool of 300 million kroner will, among other things, have to be established for once-for-all subsidies to heavily indebted farmers. At the same time, the number of farmers eligible for subsidies will be increased, although the majority of farmers eligible for subsidies will still be farmers engaged in animal production. The Progressive Party, the Socialist People's Party and the Socialist Left Party voted against the proposal to reschedule the debts of farmers. The Socialist People's Party refrained from voting on the granting of subsidies to farmers to reduce their interest costs--whereas the Progressive Party and the Socialist Left Party voted against the proposal. All others voted for the proposal, which was adopted.--[Text] [BERLINGSKE TIDENDE in Danish 20 Jan 83 Sect III p 2] 7262

CSO: 3613/52

INSOLVENCY PROCEDURES FOR KORF BEGUN

Paris AUTO-INDUSTRIES in French 10 Jan 83 p 6

[Article: "FRG: Korf Holding Company Subject of Court-Ordered Reorganization for Insolvency]

[Text] Korf has announced that the Korf Industrie und Handel Company, the holding company that controls the operations of the West German steel firm Korf in the FRG, was placed under court-ordered reorganization for insolvency on 7 January by the Baden-Baden court.

Sixty-nine percent of Korf Stahl's capital belongs to this holding and the rest is owned by the state of Kuwait.

Most notably, Korf Stahl has interests in the steel plants of Korf Werke Badische Stahlwerke (BSW), Hamburger Stahlwerke (HSW), Korf Engineering (Dusseldorf) and the Montereau Steel Company (SAM). Its 1982 turnover should be the same as 1981's, which was 1.27 billion marks (about \$500 million).

The other operations of the Korf firm are primarily in the United States, with Korf Industrie Inc. (Charlotte, North Carolina). Kuwait also owns 30 percent of the capital of this firm.

The banks to which Korf owes about 400 million marks, primarily the Dresdner Bank and the Bank Fuer Gemeinwirtschaft (unions' bank), immediately met in Dusseldorf to examine the consequences of this insolvency procedure.

The Korf firm employs 3,400 in the FRG and 10,000 worldwide. According to the administrator appointed for the insolvency reorganization, Jobst Wellensieck, undertaking this procedure for the holding should enable all of the firm's operations to survive.

The federal minister for economics in Bonn "regretted" the difficulties of this "dynamic firm." Korf was founded after the war by Willy Korf, currently 53, who has been called "the prodigal son" of the German economy. It was learned from a banking source that Korf intends to request a subsidy from the public authorities once again, assistance which until now has been refused.

For his part, the minister for economics indicated that he was waiting for the conclusions of the three experts appointed to study the restructuring of the West German steel industry, which is in the grips of serious difficulties, before granting assistance. The results of their work should be published shortly.

9720

CSO:3519/278

REORGANIZATION OF STEEL INDUSTRY IN TWO GROUPS UNDER STUDY

Paris AUTO-INDUSTRIES in French 10 Jan 83 p 5

[Article: "Possible Formation of Two Large West German Steel Firms"]

[Text] On 7 January in Bonn it was speculated that the West German steel industry could merge in order to have only two firms in the future.

Three experts are currently studying the possibility of reorganizing the sector, hit by the steel crisis. Beginning this week they will present their conclusions to the firms involved and to the banks before presenting them to the minister for economics on 14 January. In mid-January they will also inform the European commission of their plan.

It has been leaked that as of now the three experts foresee the formation of two firms. Under the first possibility, Krupp would join Thyssen while Hoesch, Klockner Werke and Salzgitter would regroup. Arbed Saarstahl and Korf might join them. However, this plan was skeptically received by one of the companies involved, Salzgitter, and by the steelworkers' union IG Metall.

According to Salzgitter, another possibility would be to join Krupp, Hoesch, Kloeckner and Salzgitter in one firm and in another Thyssen, the strongest firm in the FRG, and Arbed Saarstahl and Korf, which are currently experiencing serious difficulties. In any case, Salzgitter believes that Thyssen and Krupp, the major steel producers in the FRG with 1981 worldwide turnovers of 28.1 billion marks (about \$11.7 billion) and 14.8 billion marks respectively, remain separated.

Arbed-Saarstahl, born in 1982 from the merger of the Saar steelworks, received an 18.5 million mark subsidy from the public authorities on 8 December to help its funding difficulties. The Korf firm (2.78 billion marks in 1981 worldwide turnover) has also requested a government subsidy. At the end of 1981 Korf owed 423 million marks to the banks and is now looking for a way to avoid bankruptcy.

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KORF GROUP HIT BY STEEL INDUSTRY CRISIS

Government Assistance Requested

Paris AUTO-INDUSTRIES in French 6 Jan 83 pp 5-6

[Article: "FRG: The Korf Group Might Ask for Court-Ordered Reorganization"]

[Text] On 5 January in Bonn it was thought that the West German steel firm Korf, in the grips of serious financial difficulties, may in the short term have to ask for a court-ordered reorganization for insolvency.

Its president, Willy Korf, called "the prodigal son" of the German economy, announced in Frankfurt that he was preparing a new structure. Korf, who after the war founded his firm, which is headquartered in Baden-Baden and employs 3,400, initiated negotiations with the federal government, his creditor banks and his major suppliers at the end of December. It has been learned that the banks would not be willing to advance new funds to Korf and the state rejected his request for a subsidy made at the beginning of December. Negotiations should resume 7 January.

While waiting, Korf, who owns 60 percent of his firm's stock, is apparently ready to cede his share to advance the negotiations. He has also asked for aid in the amount of 40 million German marks (about \$16.5 million) from the regional government of Baden-Wuerttemberg, as well as from the Kuwaiti government, which holds 30 percent of the capital in his subsidiary Korf Stahl.

The Korf conglomerate is a victim of the difficulties that are hitting the entire European steel industry. According to the most recently available figures, it recorded a loss of 34 million German marks in 1981, of which 18.7 million were for Korf Stahl, on which the Hamburg and Kehl plants depend. In 1980 it received 26 million marks. In 1981 its turnover was 1.3 billion marks, compared to the 1.1 of 1980. In addition, Korf has problems with one of its subsidiaries located in the United States, Georgetown Steel.

At the end of 1981 commitments from banks to the Korf firm totaled 423 million marks, of which 128 million were for Korf Stahl. Seven banks are primarily involved, including the Dresdner Bank and the Bank fuer Gemeinwirtschaft (the unions' bank). These banks could lose 60 percent of their credits if there is a court-ordered reorganization for insolvency.

Korf had asked the federal government for assistance of the type granted last 3 November to the Saar steelworks Arbed-Saarstahl (a subsidiary of the Luxembourg firm Arbed) because they thought that the public authorities would not implement two different types of measures.

The firm Krupp-Stahl, of which Iran holds 25.5 percent of the capital, made an identical request several days later.

Lambsdorff Refuses Aid

Paris AUTO-INDUSTRIES in French 13 Jan 83 pp 6-7

[Article: "FRG: According to Lambsdorff, the Federal Government Will Not Help Korf"]

[Text] The West German federal government will not provide any assistance to the Korf firm, Otto Lambsdorff, minister for economics, stated in a radio interview.

Korf Industrie Und Handel (KIF), the holding company that controls Korf's operations in the FRG, went to court for reorganization for insolvency last 7 January and the minister believes that the losses of the Korf firm occurred to a large extent in the United States.

Lambsdorff added that under these conditions there was no reason for Korf to benefit from assistance similar to that granted to the Saar steel plants Arbed Saarstahl, which employ 30,000 in the Saar and received 75 million marks last November and December.

For his part, Horst Weitzmann, president of one of the most important KIF subsidiaries, Badische Stahlwerke, placed under court reorganization last 10 January, announced the evening of 11 January that the State Bank of Baden-Wuerttemberg and four local banks had decided to provide 35 million marks to help the firm.

Badische Stahlwerke employs 900 individuals in Kehl, on the French border, and had a turnover of 310 million marks in 1981. KIF itself owes banks and suppliers about 400 million marks.

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BRIEFS

CALL FOR STEEL NATIONALIZATION --Staff representatives of Hoesch, the fourth largest steel producer in the FRG, demanded the nationalization of the West German steel industry during a meeting of 800 delegates of the West German steelworkers union IG Metall on 7 January. Representatives of other steel plants, such as Kloeckner and Thyssen, stated they also favored such a measure. The major focus of a new steel industry policy would be "a solution through nationalization, which would ensure supplies to the FRG" while at the same time, union members believe, allowing innovation and investment while saving jobs and regional activities of this sector. [Text] [Paris AUTO-INDUSTRIES 11 Jan 83 pp 5-6] 9720

CSO:3519/277

BOND INTEREST, QUOTATION METHOD CHANGES FOR 1983 STOCK MARKET

Paris LE NOUVEL ECONOMISTE in French 10 Jan 83 pp 64-66

[Article by Pierre Meutey: "The Stock Market: What Is New in 1983"]

[Text] Before the stock market is completely computerized, the 1983 reforms will try to simplify the market, but above all will try to enable new stocks to be introduced.

The government has decided to modernize the stock market without upsetting it. It has, in fact, an urgent need to do so to ensure the financing of the private sector. In 1983 it will, therefore, implement the major portions of the plan that has been refined for 6 years in order to reform the transferable securities markets, a plan for which the "liberals" in the former coalition saw no urgency. In conjunction with this, every 2 months the minister of the economy, Jacques Delors, (as he explained to the Press Club of Europe 1) will study whether it is necessary to improve the legislation on directing savings toward investment. Despite a trend which no financial analyst has imagined would be good for the price of stocks, 1983 appears to be a big year for the stock market.

Of course the bond market will continue to be a part of the sharing of savings which is tapped for the most part by the state, local communities, the public sector and the nationalized sector. But the stock market should draw to private enterprise the capital it needs to develop its financial resources in accord with its technical abilities and its ambitions.

The stock exchange reform has two components, one reserved for securities and their advantage for savers and the other for operating and market quotation techniques in order to make the Paris stock market simply "an efficient, international class institution" and not, as the slogan was hypocritically bandied in 1966, "an international financial crossroads."

If France were to find a majority opposed to the socialization of the economy, the institution could function just as well. There are, therefore, no differences regarding this 1983 reform plan, either on the Left or the Right, except for the doctrinal opposition of the Communist party, which would like France "managed differently."

There are not many new stocks liable to be added to the stock exchange. With the exception of small "intellectual" firms (data processing, biogenetics, research and high technology), which are difficult to inventory, you have to dig into a rather limited supply: only 182 firms have over 5,000 employees and they account for 17 percent of the turnover (exclusive of tax) of the French economy. The best recruitment possibilities are in the category of the 12,650 firms of from 100 to 500 employees. They account for 22 percent of the national turnover. But when you count the ones that are nationalized, part of a conglomerate (French or foreign), already quoted or that refuse to be quoted, you finally end up with 1,000 "introducible" firms.

On the basis of work done earlier, primarily at the Lyon and Nancy stock exchanges, it is thought that about 100 firms at least could be quoted quickly. Especially since some recent measures, such as the creation of a tax on capital, have encouraged many family stockholders to "be listed on the market" in order to collect fresh money in return for their stocks. Until now a special category of the unofficial market--officially called "the second market" since last 3 January--was reserved for this type of firm. But only 25 firms are listed on this market today. As Bernard Tricot, the chairman of the Stock Exchange Operations Committee (COB), explained, "It did not fulfill its role." Conditions were not right; before Yvon Gattaz, who of the employers would have said that "the future of the stock exchange lies in the future of medium-sized firms"?

"Everything should be done so that the market is able to respond to the demands of firms," emphasized the COB chairman. The "second market" should therefore become operational at the beginning of this year. It was to be opened on 1 February by Delors and is an innovation that was studied for many years, ever since the well-known report of the committee headed by Maurice Perouse, then director of the Deposit Bank, and which meets one of the goals of the Dautresme committee--"to expand the market by creating above the official market a market of blocks of securities and a quoted market."

The new structure seems much more flexible. It enables firms to put a volume of shares equal to only 10 percent of their capital (it used to be 25 percent) at the disposal of the public. It also eliminates the obligation firms had of asking to be quoted officially at the end of 3 years. But once this deadline has passed, the COB will decide either to keep the firm on the second market, to list it on the official market or to eliminate it. In conjunction with this, the public authorities have not set up any strict rules regarding the size of firms. Nor have they demanded a return on capital or the distribution of dividends.

This new "listing structure" should, therefore, be more forceful, especially since the firms will sign a contract with one or more intermediaries (stockbrokers, banks, regional development societies, etc.) who will be responsible for making the securities market more active and for ensuring regular quotation. On the other hand, two essential conditions for the operation of this market have been decreed: first of all, an internal regulation which assures liquidity and blocks possible brazenness by speculators looking for stock market windfalls and then regular publication of information on the firm in accord with the normal rules and procedures used by the firms quoted on the official market (but the publication of an informatory note upon listing will not be obligatory).

The urgent need for such a market has been denied by no one since a small firm in Toulouse--Technofan--went to London to be listed on the USM (United Securities Market) of the London Stock Exchange.

To encourage more use of the stock exchange, it will probably be necessary to develop an activism in firms which is unusual in France. While London and Toronto each list over 50 new stocks per year, and Sao Paulo and Sidney between 30 and 40, Paris listed only 19 new firms during the past 3 years. From 1971 to 1980 there were only 49 completely new stocks out of the 98 "admissions." And of these, 52 were financial firms!

The technical reform of the stock exchange is another problem that is no longer spoken about, after having been the subject of commentaries favored by operators these past years. A few months ago, Yves Flornoy, representative of the Stockbrokers Society and advocate of reform, let slide a few confidences: "The renovation of the structure of the Stock Exchange is being prepared...but...the stock exchange is not a financing pump with a constant outflow, as is thought in the corridors of the new administration....During the first half of 1983 we will quote with the unified market system and with the help of computerization...." But that could all be postponed for a good 6 months or even 12! The unified market, or cash-term market, will allow stocks currently negotiable as cash transactions and forward transactions to be quoted on a single market. The seller (or buyer) who wants to receive the value of his sale (or the securities purchased) immediately will be satisfied by a special commission of .60 to 1 percent, depending on whether his order is equal to or greater than the minimum negotiating quantity. Thus, the advantages of the current cash market will not be eliminated although the market itself will disappear. Of course, the unification of the market assumes cooperation between the banks, the public authorities, stockbrokers and the unions, but also between businesses and the public. Especially since this will cause other upsets.

First of all it will require training and publicity. A dozen years ago Paris invented a marvelous option market system. Because of lack of information on how to use it, because of lack of ambitious professionals and a lack of reciprocal agreements, there were neither securities nor business on this market. It is a dead market, now, open occasionally.

All the members of the financial community will then be asked to make major adjustments. But in view of the size of the task, current hesitations at using the most basic computer resources make it a very perplexing situation.

Lastly, as for the men and their interests, there will undoubtedly be eloquent arguments in their defense. The idea of reforming both the operation of the market and its structures has certainly been accepted. But a "continuous stock exchange" open and negotiable from 1000 hours to 1630 means new working methods. "A transparent stock exchange," where, thanks to computers, the exact status of transaction possibilities will be known at any moment will mean discovering stocks that are "sleeping" in the stock exchange, having been voluntarily or involuntarily forgotten.

The computerized market is another problem. It will mean having to learn new techniques, and therefore a new job. "The stock exchange is becoming the industry of transferable securities," pointed out the representative, Flornoy, "when it relies on networks of simultaneous transmission of market information and data which ensures the availability of the latter, as well as on systems of sending orders which place all those involved--no matter where they are located--on equal footing."

Implementing the development plan of this transferable securities industry will require deadlines for adapting and attempts at understnading. In its work the Perouse commission thought up some computerization plans for the stock exchange and imagined what could become of combining modern techniques with the old financial profession.

To speed things up, a bill was even introduced in the Senate and then passed to organize the "dematerialization" of securities and their transformation into abstract units stored entirely in computers. After May 1981, the Assembly, with a Socialist majority, passed this bill after the Senate. We are now waiting for the decrees to enforce it. To sum up, in this new stock exchange there will no longer be securities on paper nor financial operations involving cutting up these securities with scissors or stamping them with a rubber stamp. The high price of these securities and the prohibitive salary costs of cutting and stamping will be absorbed by the computer. All that remains to be done--since legal problems and security problems have been solved--is to explain it to the public. At the moment Denmark is the only country trying such a system. But since the experiment began only in December it is too soon to draw any conclusions.

However, it is not at all certain that this new stock exchange relying on telematics is an immediate goal of the current administration. It raises too many problems at a time when savings appears very "delicate." Since the major preoccupation is to coax savings and obtain its help, the entire reform rests on a fwofold idea of charm and tranquillity. A single cash-term market, a second market to acclimate a new breed of stocks, and a market with more accessible hours and methods--these are the three priorities for the stock exchange reform in 1983. This will cause stockbrokers to reinvent the old profession of stock exchange agent, an intermediary between firms eager to expand and a public anxious to invest its savings wisely. The government will probably have absolutely no objection to stockbrokers increasing their activity and, with their probable profits, modernizing through increased use of telematics.

Despite the almost military secrecy surrounding this issue, it is known that the Treasury will authorize the first stock exchange telematics trials in 1983, probably at the end of the year.

The government needs the stock exchange. It is trying to get advantages from it by exchanging them for others needed by the institution. This is the contract in 1983.

EEC PAYMENTS EASE BALANCE OF TRADE DEFICIT

Athens EPIKAIRA in Greek No 755, 20-26 Jan 83 p 19

[Text] The liquidation of part of the oil reserves and an influx of significant funds from the EEC are saving our country's balance and restricting its deficit, in the year just ended, to 2 billion dollars, versus 2.4 billion in 1981. For yet another time, the EEC of monopolies is proving to be valuable for Greece and, at the same time, offers concrete proof and valuable experience to those who viewed it or even continue to view it as a "lions' pit" from which our country must flee to safety.

According to the Bank of Greece's data, in the ten-month period January to October 1982, funds totalling 395 million dollars flowed in, versus 42 million in the same period in 1981. Another significant amount came from liquidation of oil reserves, while the reduction in imports of raw materials for our industry, as well as of armament (because of the prolonged recession) restricted the deficit.

This is the essence of developments in the country's balance, around which the government is trying to "fish in troubled waters," talking about a decrease in the deficit but also avoiding to courageously note the reasons which lend this picture to such a critical area of our economy.

The Trade-Balance Picture

In detail, from the related chart drawn up on the basis of Bank of Greece data, the following emerge:

1. An 11-percent decrease in imports in 1982, versus a 5.1-percent increase in the same period of 1981. The drop resulted basically from restriction of liquid fuel imports to 2,175 million dollars versus 3,096 in the same period of 1981 and 2,486 in 1980.
2. An 11.5-percent decrease in exports, while between 1980 and 1981 they had increased by 13.8 percent.
3. A 6.3-percent decrease in returns from invisible revenues. The decrease in this source is as follows: Drop in tourist exchange, 17.5 percent; drop in shipping exchange, 8.7 percent; drop in emigrant remittances, 5.6 percent.

In contrast, funds totalling 395 million dollars flowed in from the EEC in the same period of time.

4. A drop in influx of private capital to 549 million dollars (versus 1,014 for 1981 and 1,243 for 1980). More specifically, there was a 22-percent decrease in business capital and a 20-percent decrease in imported capital for purchase of property.

That is, exports, invisible revenues and private capital took a "nose dive" and if there had been no oil reserves and EEC funds, the trade-balance deficit would have been one billion dollars, or even more. Finally, foreign exchange reserves were 1,081 million dollars on 31 October 1982, versus 1,399 on the same date in 1981.

Borrowing

The question is now: What will happen in 1983?

If exports do not increase as much as the government expects with the 15.5-percent devaluation of the drachma, if invisible revenues (tourist, shipping and emigrant exchange) continue to run low despite the devaluation, and if the influx of private capital (business capital and capital of Greeks abroad for purchase of property) continues on the same course, then how will the country get out of this?

It should be noted that even if these areas improve, the country's needs in exchange for 1983 will be greater, if there are going to be some investments and if production is going to be strengthened.

Consequently, recourse to borrowing on a greater scale than heretofore may be necessary. In 1982, we borrowed (for all the needs of the economy) approximately 1,500 million dollars, versus 1,039 in 1981 and 1,333 in 1980. Greece's national debt (public and private) is approximately 12 billion dollars, and to service it we spend approximately 1,000 million dollars a year (interest and redemption annuities). The devaluation of the drachma makes the national debt and its servicing more "expensive" by 15 percent (more dollars and other currencies will be needed for the payments).

Of course, our country has a credit standing abroad, given that the proportion of its exchange receipts to its needs for servicing its debts (interest and redemption annuities) is satisfactory. At any rate, that which was needed in order for Greece to proceed in borrowing (to the measure of its needs for 1983), in the opinion of foreign banking circles, was curtailments in domestic expenditures to stabilize the economy and a devaluation of the drachma. The devaluation is already a fact. It remains for us to see, however, what will be the result of curtailment in domestic expenditures to restrict deficits and stabilize the economy. And it remains for us to see to what extent the shortcomings of devaluation (such as its effect on the price index) will permit that which is called stabilization of the economy, or the opposite.

UNEMPLOYMENT NOW ALMOST 4 PERCENT; INDUSTRY HARD HIT

Oslo AFTENPOSTEN in Norwegian 4 Jan 83 p 20

[Text] At the end of December, approximately 63,000 persons were without work in this country, that is, 3.8 percent of the work force, according to figures that NRK-DAGSNYTT has gathered. This is about 12,000 more than at the end of November, but according to Undersecretary of State Kjell Stahl in the Community and Labor Department, the figure lies within the error limit for forecasts that predicated about 60,000 unemployed at the end of the year. Stahl says that the way things look now, it is probable that unemployment can rise to 70,000 in the course of the winter.

"There are still a few uncertainties in the figure of 63,000, and one should not look blindly at it," Stahl said. During the spring session, the government will present the Storting with the main lines of future employment and work market policy, and one of the main goals in it will be more active use of insurance funds to insure employment.

AFTENPOSTEN: It was intimated that in the course of January unemployment figures will show that 70,000 people are without work?

Stahl: The figure of 70,000 is not in our forecasts, but the high unemployment at year's end can possibly indicate that we will reach this figure in the course of the winter.

LO Chairman Tor Halvorsen told AFTERNPOSTEN that unemployment figures for December are a confirmation of the fact that it is easy for them to become self-increasing when they reach a certain level. "Now what has happened in other European countries is happening in Norway: Major industries are stopping and bringing maintenance people and others along with them. It is important that something be done, and I have noted with interest that Kjell Magne Bondevik is now pointing out that selective support measures must be put into effect for firms," Halvorsen said. He added that unemployment figures for December are often high, but last year it turned out that the figures for January were even higher. He would therefore not be surprised if it

turned out that 70,000 persons were out of work by the end of January. The LO chairman emphasized the significance, in the present situation, of letting contracts in connection with the Heimdal expansion in Norway and of not giving them to foreign firms.

Labor Director Reidar Danielsen said in a commentary that he had not calculated that unemployment would exceed 60,000 before January. World industry in the past half-year has simply been worse than expected last summer, and this has been significant for developments here at home. Another explanation for the high figure is probably that job producing measures have been reduced somewhat towards the end of the year, so that some factories with a limited working week have gone over to full leave and therefore come into the figures. This has happened, for example, in the textile industries in Rogaland. Danielsen pointed out that the work directorate has now received funds to put a series of job producing measures into effect in the future. There is also hope for an improvement in the international economy after the OECD countries have managed to combat inflation. This might lead the western countries to take courage and change their policy somewhat. Interest rates in Great Britain and the U.S. are on the way down, and this can lead to a stimulation of the desire to invest.

Finnmark country has the greatest relative unemployment figure with 3,043 unemployed--or close to 10 percent of the work force. The figures for North Troms are about the same.

In numbers, unemployment is highest in Hordaland, where over 6,000 persons are without work, an increase of 1,000, just over the past month.

Strong Drop in Employment

(NTB): There was a strong drop in employment in Norwegian industry from the third quarter of 1981 to the third quarter of 1982, according to studies made by the Central Bureau of Statistics.

The study done by quarters shows that the figures for employment in the third quarter of 1982 were 14,500 in mining (of these, 2,300 women), in industry 348,700 (79,100 women) and in building 140,500 (11,200 women).

Compared to the third quarter of 1981 there was a rise of about 600 workers in mining, a decline of about 11,500 in industry, and a decline of about 1,400 in construction activity.

In relation to the second quarter of 1982, the figures show a rise of about 400 workers in mining, a decline of about 4,700 in industry, and a rise of about 800 in construction activity.

The decline in employment in industry from the third quarter in 1981 to the third quarter in 1982 was greatest in Ostfold, Hedmark, Buskerud, Vestfold, and Vest-Agder. In Oslo, Oppland, Telemark, Nordland, and Finnmark employment in industry showed hardly any change during the same time.

9124

CSO: 3639/48

PAPER FINDS NONSOCIALISTS LACKING IN BUDGET ALTERNATIVES

Stockholm DAGENS NYHETER in Swedish 26 Jan 83 p 2

[Editorial by Nils-Eric Sandberg: "Feldt's Experienced Critics"]

[Text] It is easier to conduct a rational economic policy if one is not a member of the government. That is the evident conclusion that one draws after having read the opposition's motions about the economic policies and compared them with both the financial plan of the social democratic government and the six previous bourgeois financial plans.

The bourgeois opposition parties agree mainly with the analysis of the financial plan: the deficits in the balance of trade and the national budget are too great; the investments are insufficient; the budget deficit threatens to force up the rate of inflation and interest rates, and thereby halt the growth of investment which is necessary for balance in the economy.

The criticism applies to the conclusions of the financial plan. The analysis of what is wrong does not lead to concrete recommendations about how it should be corrected. Instead the years of criticism by the Social Democrats against budget deficits are offset in the financial plan and the budget proposition by new appropriations which greatly raise the deficit.

In reality the deficit is increased more than what the budget proposition suggests since some of the "income increases" are only bookkeeping, having a one-time effect.

The government's increase in expenditures--including 5 billion for companies losing money last fall--is a fact which the opposition must bitterly resist. The opposition still wants to reduce the budget deficit in their alternative. The Conservatives want it down by about 13 billion, the Liberal Party by 2, and the Center Party somewhere in between. More important is that the Conservatives and the Liberal Party recommend tax reductions which will reduce the level of the total public sector assets somewhat.

The bourgeois motions argue convincingly for a reduction in public expenditures, for a tax policy which creates a reasonable relationship between

labor input and compensation, and which thereby makes markets for manpower and makes savings worthwhile.

The reasoning is well known from the remarkable report "The Road to Increased Welfare" which was written by Bertil Bjurel, Erik Hook, Assar Lindbeck, Ulf af Trolle and others. But the criticism by the opposition would have been more interesting, and credible, if it had better ties to the policies which these parties followed when they themselves were the government. Why did they do so little of all that during the 6 years?

The budget deficit is now financed by almost half with short-term loans, mainly from businesses. The day the businesses want their cash released and begin to invest, the amount of money will greatly increase, and after a while, the rate of inflation. Therefore the deficit must be reduced. And according to several calculations, a real recovery will not stop a breakdown in the national finances if the public expenses increase at today's rate--three times as fast as the so-called GNP.

All this the bourgeois parties are aware of. But their criticism of the deficit leads to too few concrete suggestions about how automatic rises in expenditures can be stopped. And it is just this that the economic debate must now deal with.

The Conservatives point to their idea: a ceiling on local government taxes. (Every local government looks after its own affairs and can hardly judge the social economic effects of "its" tax increases.)

One can imagine several limitations. Certain public expenditures, mainly transfers, can not be tied to the consumer price index, but to the GNP, or rather the gross national income (GNI, which is GNP minus the net of transactions abroad). Preferably they should be tied to an index of industrial production in fixed prices (which have fallen 5 percent since 1975). For it is industrial production which will pay for the consumption which the public transfers primarily finance.

Another variant, which has already been well discussed, is to let expenses be determined by the public income which prevailing fees and taxes create.

It is unfortunate that the opposition did not base their criticism on such concrete foundations. Because this government needs all the help it can get. And when it comes to rapid public expenditure increases and borrowing, the present opposition has wide experience.

9287

CSO: 3650/108

STRUCTURE OF FOREIGN DEBT ANALYZED

Stockholm DAGENS NYHETER in Swedish 8 Jan 83 p 7

[Article by Bjorn Anders Olson]

[Text] Each Swede is now liable for a foreign debt of 10,800 kronor. That is because the nation's foreign debt stood at 99.4 billion kronor at the beginning of the year.

The huge foreign debt has also made it more difficult for Sweden to borrow money abroad.

We still have the highest credit rating, AAA, compared to Denmark, for example, which was first among the EC nations to have its credit rating reduced to AA the other day.

But the prospects of borrowing money right now are slow. Last Monday, the government released a 1 billion dollar, 7.3 billion kronor, bond on the European bond market.

"This is an investment in which we are hardly interested," Peter J. Widmer with the Zurich-based Julius Baer & Co bank told the AP-DJ news bureau.

"That is due to Sweden's huge indebtedness," he continued.

So far, interest has been shown primarily by banks and central banks in Japan, Singapore and the Middle East.

If this loan is negotiated in full, Sweden will begin 1983 by increasing its foreign debt by more than 7 billion kronor.

Our foreign debt rose by 20 billion kronor in 1982, from a minimum of 52 to 72 billion kronor.

Costlier Loans

But the debt is actually much larger since loans are recorded on the basis of the exchange rate in effect when the loans are secured. Several Swedish

devaluations and the rising value of the dollar--two thirds of the loans being in dollars--have made the loans considerably more costly.

If they were to have been paid back at the beginning of 1983, Sweden would have had to pay out almost 100 billion kronor, or 10,800 kronor per inhabitant.

In 2 years, from the beginning of 1981 to the end of 1982, the value of the dollar has risen by 66 percent relative to the Swedish krona, from 4.3775 to 7.305 kronor per dollar. Sweden can only hope that the value of the dollar drops as the loans come due.

Last year, Sweden had to pay over 6 billion kronor in interest alone on foreign loans, i.e. approximately 750 kronor per inhabitant.

Higher Debt

But the national debt is considerably higher than the 100 billion we owe abroad.

At the end of 1982, the national debt totaled 377 billion kronor, an annual increase of 28 percent.

The government expended 37 billion kronor in interest on loans, which makes interest payments the government's second largest item of expenditure next to the Ministry of Social Affairs.

The 16-percent devaluation on 8 October quickly increased our foreign debt, but it also substantially increased the foreign exchange reserves held by the Bank of Sweden.

Foreign exchange reserves rose by 23 percent in 1982, from 20,464 million kronor to 25,115 million kronor.

Foreign exchange reserves reached their highest value ever on 22 October, 29,472 million kronor. Since then, our foreign exchange reserves have successively lost money since the national debt was paid by some short-term high interest loans, among other things.

We have begun 1983 by seeking large foreign loans to finance not only the large trade deficit, but also the large budget deficit.

According to FINANCIAL TIMES, the government will be forced to go out on the market to borrow at least another 1 billion dollars, perhaps 2, beyond the present loans.

8952

CSO: 3650/95

PRIME MINISTER OLOF PALME DISCUSSES BUDGET PROPOSAL

Stockholm SVENSKA DAGBLADET in Swedish 15 Jan 83 p 3

[Article by Swedish Prime Minister Olof Palme: "Bright Spots Despite Inherited Deficit"]

[Text] The financial plan and the budget proposal which the social democratic government presented on January 10 should be seen as a new link in the policy which we began last fall to bring Sweden out of the economic crisis.

The first phase of the policy, which was introduced last fall, can be summarized in the following way: We created space for increased production and labor by devaluation, which quickly gave improved competitive power to Swedish business.

We created the political conditions for distribution under a crisis policy which inevitably must require sacrifices by the citizens. Burdens can be accepted if they are fairly distributed.

We took massive steps to stop the increase in unemployment and the decline in investments through a broad and ambitious program in labor market policy.

Difficult Years

The budget now being presented is a continuation of the previous measures. As we have already said, it is a tight budget, largely without new reforms. Where we have chosen to make new inputs, the desire has been to create room for them by revising the priorities of some other activity. We have required continued rationalization within government offices. We are introducing a program to reduce subsidies to business.

Increased investment is proposed in only a few areas. Foremost among these are research and technical development. The government considers it necessary to invest in strengthening our industry.

Special efforts have also been made to protect the most exposed groups, for example the handicapped.

The government is not trying to conceal the fact that 1983 will be a difficult year. The strains on employment will still be hard in the future. The reasons for that are several:

Reduced Freedom of Action

The international recession continues. The longer it continues, the harder it will be to hold unemployment in Sweden significantly lower than abroad. We have visible lasting effects of previous economic policies, which will have a negative influence on employment into 1983.

It will take a certain amount of time before we see reliable results from the overhaul of the economic policies which the government is carrying out. This is also the case with such relatively quick-acting measures as the labor market activities. It was for this reason that we explained during the spring of 1982 that immediate and massive labor market measures must be carried out at that time if they were to take full effect during the winter of 1982/83.

Our freedom of action is limited to the extent that we can not meet the strains on the labor market by large additions to private and public consumption. A stimulation of private consumption would lead to significantly increased import, increased foreign debt and further demands for borrowing abroad. Our need to borrow abroad is already so great that it is causing considerable problems.

Stimulation of private or public consumption grows with a national budget deficit. From the bourgeois government period we have inherited a deficit which is so great that it causes big problems with our economic development efforts. Budget deficits cause inflation and drive up interest rates. Thus the necessary industrial expansion is interfered with. An increased budget deficit also damages confidence abroad in our economic policies. Confidence in the Swedish krona is then again jeopardized.

Production Decline Halted

For these reasons the government's economic policies, as they were introduced in the fall, will be followed by a tight financial policy. When we again begin to have growth in the economy through a long-range lasting increase in industrial production, then there can be found room for some more powerful continuing increases in public consumption, and thereby in public employment. With growing production the financial resources are created for an increase in employment in the nation.

In spite of the difficult initial position and the very limited freedom of action, the calculations from our financial plan and budget proposal show that we are already reaching important milestones for our economic policy in the immediate future, as a direct result of the changes in policy that have been made.

The decline in industrial production has been stopped, and can be changed to an increase in production of about 3 percent during 1983. The reduction in employment within industry will thereby be significantly less than if the policies of the previous government had been continued.

Improved Labor Market Situation

The reduction in total employment during recent years should be brought to a halt during 1983, despite continued very weak developments abroad. This must be seen as a direct result of the policy of production and employment stimulation which we have introduced.

We should thereby be able to break the tendency of recent years for rapidly growing unemployment. Current calculations show unchanged average unemployment between 1982 and 1983, which in itself is progress. During 1983 the labor market situation should improve.

In this way developments will be significantly more favorable than if the previous policy was permitted to continue. Then we had powerful new increases in unemployment. The government is conscious that these calculations have a large degree of uncertainty. Therefore we are following developments very carefully and are always ready to institute further measures in the labor market area if it should be necessary to counter increased unemployment.

Not a Quick Process

On the question of budget deficits, we expect a certain decline, from 91.8 billion kronor for the current budget year to 90.2 billion kronor next budget year. Measured as a share of our total production, the deficit will decline more visibly--from 14 to 12.5 percent.

This may seem to be insignificant. From several quarters a more drastic decrease of the budget deficit will surely be demanded. Certainly the conservative speakers are now very noisily making demands to that effect, with vulgar arguments about what we Social Democrats have produced in the matter of increased budget deficits.

Surely we must in the long run bring the budget deficit down to a lower level. But this is no quick process. In the first place it is almost impossible to restore the national finances as quickly as the bourgeois governments succeeded in tearing them down. Against the background of the Conservatives' current argument, there is reason to remember that the undermining of the national finances began with full force between budget years 1976/77 and 1977/78, with Conservatives in the government and with Gosta Bohman as minister of the economy.

Then the budget deficit jumped in one step from 10 to 25 billion kronor. No matter how you look at it, that is a uniquely large increase. It was then that the road downhill began in earnest.

Inheritance From Previous Government

Later it just increased speed. In budget year 1979/80 we reached 50 billion in deficit, and in 1981/82 we reached 68 billion. In the current budget year we expect an increase to almost 92 billion kronor. To all intents and purposes that increase is also an inheritance from the previous government. Compared with the national budget for this budget year the interest on the national debt has had to be increased by several billion since it was calculated too low.

In addition there are very large expenses for losses in state-owned companies and for an entirely necessary increase in expenses for labor market policies to fight high unemployment, which was also inherited from the bourgeois years. The new existing expenditure increases which the social democratic government has recommended have been carefully financed.

The budget deficit which the bourgeois governments created has led to a very fast-growing national debt and interest on that debt which increases even faster. Since the bourgeois governments began the interest has grown from 4 to 57 billion kronor. An increase of 53 billion. That corresponds to more than half of the current budget deficit.

Just between this budget year and the next we expect that interest expenses will increase by about 11 billion kronor. Suppose that we could have just escaped this part of the inheritance from the bourgeois governments. We would then have, with our budget proposal, reduced the budget deficit by 12.5 billion by next budget year.

Patience by the People

The people must understand that every attempt to make a very quick reduction in the budget deficit would have a negative effect on production and employment. It is for that reason that the unilateral policies of tightening and cutting did not work. The budget policy is therefore a balancing act between on the one hand the desire to get rid of the financial lack of balance, and draw down inflation, and on the other hand the demand to hold production and employment up.

On the question of the budget deficit as on several other issues we therefore take the position that it is going to take time before the serious damage to the Swedish economy can be repaired. We are going to need endurance and determination in our economic policies, and patience on the part of the Swedish people. As the government said in the financial plan:

"That means, among other things, that the right to work and the right to a secure future are our foremost claim to a high living standard and welfare. Such a claim can be realized first when through our work and our production we can provide for ourselves."

The government is convinced that within the Swedish people there is a broad understanding of the difficulties. We believe that there is a willingness to stand up together for a solution of our economic problems. The important thing is that the burdens must be shared fairly and that we can see that developments are beginning to move in the right direction.

9287

CSO: 3650/108

PALME BUDGET PROPOSAL FOR 1983 INCLUDES INDUSTRY STIMULUS

Industry Research Funds Urged

Stockholm DAGENS NYHETER in Swedish 11 Jan 83 p 6

[Text] Industry must make the most of the devaluation and speed up the pace of growth. That is the only chance for balancing government finances.

That is the opinion of the Palme government, which is allocating 1 billion kronor to research and development in its first budget to support industry's efforts. There is no room in the budget for any other concentrated efforts to speak of.

Expenditures are now approaching 300 billion kronor, and the deficit will remain unchanged at about 90 billion kronor.

Interest on the national debt is the expense reflecting the greatest increase by far: it is going up by 11 billion. Interest charges will total 56.5 billion kronor, or as much as all education and all employment measures combined.

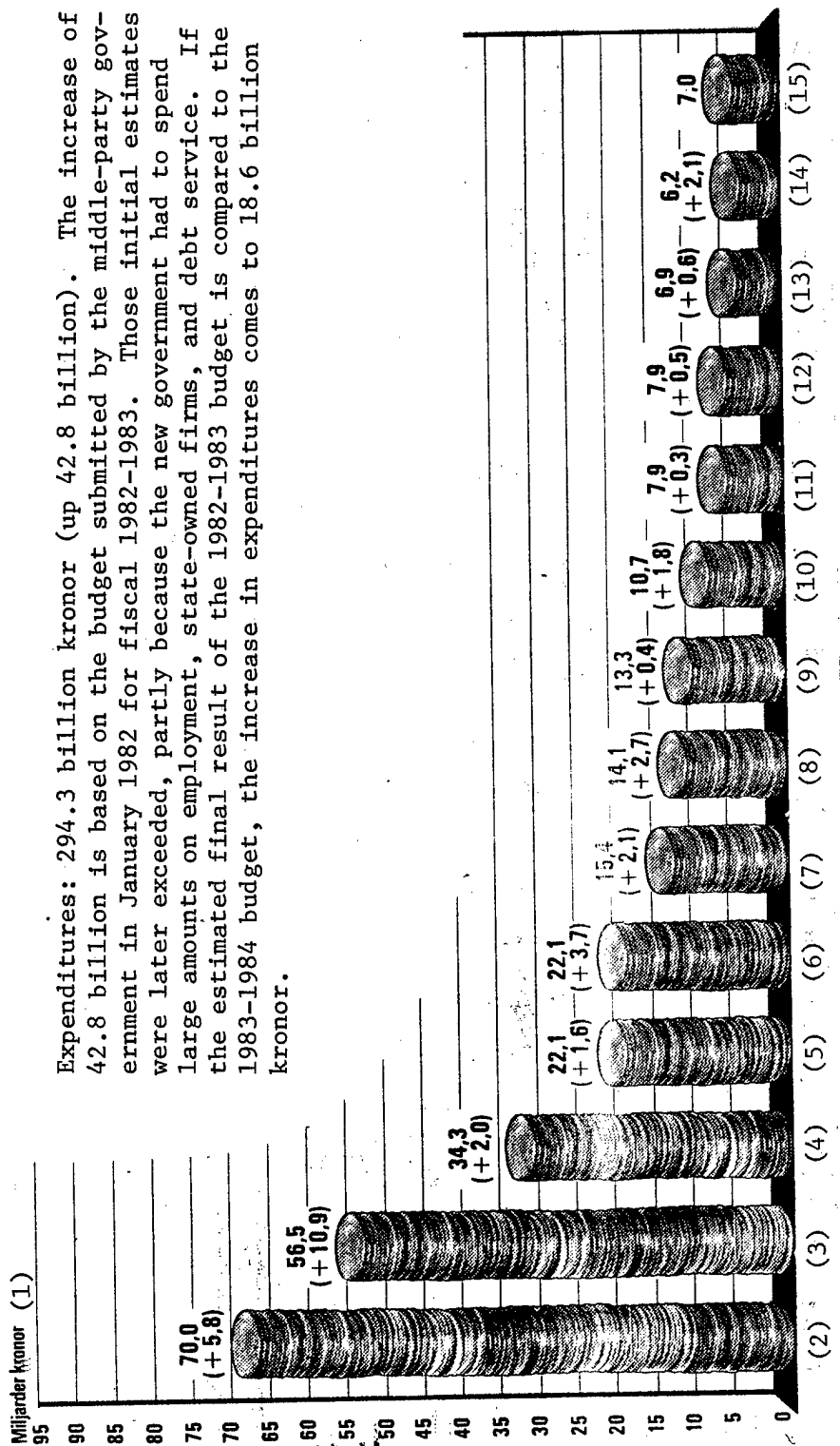
The government does not believe that employment will increase in 1983, but it is hoping that it can be held at its present level. After 1983, it should be possible to halt the decline in the standard of living that has been continuing for many years, but there cannot be any increase in real wages to speak of during most of the 1980's.

Details of Budget Proposals

Stockholm DAGENS NYHETER in Swedish 11 Jan 83 p 7

[Text] Interest on the national debt will cost a full 56.5 billion kronor during the next fiscal year. That is an increase of nearly 11 billion kronor. Interest payments now total almost as much as total budget expenditures did 20 years ago.

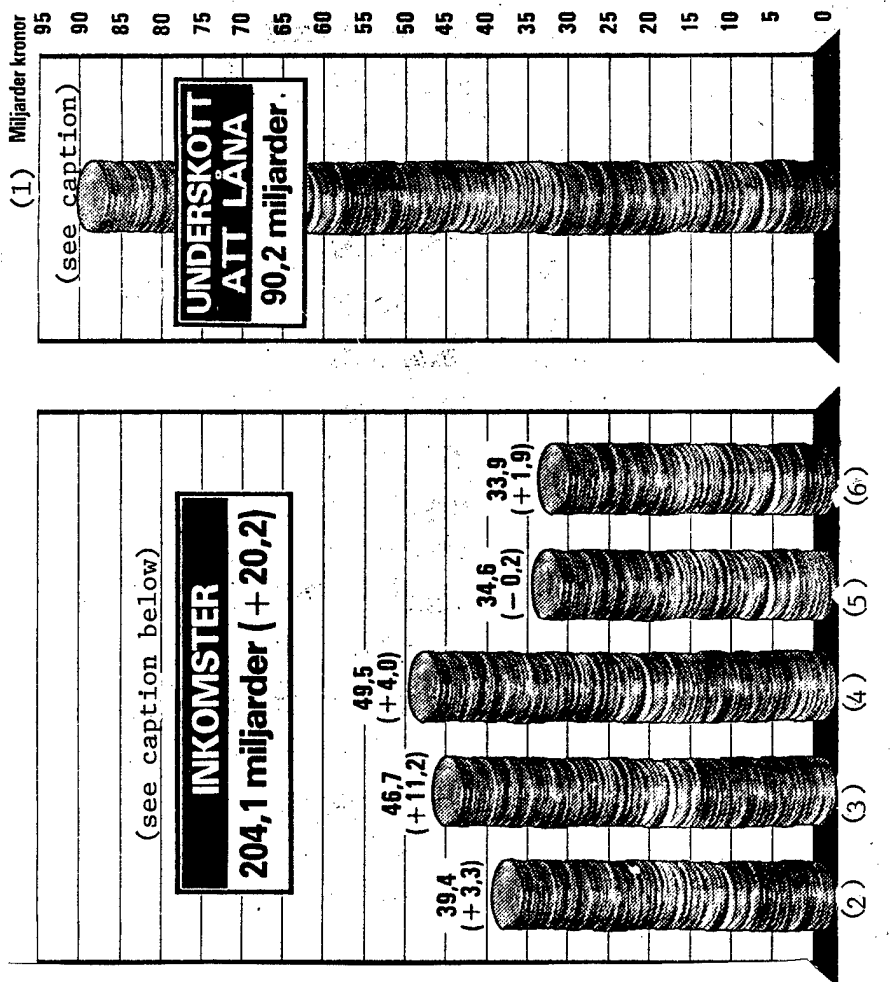
By way of comparison, it can also be mentioned that the "heavy" outlays for old-age pensions, health insurance, and aid to the handicapped are currently costing the public treasury a total of just over 45 billion kronor.



Expenditures: 294.3 billion kroner (up 42.8 billion). The increase of 42.8 billion is based on the budget submitted by the middle-party government in January 1982 for fiscal 1982-1983. Those initial estimates were later exceeded, partly because the new government had to spend large amounts on employment, state-owned firms, and debt service. If the estimated final result of the 1982-1983 budget is compared to the 1983-1984 budget, the increase in expenditures comes to 18.6 billion kroner.

Key:

- 1. Billion kroner
- 2. Ministry of Health and Social Affairs
- 3. Debt service
- 4. Min. of Education
- 5. Min. of Defense
- 6. Min. of Housing
- 7. Min. of Labor
- 8. Min. of Communi-
- 9. Min. of Finance
- 10. Min. of Industry
- 11. Min. of Justice
- 12. Min. of Foreign Affairs
- 13. Min. of Agriculture
- 14. Min. of Civil Service Affairs
- 15. All other



Revenues: 204.1 billion kronor
(up 20.2 billion)

Deficit to be covered
by borrowing: 90.2 billion kronor

Key:

1. Billion kronor
2. Income tax
3. Social security contributions
4. Value-added tax
5. Selective taxes
6. All other

When Gunnar Strang prepared his last budget (for 1975-1976), the deficit was 3.7 billion kronor. Kjell-Olof Feldt is now taking over a deficit of 90.2 billion. Partly because of certain one-time measures totaling about 4 billion kronor, that represents a slight reduction in comparison with the current budget. The middle-party government had expected a deficit of 75.8 billion kronor, but the new government's subsidies to state-owned firms, the concentration on measures in connection with labor market policy, and higher interest on the national debt are pushing the deficit for 1982-1983 up to 91.8 billion.

Minister of Finance Kjell-Olof Feldt notes that work to restore the government's finances will be prolonged and arduous.

He is drawing up a number of main goals aimed at improving the balance in government finances over the long term. Primarily, this means that the automatic growth in expenditures must be reduced and government revenues must be increased. The government must manage its money more effectively, and fees will have to be charged for government services if that can be done without jeopardizing activities or distorting the income distribution policy. Only exceptionally will it be possible to think about new reforms, and if there are any, they will have to be paid for with cutbacks in other areas.

This year's budget includes very few new expenditure items, and practically all areas have had to do their part by cutting back on spending. Compensation for the devaluation has been allowed, but only on an exceptional basis. The number of new government jobs is also very small.

Government investments will increase somewhat--in communications and energy, for example. The justification is that productive government investments help support economic expansion. To facilitate that expansion, funds for research and development are also being increased.

Appropriations have also been increased in certain areas considered especially important from the standpoint of social policy and income distribution. This includes, for example, the fight against white-collar crime and narcotics abuse as well as increased support for the handicapped.

In the educational sector, a rearrangement of priorities has released funds for greater efforts in the lower department of comprehensive schools and for providing 16- and 17-year-olds with training, practical work, and jobs.

Cutbacks are being proposed in some areas. The economic possibilities of the Armed Forces are being trimmed, and even aid to underdeveloped countries is having to make its contribution, since the aid budget now includes certain aid items that were not included previously.

Some revenue increases are being proposed. For example, it is being proposed that the Postal Administration and the National Telecommunications Administration be instructed to increase their writeoffs and/or hand over higher amounts of surplus funds. This will provide the national treasury with a total of 350 million kronor in additional funds.

Kjell-Olof Feldt is also promising measures in local government finances for 1984 so as to allow special efforts in the care of children and the elderly and head off large-scale increases in local taxes.

The national debt totaled 377 billion kronor at the end of the year, and 72 billion of that had been borrowed abroad. The figure of 72 billion does not, however, include the effect of devaluation, which is estimated at 19 billion kronor.

Foreign loans increased by 20 billion kronor in 1982, meaning that every Swede now owes about 8,600 kronor in foreign debt.

It is expected that the deficit of just over 90 billion kronor in next year's budget can be covered by borrowing between 72 and 77 billion in Sweden and between 15 and 20 billion abroad.

It is estimated that of the interest to be paid on the national debt during the next fiscal year, just over 40 billion kronor represent the interest on past or future domestic borrowing, while the interest on foreign loans is estimated at 13 billion kronor.

Budget Both Austere, Expansionary

Stockholm DAGENS NYHETER in Swedish 11 Jan 83 p 2

[Editorial by N.E.S.: "Feldt's Unfinished Work"]

[Text] Feldt took over the job of minister of finance with a nonsocialist budget deficit of 75 billion kronor. That excuses a lot, but not everything.

Recently in Parliament's budget debate, former Minister of Budget Rolf Wirten criticized the high budget deficit very sharply. And former Minister of Industry Nils Asling seriously warned the government of the risks involved in subsidizing money-losing state-owned firms. If the two of them now repeat their criticism, the government ought to listen to it seriously. Because when it comes to budget deficits and money-losing firms, Wirten and Asling are two of the most experienced politicians in the country.

Feldt's budget proposal is based on a clear understanding of what must be done in the Swedish economy: industrial investment must rise, industrial production must increase, and the budget deficit must be reduced (so that inflation and interest levels can be forced down).

The importance of wage costs to industry's competitive position and the importance of taxes to wage costs are unfortunately not included in the analysis--but that is the only understandable thing in it.

Feldt's economic clearheadedness has not had any effect on the preparation of the budget. To put it mildly, the budget proposal is totally inconsistent.

First the deficit. He says it must be reduced. With the fiscal year half over--when the nonsocialist government finally stopped governing--the forecast for the

1982-1983 fiscal year indicated a deficit of 75 billion kronor. After 3 months of Social Democratic government, that figure has climbed to 92 billion. As the outcome of a resolute struggle to straighten out government finances, that represents limited success.

For the next budget year (1983-1984), Feldt expects a--nominal--deficit of 90 billion kronor. In real terms, that is quite a drop. But calculating exactly what the deficit will be in June 1984 is not so easy in January 1982 [as published].

It can be said that the budget policy was bound by the government's election promises that it would abolish the waiting period for health benefits, provide full inflation-proofing for pensions, and so on. But the election promises were a matter of political vote-getting, not an economic necessity.

The budget deficit is now beginning to turn into a financial catastrophe. The national domestic debt as such does not mean much. What is serious is the side effects of its financing. The fact that the AP [National Pension Insurance Fund] and the banks are being forced to invest in government securities increases consumption at the expense of investment, meaning that today's generation is reducing its margin for consumption to benefit that of future generations. Borrowing at the Bank of Sweden and abroad increases the volume of money in circulation, and this increases inflationary pressure and drives up interest rates. Borrowing in the form of short-term (6- to 12-month) government notes sold to the firms may reduce industry's interest in making productive investments.

According to the budget proposal, the government wants to strengthen the industrial base. Since 1976, employment in industry has declined by 130,000 persons and increased in the government sector by 260,000. But government consumption will continue to rise in 1983, and government spending will rise even faster--all in real terms. As a share of GNP, total government spending is increasing to about 70 percent. That is a totally bizarre figure, especially since government activity accounts for one-third of the GNP.

Industrial investments are the key factor in the government's economic strategy. And according to the budget proposal, they will have to increase. But the tax on earnings from those investments is being increased to about 95 percent.

According to the budget proposal, the economic policy should be "characterized by clear information and fixed standards." Quite true. But the government has violated important rules in the tax system, for example, with its tax on power plants. And the budget proposal leaves the firms uncertain as to what new profit taxes and profit sharing rules are in store. The list could easily be made longer.

With its inconsistent proposal, the government is outlining a "third path" for the economic policy: instead of one-sided austerity or expansion, it is choosing to squeeze the demand for imported goods and stimulate the demand for Swedish goods.

That may sound clever. But in practice, demand cannot be divided up in that way. The Swedish economy is quite simply so strongly specialized that sizable imports are essential for supplying both consumer goods and production goods. Thanks to the solidary wage policy, as one example, we have knocked out large sectors of our consumer goods industry. And we are not going to devalue it back into existence at the first try.

Contrast With Preceding Budgets Outlined

Stockholm DAGENS NYHETER in Swedish 11 Jan 83 p 2

[Editorial by O.K.: "Partly Old, Partly New"]

[Text] The profile of the Social Democratic party's first budget since it returned to power is not clear-cut for two reasons. For one thing, a large portion of the preparatory work was done under the middle-party government. And for another, the new Social Democratic government already put through its public-pleasing changes--its emergency proposals and those concerned with the promises--late last fall.

The government itself wants to present its budget as responsible--what government doesn't? And it is true that there are few new "reforms," few new services, reallocations instead of higher appropriations to meet new needs, and a continuing cost reduction of 2 percent in real terms in public administration (for the fourth year in a row). The spirit and the measures are recognizable as those in the middle-party government's budget a year ago.

Considering the budget situation, the proposed cutbacks are not especially impressive and are possibly just the opposite if one thinks of the state of opinion in the government party. Subsidies to industry are to be reduced, but it is not clear by how much. The Armed Forces will have to tighten their belts a little. The Postal Administration and the National Telecommunications Administration will pay more to the government.

The major differences in comparison with the middle-party government's budget from a year ago are the halt to deteriorating social benefits (effective from the first of the year), beefed-up measures against unemployment--which the middle parties had already approved for this year--and government investments in (rail)roads and energy. This is where the new budget shows a clear shift in priorities.

There are two areas, moreover, where the government wants to display energy: research and the fight against narcotics and white-collar crime. One is tempted to say that this is pretty but not gaudy.

It is said that research will receive 1 billion kronor in new funds. But half of that will be used for work on the JAS project, and one-fourth will be used for a mini-Scandinavian telecommunications satellite--both being projects about which the Social Democrats have been unable to make up their minds until now! The remainder will go to all other research, but most of that had already been promised by the middle-party government.

The fight against narcotics and white-collar crime will be beefed up by adding 100 new positions--but they will be filled by transfers from within the police organization. The middle-party government did the same thing, although in its case, only 40 jobs were involved.

The goal of allocating 1 percent of the GNP to foreign aid is being retained, but the appropriation is the result of a lot of digging. Unused money is being counted in again, advantageous credits are being increased, and expenditures that were previously included elsewhere are now part of the aid budget.

The art of governing is difficult--much more difficult than when one is in the opposition.

11798

CSO: 3650/94

BOLVADIN ALKALOID PLANT FAILURE DAMAGING ECONOMY

Istanbul MILLIYET in Turkish 11 Jan 83 p 9

[Report by Emin Colasan]

[Text] Although the alkaloid plant that was started in the Bolvadin district of Afyon has been completed, it has remained inoperable for the last several years, and this situation has been causing great damage to Turkey's economy in many respects. So far 4 billion Turkish liras (20 billion Turkish liras in current terms) have been spent on the plant, which was built by the Soil Products Office of the Ministry of Commerce. It is also reported that millions of deutschemarks have been paid in foreign currency to the German firm, Knoll, which was the prime contractor for building the plant. Meanwhile, 2 billion Turkish liras worth of [opium] poppy pods, which were bought from the producer for use in the alkaloid plant and which are stored underground under primitive conditions, are slowly going to waste.

Work to derive alkaloid from poppy pods--which are grown only in certain parts of Turkey--began in 1975. Alkaloid is an essential basic raw material for the pharmaceutical industry, and Turkey has to import this chemical from abroad. The bidding for the factory that was going to produce alkaloid in Turkey was opened in 1975. Bids were requested from Yugoslavia, Poland, Hungary and the FRG, all of which have alkaloid plants of their own. Although Yugoslavia quoted the lowest bid, the contract for building the plant was awarded to Knoll of the FRG for technological reliability reasons.

The agreement signed with Knoll envisioned the processing of 20,000 metric tons of poppy pods a year at the plant to be built and the subsequent production of 100 metric tons of alkaloid a year. However, at the time, for some reason it was not known that Knoll is a pharmaceutical firm and that it had no experience in either alkaloid production or building plants.

There were also difficulties in the selection of a site for the alkaloid plant as a result of differences over the issue in 1976 among the coalition partners in the government of the time. Originally, it was planned to build the plant at a site with all the necessary infrastructure facilities right next to the Afyon Sugar Factory. But as a result of the insistence of one of the coalition partners the site was moved to Bolvadin, and the cornerstone of the factory was laid in 1976. According to the agreement signed between the Soil Products Office and Knoll, the plant was supposed to start production in 1978.

Because Knoll was undertaking a job of this type for the first time, it started developing machines to be installed in the factory on scale models in its laboratories. Later, these models were enlarged and working drawings were made.

The machine installation process of the plant was completed in 1980, two years behind schedule. But it was found out that some of the machines did not work at all and that the installed large presses, in particular, broke down after being used for a short time. Such trial runs continued until August 1982; the plant could not work for even a few hours without breaking down.

In August 1982, Knoll asked the Soil Products Office to provisionally approve the inoperative plant. When the Soil Products Office demanded that the plant be run for 15 days without stoppages and that it be tested for capacity, the German firm rejected the demand. Knoll officials left Turkey saying that they would return in January 1983 to replace the presses in the plant and that if the plant could still not be operated there would be nothing they could do.

The problems brought upon us and the damage caused to Turkey's economy as a result of the negligence of the Turkish bureaucracy in the cases of the Bolvadin alkaloid plant and the Seyitomer smokeless fuel installations led Prime Minister Bulend Ulusu to make harsh comments on the issue. In a circular he issued last week in connection with these two plants, which were both contracted to inexperienced firms and which could not be put into operation as a result, Ulusu said:

"Some investments, plans and programs of public organizations require foreign technology and, consequently, foreign firms participate in the bidding for such projects and are awarded contracts. The fact that some of these firms have not previously built the type of installation they are contracted to build in Turkey turns their work in our country into a type of experimental project. As a result, some of our resources are tied up for experimentation by foreigners. Losses in time and mounting unnecessary expenditures are a heavy burden on our country, and, furthermore, the contribution of certain installations to the national economy is being delayed.

"Without going into technical details, the continuing problems of the Seyitomer smokeless fuel plant and the Bolvadin alkaloid plant can be shown as examples of this situation."

In Circular 1982/96, issued on 11 November 1982, Prime Minister Ulusu demanded that officials not be swindled by such tricks again. (We reported in *MILLIYET* on 1 November 1982 the story of the Seyitomer smokeless fuel plant mentioned in Ulusu's circular and how the plant exploded and became useless.)

Although the contracting firm has been unable to put the Bolvadin alkaloid plant into operation for years, Turkey has so far spent 4 billion Turkish liras on this project. That sum translates into 20 billion Turkish liras in today's prices. It is alleged that part of this sum was paid to the German firm in foreign currency. No one knows whether the factory will ever be operable and what is going to be done from here on. So far not even a director has been appointed for the plant. Meanwhile, hundreds of workers working on the project are forced to spend most of their days doing nothing.

While officials await the day when the Bolvadin alkaloid plant will go into operation, 65,000 metric tons of poppy pods bought from the producer are rotting in underground storage areas. If the factory becomes operable one day the unrotten pods will be processed and the resulting product will be sold as alkaloid to the pharmaceutical industry. Currently, the Soil Products Office has 65,000 metric tons of poppy pods stockpiled. As a result of the lack of proper covered storage areas, these poppy pods--which cost an average of 30 Turkish liras per kilogram--are being stored underground with primitive methods and are, consequently, rotting. At this time, the value of our rotting national property is 2 billion Turkish liras. In 1982 alone, 40 million Turkish liras were spent to slow down the rotting process.

No one knows how the contract for building the Bolvadin alkaloid plant was awarded to a company that had no experience in this field. Meanwhile, while the plant remains inoperable Turkey is not exporting its stockpiled poppy pods. The poppy pods that were stockpiled for processing when the plant was completed are not being exported--despite the high demand overseas for our stock--on grounds that they "can be used." Meanwhile, areas where opium poppy can be grown are shrinking every year, Turkey's opium oil output is decreasing and Turkey is paying foreign currency to buy opium oil from abroad.

An official of the firm that undertook to build the alkaloid plant even though it had no previous experience in that field told Turkish officials a few days ago:

"If we were successful, it would be breakthrough for us and we would have become a world-class company. Unfortunately, we could not succeed; we learned in Turkey how hard it is to build an alkaloid plant."

9588

CSO: 5300/2558

1982 ECONOMIC DATA BRINGS JUDGMENT OF STABILITY

Istanbul TERCUMAN in Turkish 2 Jan 83 p 5

[Text] 1982 brought "stability" to our economy for many factors. Bank failures, however, have tarnished the accomplishments. Turkey both lowered inflation and achieved a 4.3-percent economic growth. Exports grew 24 percent. The share for industrial products stood at 61 percent. The textile sector achieved exports of \$1 billion.

Alongside these are several unfortunate legacies for 1983; chief among them are the drop in labor foreign exchange, a corresponding decrease in tourism, and a 20-percent devaluation of our currency against EEC monies.

1982 Growth Rate

The growth rate targeted by the stability program implemented last year was nearly reached.

In recent years, when the nations of the world have forgotten about growth and even recorded negative growth rates, Turkey's success in both lowering inflation and achieving a growth rate of around 4 percent has been followed with envy. The latest growth rate estimate for 1982 is listed at 4.3 percent by the State Institute of Statistics and 4 percent by the Organization for Economic Cooperation and Development (OECD).

Inflation

Overall prices were up 21.1 percent after 11 months of this year, showing a definite decrease compared with 1981. Together with December's increase, it may be expected that this rate will reach 23 percent. The OECD, however, estimated the inflation rate for 1982 at 28 percent. It is considered normal for the figures to be announced according to the indices following year-end adjustments to be somewhat higher.

Last year, overall prices increased 25.6 percent, but compared with the indices of the year before the inflation figure was 36.8 percent.

Foreign Trade

Although only a 92-billion-lira portion of the 250-billion-lira export credit envisioned for this year was appropriated, our exporters demonstrated noteworthy success. Assuming the export figure is finalized at \$5.8 billion, it will show a 24-percent increase over last year.

One important, ongoing change in the export structure was the 61-percent rise in the share of industrial products. Especially gratifying was the fact that textile exports surpassed \$800 million in 10 months. This sector's exports for the year will approach the billion-dollar mark.

In imports, a significant decrease in value compared with the preceding year was observed. It is stated that 1982 imports, expected to be \$300 to \$400 million below the 1981 figures, were affected by savings and price decreases in petroleum products.

Tourism and Labor Foreign Exchange

1982 was not very successful on either of these points in the balance of payments. In labor foreign exchange, data for 9 months of 1982 remained behind last year's figures. It is expected that labor foreign exchange income, which amounted to \$2.5 billion last year, will remain below \$2.2 billion this year. The cut-off of the banking sphere, which brought big profits in the internal market, and expenditures by our workers for sending home equipment such as color televisions and videos are cited as reasons for this.

In tourism, it is evident that the chronic problems were not solved during 1982. Net tourism income is expected to be around \$270-280 million this year.

Balance of Payments

The balance of payments, the most important indicator of the health of our economy, in 1982 took a course that will instill confidence, particularly in foreign credit circles. Despite our foreign debt payment in the sum of \$1.58 billion in the first 7 months of 1982, it is anticipated that the balance of payments deficit, which surpassed \$1 billion last year, will drop to \$800 million.

The foreign trade deficit, which last year was \$4.2 billion, will drop to \$2.8 billion in 1982.

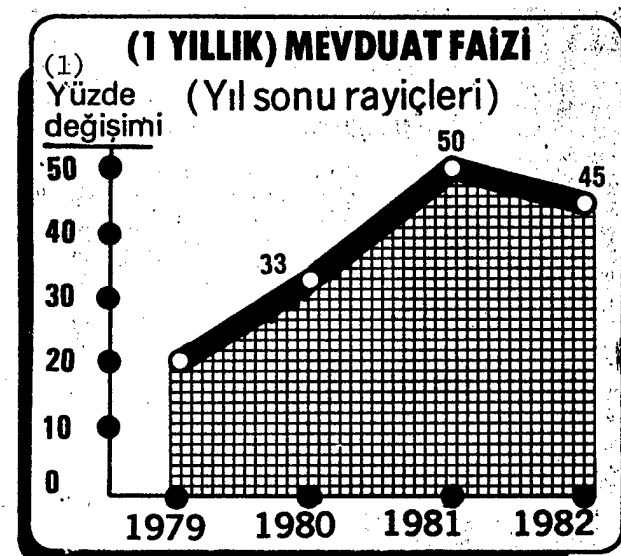
As for deposit interest rates, widely discussed in public opinion, a decision by nine major banks led to a decrease from 50 to 45 percent for 1-year term deposits and from 50 to 40 percent for 6-month deposits.

The Ministry of Finance, announcing that the time had come to deal with credit interest rates, moved to formulate measures that would decrease credit costs for banks and induce the use of alternative financial markets.

Table 1. 1982 Economic Indicators for Turkey

Growth rate	4.3% (State Institute of Statistics)
Overall price increase	23%; 28% in OECD estimate
Exports	\$5.8 billion
Imports	\$8.6 billion
Labor foreign exchange	\$2.2 billion
Tourism income	\$280 million
Balance of payments deficit	\$800 million
Devaluation of Turkish lira	41% against the dollar
	20% against EEC currencies

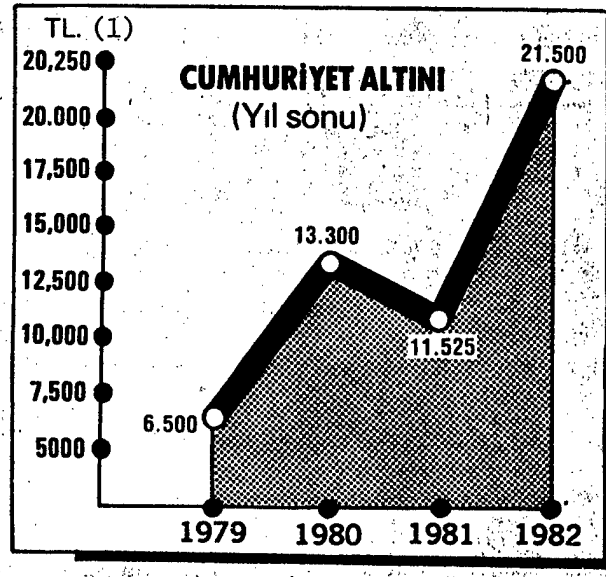
Chart 1. Interest Rates on 1-Year Deposits
(end-of-year values)



Key:

1. Change in percentage

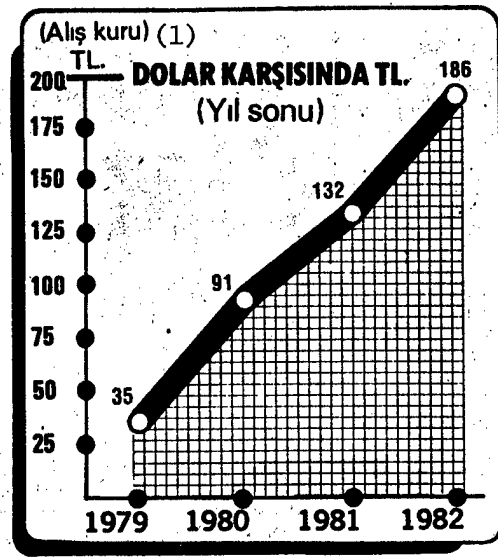
Chart 2. Republic's Gold
(end of year)



Key:

1. Turkish lira

Chart 3. Turkish Lira Against Dollar
(end of year)



Key:

1. Turkish lira (buying rate)

9962

CSO: 3554/101

ULUGAY CALLS FOR SELECTIVE APPROACH TO 1983 PROGRAM GOALS

Istanbul CUMHURIYET in Turkish 3 Jan 83 p 6

[Commentary by Osman Ulugay: "Is the 1983 Program Realistic?"]

[Text] The economic plan for 1983 was published before the beginning of the year. The reappearance of this practice, which had been abandoned for 3 years, if taken as an indication that the concepts of "plan" and "program" may again win credibility, is undoubtedly a positive development. However, for the notions of "plan" and "program" to again gain respect, the timely announcement of the annual program is not enough. It is important in this respect for the targets and projections in the program to be realistic and for the schedule of implementation to be confirmed during the year. For the annual programs to become more than a list of targets announced as a formality and to take on the characteristics of a real program anxiously awaited by everyone concerned with the economy depends on the correlation between the program and its implementation.

Looking at the 1983 program in this light, it will not be easy for all of the program's targets to be achieved at once. The chief reason for this, as certain events occurring in 1982 have shown, is that efforts expended and resource shifts carried out to meet one target make reaching another target more difficult and even impossible. When the major targets of the 1983 program are evaluated with this in mind, the following conclusions may be reached:

\$7.1 Billion in Exports

With 1982 exports expected to come in under \$6 billion, an increase of about 25 percent over the preceding year, it will not be easy to achieve a further 20-percent increase and reach \$7.1 billion in 1983. In particular, specific conditions are needed to produce a further increase in exports above 20 percent under worsening conditions, when in recent months the rate of increase in exports compared with the preceding year has been running at 15 percent. Chief among these conditions are the continued rapid loss in value of the Turkish lira, the allocation of further surplus resources to export credits and the continuation and increase of incentives. Moreover, the continued stagnation in the domestic market is quite significant from the perspective of forcing those unable to sell goods domestically into foreign sales and of the emergence of an "unexportable surplus." In an environment of increasingly constricted world

commerce and growing protectionist trends, however, it may be possible to reach the \$7.1-billion target in exports if all of these conditions come into play at once.

4.8 Percent Real Growth Rate

In recent years, the importance ascribed to the principle of "growth based on exports" has made possible a sharp jump in our exports, and total exports amounted to around 10 percent of our GNP. In fact, 10 percent is still a small figure and an economy depending 90 percent on the domestic market, like Turkey, will not be able to maintain high growth rates with 15- to 20-percent jumps in exports alone. The fact that 1981 brought a period of idle capacity in industry due partially to noneconomic causes and, at the same time, an increase in exports of over 60 percent, and that in 1982 the agricultural sector exhibited 6.5 percent real growth, not seen for years, ensured that the real growth rate would reach 4 percent according to official figures. While it is considered difficult just to maintain in 1983 half the 1982 agricultural growth rate, it is expected that growth in the industrial sector will speed up still further and that in these circumstances a 4.8-percent growth rate will be achieved.

The further increase in the industrial growth rate and the revitalization of production, however, depend first and foremost on the revitalization of the domestic market. Recent studies concerning private sector industry show that in a domestic market being revitalized the industrialist whose financing problems are alleviated through various supports will be able to consider increasing production. In this regard, one must ask how the revitalization of the domestic market and the provision of new financing sources for the industrial sector will affect exports and inflation.

7.5-Percent Real Investment Increase

The 1983 program envisions a real (that is, based on 1982 levels) increase of 7.5 percent in private sector investments. Yet it is evident from surveys of recent trends that unless the conditions listed above for an increase in production materialize, the private industrial sector will not be eager to invest further so long as they do not believe that the domestic market will revive or that financing problems will be overcome.

20-Percent Inflation

It is anticipated that inflation, which must be computed based on subsistence indices for the wage-earning sector in particular, will amount to around 30 percent at the end of 1982. The overall price increase, however, will be around 25 percent. It is true that, in the words of Istanbul Chamber of Commerce Administrative Council chairman Kusculu, "1983 has arrived with an inflation reserve held over from 1982." Moreover, once we consider 1) the "imported inflation" due to the devaluations considered necessary for an increase in exports, 2) the effects of the domestic market revitalization and financing relief measures considered necessary for an increase in industrial production and 3) the possibility that elections will be held in the fall, it is difficult to be optimistic on the issue of a 20-percent inflation rate.

As this brief evaluation illustrates, it will be rather difficult to reach all of the targets in the 1983 program. For this reason, it seems that a more realistic approach might be to choose among these targets and to aim at achieving at least some of them in full.

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SURVEY OF BLEAK MERCHANT MARINE PICTURE

Istanbul CUMHURİYET in Turkish 23 Jan 83 pp 9,12

[Text] Ankara--In 1982, 23 ships were imported with an eye to developing the Turkish Merchant Marine Fleet. Meanwhile, it has been determined that two tankers that were bought after import licenses were obtained will complete their economic lives in a year and will be scrapped.

A report prepared by the Ministry of Transportation about the state of the Turkish Merchant Marine says that in the first 9 months of the 1982 13 billion Turkish liras out of the rediscount credit resources of the Central Bank were used to import ships. Stating that the economic life of ships is considered to be 15 years for tankers and 20 years for cargo vessels, the report says: "Existing data suggests that these imported ships may be scrapped in a short period of time."

In the first 9 months of 1982, 23 ships were bought after import licenses were obtained. Of these, 8 will complete their economic lives within 5 years.

Meanwhile, two of the imported ships will have to be scrapped in one year because of age limitations. The first of these ships is the tanker, "Fahriye Guneri", which was built in Japan in 1968. The said tanker has a displacement of 73,600 deadweight tons and cost \$4 million. The second tanker to be scrapped is the "Kaptan Peksac" which has a displacement of 9,345 deadweight tons and cost \$3.3 million in foreign currency. There are also two ships that are going to end their economic lives in 3 years. These are the tankers "Zafer M.", which has a displacement of 200,000 deadweight tons and which was built in France in 1970, and "Murat M.", which has a displacement of 106,000 deadweight tons. A total of \$16.6 million in foreign currency was paid for these two ships.

The Ministry of Transportation report proposes that, in order to encourage the import of newer ships, "imports of tankers more than 5 years old and dry cargo vessels more than 9 years old must not be permitted."

The State Planning Organization, on the other hand, opposes this proposal on grounds that buying newer ships will mean paying "abnormally" higher prices and that, consequently, investments will be harder to undertake.

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TUSIAD REPORT ON CURRENT COURSE OF ECONOMY

Istanbul CUMHURİYET in Turkish 22 Jan 83 p 6

[Text] A report entitled "The Turkish Economy at the Beginning of 1983" and published by the Turkish Industrialists' and Businessmen's Association [TUSIAD] states that the positive developments of the last 2 years toward the establishment of a market economy continued in 1982. The report says: "The fact that the reforms in connection with the economic and financial structure were being gradually put into effect as of the end of the year may be expected to accelerate these developments in 1983."

The TUSIAD report claims that the revitalization trend observed in the domestic market last year will continue and increase in the first months of this year and notes that problems such as cost inflation and bad management have assumed worrisome proportions.

The report says that the classical stability program implemented has led to positive developments that are not frequently found in other developing countries. The report adds that improvements in inflation and exports are still continuing and that it is highly likely that the improvements in the composition of exports in terms of buyer countries and types of goods will continue in the future.

The report interprets the drop in inventories in 1982 in both the public and private sectors as a sign of revitalization of the domestic market and says that this trend is expected to continue and increase in the first months of 1983. The report gives the following reasons for this expectation:

"In the first months of 1983, the domestic market is expected to exhibit a lot more vitality than the corresponding period of last year in view of gains in agriculture incomes in 1982, increases in the amount of foreign currency transfers as a result of rising numbers of workers returning from abroad, the raises given to public servants and retirees for 1983 and new measures affecting the solvency of banks."

Emphasizing that in contrast to the revitalization observed in the domestic market the stagnation in the construction sector will persist, the report says: "It is now clearly understood that as long as the chronic structural problems in this sector are not resolved savings will not easily be rechanneled into housing construction."

The report says that Turkey is slowly approaching the point when it will be able to balance its current external account by its own resources and that, however, the multi-tiered exchange rate system may slow down this trend. The report says:

"The multi-tiered exchange rate implementation is diluting the effectiveness of the general policy and is causing undeserved profits, injustices and the unwarranted use of the incentive measures. The stagnation observed in exports in the first few months of 1982 and the significant discrepancies that appeared in the parallel [black] market in foreign currency prices were the result of this confusing multi-tiered exchange rate system. The next step can be predicted as a transition from the multi-tiered exchange rate system to a system where the exchange rate will be determined on the free market, eventually leading to the full convertibility of the Turkish lira."

The TUSIAD report says that despite generally positive indications many concerns have not yet been redressed. Noting that the gains made in demand inflation have been overshadowed by the rising cost inflation rate, the report says:

"The devaluation of the Turkish currency by 30 percent against the dollar in 1982, the 40-percent rise in fuel prices, new financing burdens brought about by the tight money policy, price hikes on products manufactured by the State Economic Enterprises, new evaluation methods in connection with the distribution of wealth in the country, the relatively low level of subsidies and shrinking profit margins confirm a shift toward a cost-based inflation."

The report also expresses concerns and puts forth proposals as follows:

--The public sector is unable to make major investments because of problems in the financial system, and the private sector is not being provided with the means to fill the void.

--The cause of the problems that could not be solved by the new economic policy started in 1980 is thought to be the low success rates in management in various fields.

--Although regulating imports as a means of staving off monopolistic tendencies was a proper move, other methods to prevent monopolistic tendencies must be tried in order not to strain existing foreign currency reserves.

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LEVESQUE SAID TO BE 'THE PQ'S PROBLEM'

Montreal LA PRESSE in French 23 Dec 82 p A 15

[Article by Donald Charette]

[Text] Quebec (PC) [Canadian Press]--Deputy Guy Bisailon, who made a rather conspicuous entrance on the floor of the National Assembly during the last session by sitting as an independent, believes that "the PQ's [Party Quebecois] problem is Rene Levesque.

The deputy, who got himself elected on two occasions under the Pequiste banner, claims that the prime minister "is taking advantage of a blind and naive submission on the part of the party's ministers."

"People who have worked like dogs for the PQ since 1969," he claims, "cannot go against Levesque because that would be to destroy themselves."

He fulminates again when he thinks of the cavalier fashion in which the prime minister received his plan for compulsory civil service for young people.

"Because a shriveled old man says that this isn't worth s--, even though he hasn't read it but has just seen Bisailon's name on top, everybody puts his blinkers on because no one wants to come a cropper."

"It's absurd to think this depends on the humor of a man who gets up on the wrong side of the bed or who doesn't like your face," he adds, embittered.

It must be said that Levesque and Bisailon have never liked each other much and the never miss an opportunity to let themselves go with venomous comments.

Intolerance

He also reproaches the Parliamentary wing of the PQ for what he calls its intolerance and sectarianism.

"They think they are invested with a divine mission. Everything they do is automatically good and cannot be argued against. 'How dare you criticize us?' With the chief's demagogic influence, no one in the end is sick of Duplessis," he continues.

Above all he blames the government for having nothing to offer the populace to help them get through the crisis, no precise plan.

"I am not sure they knew what they wanted in the last elections," he says in explanation of that situation.

The government is therefore content, in his opinion, to kill time while awaiting better days, instead of making the effort of imagination required to put people to work (he gives forest development as an example).

Noise

The former ministerial deputy finds, to his delight, that an independent deputy can make a lot of noise.

"If I had it to do over, I would have left the PQ caucus long before I did. I should have done in November 1981, I lost a year," he explains in an interview after the adjournment.

Elected in 1976 in St Marie County, this teacher who sat as an executive of the CEQ [expansion unknown], went through several successive crises of faith before deciding to sit as an independent.

Identified with the PQ's left wing, he was feeling increasingly ill at ease, until the break with the Parliamentary wing last June. By a curious paradox, he is still a member of the PQ, an anomaly that will be corrected soon, since he will not renew his membership card.

"In the debate on Law 105, decreeing the working conditions for employees in the public sector, I said that this government must be overthrown. That's where there is a crack in the party," he explains.

In the opinion of several people, Guy Bisailon is the freelance who has a hard time accommodating himself to party discipline. To others he is an eternal skiver who really likes to attract attention.

Be that as it may, he has succeeded in reviving the role of independent deputy which had suffered a brief eclipse since the departures of Rodrigue Tremblay and Bill Shaw.

On several occasions he succeeded in making the government look bad by his questions or his speeches during the debates, especially on raising deputies' salaries and Law 105.

His feat undoubtedly remains the confidences he received from the negotiators of the Common Front, which he transmitted to the political columnist of the JOURNAL DE MONTREAL.

Excitement the next morning: Rene Levesque dreams of leaving politics and is preparing the ground for Pierre-Marc Johnson, the "heir apparent." What is more, the common people learn from this that these "[negotiations]" are the theater of political tricks that have very little to do with negotiating working conditions.

True or false, the information conveyed by Bisaillon wreaks havoc and places the government's negotiator-in-chief, Lucien Bouchard, on the grill.

Bisaillon overdoes it and, in Chamber, stakes his seat on the veracity of his statements.

Today he still clings to his version of the facts and asserts that he acted the way he did to demonstrate, before the adoption of Law 105, that the negotiation "was completely crooked."

"It was too big, it had to come out," he mentions to justify his deed, rejecting the accusations claiming that he used this affair to settle his accounts with Rene Levesque and his administrative assistant, Jean-Roch Boivin.

Since then the prime minister has stated that he would not leave the ship, but Guy Bisaillon doesn't believe it. Those words are dictated by the rumors of resignation, he believes.

He is at Ease

Guy Bisaillon will be a candidate for the next election under his own banner. "To have my decision confirmed by the people," he says.

He rules out any candidacy for Marcel Pepin's socialist movement, saying he believes the latter to be "an occasional separatist."

For now, he is taking full advantage of the weekly question that grants him his status as an independent. The fact that he does not participate in the meetings of the Parliamentary wing allows him to "save" about 10 hours a week, so that he has enrolled in the National School of Public Administration for a course that requires 45 hours of work per week.

"I am really at ease," he says, before prophesying that he will be better in the next session.

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QUEBEC SEPARATIST LEADER INTERVIEWED

Montreal LA PRESSE in French 24 Dec 82 p A 7

[Article by Pierre Vennat: "There Must be Independence ten Years From Now, or we Must 'Forget That'"]

[Text] "Nationalism is not dead. But I must admit it is not strong, because it is not organized."

Gilles Rheaume, 31, full-time president of the St Jean Baptiste Society, of the National Quebeckers Movement and, since a few weeks ago, of the Conference of French Language Ethnic Communities, is considered by some to be one of the gurus of Quebec nationalism.

Although Gilles Rheaume has not completely lost either his confidence or his illusions, although he still dreams of an independent Quebec and shouts aloud that "Quebec nationalism cannot survive without independence," he is not content with what he sees.

Strongly refuting those who believe that independence should not be spoken of in a period of economic crisis, the president of the MNQ [National Quebeckers Movement] believes just the opposite, that the time is more propitious than ever, in a period of crisis, for the emergence of a new nationalism that fits reality, provided one takes the trouble to draw it up.

"It is absolutely necessary to rethink nationalism. Quebec nationalism must be more concerned with the social, the economic. It would have to culminate in a vast plan nonpartisan plan for recovery, like the program set up in the 1930's by the thinkers at the People's Social School and the National Action around Canon Lionel Groulx, Dr Philippe Hamel and Paul Gouin."

Gilles Rheaume, who has just finished reading Paul-Andre Comeau's work on the People's Bloc, is beginning to dream of the emergence of a movement like the National Liberal Action or the People's Bloc, with the rather important difference that he does not want a rally on partisan grounds.

"No political party has succeeded in getting independence alone. All the more reason when that party is in power. We have to get the idea of independence out of the shackles into which the PQ [Parti Quebecois] has plunged it."

The PQ, Rheaume recalled this week when he received LA PRESSE in the luxurious decor of the Duvernay House, which is lodged in the former Reform Club building in Montreal, was elected under the banner of "good government."

The government being less and less good and more and more citizens, "with good reason," being discontented with its Law 105, there is therefore danger that many people, even if they are in favor of independence, will not want to vote for it in the next election.

What is to be done, then?

Rheaume sees only one way.

That is for a "rally" to be formed around the idea of independence to include people of various leanings. For example, the Socialist Movement, which aims at eventually becoming a party, calls itself both socialist and separatist. According to him, more and more separatists will not want to call themselves Pequistes and will choose other political avenues.

But all those people, whether they are members of the PQ, of the Socialist Movement or other groups, might get together around the separatist idea in a regrouping which would resemble, for example, the National Resistance Council in France in 1944.

In that connection he said that he is not certain that the PQ's victory on 15 November 1976 did not, when all is said and done, injure separatism. "Too many nationalists stopped fighting. With the PQ in power, they are now content to listen to the radio or watch television, waiting for someone to tell them that independence has been accomplished."

As for Rene Levesque, at one moment during the interview Rheaume brought out that the same thing might well happen to him one day, if he does not make up his mind, that he himself did to Jean Lesage when he was exhausted as a result of the peaceful revolution. "There could well arise a new Rene Levesque in the PQ, one of his ministers for example, who would accomplish independence."

To succeed therefore, the Quebecker nationalists must hold States General, a collective reflection in which they would draw up, all of them together, a national plan for a society that would fit the whole population because it would be established truly for the population or its representatives: employers, trade unions, social groups, etc.

For a year Gilles Rheaume has been talking about this, with the support of the movements over which he presides. He has gathered no major objections and a great deal of support in principle, but the plan has not yet been born, because it is difficult to accomplish.

However, time rushes on.

Rheaume is convinced that independence must be achieved within the next 10 years or he will have to "forget all of that and tell the people to go home."

Returning from a tour among the French-Americans which traumatized him, the new president of the Conference of Ethnic French Language Communities said in conclusion, "I am 31. If when I am 40, 45 maximum, Quebec's independence has not been accomplished, I drop everything, I emigrate to France, in the Jura or in a French-speaking community. I don't feel like spending my whole life in the resistance."

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POLL REVEALS DISSATISFACTION OF QUEBECKERS WITH PQ, GOVERNMENTS

Poll Results

Montreal LA PRESSE in French 16 Dec 82 p B 7

[Article by Guy Trudel, research director of the Montreal University Polling Center]

[Text] Voting Intentions: PLQ [Quebec Liberal Party], 51 Percent; PQ [Parti Quebecois], 42 Percent

In November, the PQ received 42 percent of the intended votes and the PLQ received 51 percent.

The Federal Liberal Party retains first place in Quebec with 52 percent of the intended vote (15 points below the figure in the February 1980 elections) and the Conservative Party obtains 33 percent of votes in Quebec (20 points above February 1980); the NPD [New Democratic Party] is stationary here with 9 percent of the support.

The index of the population's satisfaction with the governments has appreciably declined: 59.6 percent of the voters are dissatisfied with Quebec; with regard to Ottawa, the rate of dissatisfaction reaches 60.5 percent.

These are three of the important conclusions resulting from an opinion poll conducted by the Montreal University Polling Center at the beginning of November, the complete results of which are revealed today in an article written by Guy Trudel, research director at the University of Montreal's Center.

To anyone interested in the political chess game and attributing a certain credibility to data collected in polls measuring the population's voting intentions between two electoral periods, the results show that at the beginning of November 1982, Quebec's population was not spontaneously inclined to express, in the same proportions, the general choices demonstrated equally in Quebec in April 1981 and Ottawa in February 1980. Thus, if we look at certain data collected in the latest omnibus poll by the Montreal University Polling Center*, we find that

*See explanation of methods.

the electorate was expressing significant reservations in deciding which political party to favor if elections were held at that time. In fact, one of every four persons questioned said he was undecided as to his choice of a political party; this was as true for a national election as on the provincial scene.

If we refer to Table 1, the first observation is the finding that the PLQ obtains a greater proportion of the intended vote than the party in power, the PQ, the ratio being 29.3 percent to 23.8 percent. If we leave out the undecideds (25.2 percent), those who refuse to respond (8.6 percent) and those who say they do not intend to vote* (9.1 percent), the PLQ then obtains 51 percent of the intended votes (46 percent in the April 1981 election), while the PQ receives 42 percent of the intended vote (49 percent in April 1981); the National Union [UN] obtains 4 percent of the intended vote (4 percent in April 1981), and finally, 3 percent express another choice (1 percent in April 1981). In the present situation, one might well think that this attraction toward the Liberal Party is more the expression of a dissatisfaction with the party in power than a rally to the current credo of the Liberal Party. This phenomenon of rejection of or reservations about the party in power between two elections has almost become a trademark of the PQ; moreover, today's economic problems undoubtedly accentuate the phenomenon. Thus, whatever political party is in power in a period of crisis, the voter will hold it responsible for the situation and will express that view by a trend more favorable to the opposition party, while the latter does its best to link the problems being suffered to the guidance of the party in power.

On the national scene, we also see greater reservations about the party in power, but this does not translate into the same terms as on the provincial scene, although for Canada as a whole we arrive at the same results, according to the Gallup Poll. The Liberal Party of Canada remains the first choice of the national parties opposing each other in Quebec, with 29.5 percent of the intended votes as opposed to 18.8 percent for the Conservative Party and 5.2 percent for the NPD. If we again exclude the undecideds (25.2 percent), those who refuse to express a choice (8 percent) or manifest the intention not to vote** (9.9 percent), we observe then that 52 percent choose the Liberal Party (67 percent in the election of February 1980), 33 percent the Conservative Party (13 percent in February 1980), 9 percent the NPD (9 percent in February 1980) and finally, 6 percent other parties or options (10 percent in February 1980). Even though these results express a certain significant rise for the Conservative Party in a non-electoral period, it is still perhaps too soon to predict a reversal of the line-up such as occurred in 1958, when the Conservative Party achieved its last significant penetration into Quebec. It is necessary to recognize that the dynamics of Quebecois electoral expression on the national scene are rather special, and that a reversal of the importance traditionally accrued to the Liberal Party is not easy, except by an outside addition to the actors who are historic opponents, at least in the short term.

Such a change might thus come, perhaps, from active participation by the PQ on the national scene by carrying off, among others, the vote intended for the Conservative Party, even if the decision is, to say the least, controversial within the party as well as for the population in general. Thus, when persons

*In the April 1981 elections, 17.5 percent of registered voters did not vote.

**In the February 1980 elections, 32 percent of Quebec's registered voters did not vote.

questioned in the autumn 1982 omnibus poll are asked if they are in agreement or disagreement with the presence of the PQ in Ottawa, 37.5 percent express agreement with that proposal against 35.2 percent who disagree, 21 percent say they have no opinion, 3.8 percent are undecided and 2.6 percent refuse to state their preference. If we isolate the persons manifesting an intention to vote Pequist on the provincial scene, the distribution is as follows: 66.7 percent are in agreement with a participation by the party on the national scene, while 24.6 percent are in disagreement, 7.1 percent have no opinion and 1.5 percent are undecided or do not answer the question.

On the other hand, when the persons questioned are presented with the hypothesis that the PQ candidates are running in a national election, we observe that 30.5 percent of them then express an intention to vote differently on the national scene from the way they had said they intended to vote before, that is to say, when such a possibility was not mentioned. In the spring 1982 omnibus poll, this change of intention proportion was 32 percent. In short, with the mention of Pequist candidates running, the distribution of the totality of voting intentions is considerably changed, and, taking every proportion into consideration, it is the conservatives who then lose a significant following. Thus, if we rule out the undecideds (who represent, let us note, 27.8 percent), those who would not vote (6.5 percent) and those who refuse to answer (8 percent), we then obtain the following profile of voting intentions when there is mention of the presence of PQ candidates: Liberal Party, 42.2 percent; Conservative Party, 17.6 percent; NPD, 4.3 percent; others, 1.5 percent, Parti Quebecois, 34.5 percent.

These few data illustrate the existence of an important nucleus of voters who, if they held to their voting intention either in favor of the Conservative Party or the PQ, could significantly change the present picture of the Quebecker representation in Ottawa.

If we now move beyond the simple voting intention question and measure the degree of the population's satisfaction, at the beginning of November, with the national government and that of Quebec, we find in Table 3 that the index of overall satisfaction is lowered, to say the least, as much for the national government as for the provincial. A clear majority expresses serious reservations about both governmental levels. If we compare the results obtained in November 1982 with those collected in the CROP/LA PRESSE poll of March 1982, we find a significant decline in satisfaction with both governments. Whereas in March 1982, 43 percent of the population were rather satisfied with Quebec's government, that proportion fell to only 36 percent in fall 1982, while those who were dissatisfied, 54 percent in March, went to 60 percent in November 1982.

As far as the government of Canada is concerned, we observe that in 7 months the proportion of persons satisfied went from 40 percent to 35 percent, while the dissatisfied increased from 57 percent in March 1982 to 61 percent that autumn. Finally, when one asks the Quebecker population which of the two governments it was more satisfied with at the beginning of November 1982, 38 percent identify the government of Canada, 32 percent the government of Quebec, 9 percent are as satisfied with the Canadian government as with that of Quebec and 16 percent are satisfied with neither the government of Canada nor the government of Quebec; 2 percent are undecided and 3 percent do not answer. It

should be emphasized, however, that this type of identification of the better government is intimately linked to the political membership of the respondent. Thus, the person showing a Pequist intention to vote for the government of Quebec chooses, in a proportion of 78 percent, the latter government as being the most satisfactory, whereas inversely, the liberal partisan identifies in a proportion of 71 percent the government of Canada.

It goes without saying that one can demonstrate an undeniable connection between political affiliation, measured by voting intention, and cursory evaluations of governmental positions, measured by overall satisfaction or dissatisfaction with the two governments. Thus, 75 percent of PQ supporters declare themselves satisfied with the Quebec government, while 83 percent of PLQ supporters manifest an opposite appraisal. On the national scene this basic electoral support is also significant, but with an intensity slightly more reserved, since 63 percent of PLC [Canadian Liberal Party] supporters say they are satisfied with Canada's government, 37 percent, however, not being of that opinion; it is also interesting to note in this regard that 50 percent of those expressing an intention to vote for the PLQ say they are dissatisfied with the government of Canada. Political affiliation appears to be a determining factor in one's evaluation of the government, so much so that one favors the hypothesis that the direction of this connection is more or less partisan and consequently moves from political affiliation toward satisfaction or dissatisfaction with the government. The reverse, however, is not to be ruled out, and we can certainly believe that a significant proportion of the dissatisfied persons, especially those who do not spontaneously express political affiliation (let us remember that they represent nearly 40 percent of the persons questioned and are 60 percent dissatisfied with both governments) could have accentuated even more the trends observed in voting intentions--in favor of the opposition parties.

It seems reasonable, therefore, to assume that we can put forward the hypothesis that the effects of the current economic crisis that are being felt, such as the higher unemployment rate, abolishing or diminishing public services, employer-employee conflicts, inflation are generating a growing dissatisfaction with the political parties in power and are consequently favoring opposition parties. Under the circumstances, it will be interesting to analyze the content of the political speeches of the parties in power as they attempt to counter the concrete repercussions of this crisis. Thus the hypothesis is still to be verified--between now and 1985-1986.

Polling Methods

The poll was conducted by means of telephone interviews with 2,113 Quebeckers (male and female) age 18 and over, selected according to a random method of generating telephone numbers, supplemented by a selection grid. This method makes it possible to reach nearly all Quebec households that have telephones; in this way we are assured of a satisfactory overall representation for the population of Quebec, of whatever special social characteristics. The collection was conducted from 26 October to 9 November 1982 and the rate of response is 68.3 percent. Nine directly political questions were administered to the persons selected in addition to a series of several other questions in the context of this omnibus poll (several themes submitted by several investigators).

The average duration of the interview was thirteen (13) minutes. The percentages calculated on the basis of the entire sampling (2,113 responses) are subject to a maximum sampling error of +2.4 percent with a 95-percent reliability level. A weight that takes into account the inverse of the response rate and the number of eligible persons in the household was assigned; finally, the data processing was performed with the aid of the SPSS [expansion unknown] Proiciel on the computer at the Calculating Center of Montreal University.

Table 1: Voting Intention on the Provincial Scene (in Percent)

<u>Voting Intention</u>	<u>Region</u>				<u>Total</u>
	<u>City of Montreal</u>	<u>Metropolitan Region (without Montreal)</u>	<u>Provincial</u>		
Parti Quebecois	27.8	21.0	24.1	23.8	42
Liberal Party	23.7	33.7	28.7	29.3	51
National Union	1.0	1.2	3.1	2.2	4
Others	1.7	1.1	2.2	1.8	3
Undecided	21.9	21.9	28.0	25.2	--
Would not vote	11.9	10.9	7.3	9.1	--
Refusal/no response	12.0	10.3	6.6	8.6	--
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
(Numbers)	(354)	(621)	(1138)	(2113)	(1206)

Table 2: Voting Intention on the National Scene (in Percent)

<u>Voting Intention</u>	<u>Region</u>				<u>Total</u>
	<u>City of Montreal</u>	<u>Metropolitan Region (without Montreal)</u>	<u>Provincial</u>		
Liberal Party	27.2	28.6	30.7	29.5	52
Conservative Party	16.6	17.1	20.4	18.8	33
NPD	4.9	6.4	4.7	5.2	9
Others	3.7	3.8	3.0	3.3	6
Undecided	22.9	23.2	27.0	25.2	--
Would not Vote	12.9	11.6	8.0	9.9	--
Refusal/no response	11.7	9.3	6.1	8.0	--
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>--</u>
(Numbers)	(354)	(621)	(1138)	(2113)	(1202)

Table 3: Index of Satisfaction of Population With the Government of Quebec and the Government of Canada (in Percent)

<u>Degree of Satisfaction</u>	<u>Quebec</u>	<u>Ottawa</u>
Very satisfied	3.1	2.5
	35.6	34.8
Somewhat satisfied	32.5	32.3
Somewhat dissatisfied	35.1	38.8
	59.6	60.5
Very dissatisfied	24.5	21.7
Undecided	1.7	2.0
Refusal/no response	3.1	2.8
	100	100

(Number): (2113)

Source: Fall 1982 omnibus poll, Polling Center, Montreal University

PQ at its Lowest Ebb

Montreal LA PRESSE in French 16 Dec 82 p A 6

[Editorial by Vincent Prince]

[Text] If we accept as accurate the opinion survey conducted in late October and early November by the Montreal University Polling Center, the results of which are published exclusively today in LA PRESSE, the future of the PQ does not look very bright. In fact, if provincial elections had taken place at that time, the PQ would have garnered only 42 percent of the votes, against 51 percent for the Liberal Party. Moreover, the same opinion survey reveals that the Pequistes would have hurt conservatives more than the party of Prime Minister Trudeau if they had participated in a national election at that time.

And we are led to think in spite of ourselves that if that sounding out of the population were to be done now, that is to say shortly after the adoption of Law 105, which imposed edicts on all workers in the public and parapublic sectors, the unpopularity of the Levesque might have been even more marked.

That unpopularity was already great at the beginning of November. It even exceeded that of the Trudeau government, which all observers agree could scarcely diminish without presaging a catastrophe at the polls.

However, in spite of everything, it would be more prudent for the PQ's adversaries not to cry victory too soon. A lot of water will flow under the bridges before the next election. The economic situation has time to recover between now and then. Moreover, there is no longer any need to prove that public opinion can be extremely changeable.

Thus, we will recall that a CROP [expansion unknown] poll, published at the end of December 1979, gave 52 percent of the intended vote to the Liberal Party and only 42 percent to the PQ. But in the following elections, almost the reverse occurred. The PQ garnered 49 percent of the votes and the Liberals only 46.

So anything can still happen.

Prudence is also in order when we consider that the "discreets" (those who say they are undecided, who refuse to respond or say they are not going to vote) represent 45 percent of the persons questioned by the Montreal University Polling Center. Of course it is generally admitted that one can, without too much danger of being in error, distribute the undecideds in the same manner as those whose opinion is already firm. The fact remains that there is a factor there that must lead us not to draw too firm conclusions from this sampling.

It would also be risky for the provincial Liberals to imagine that they have become more popular than the Pequists. If people are turning to them, it seems to be simply because they are disenchanted with the party in power. It is all the more easy to think so because at present the Liberals have no permanent head and because previous polls have indicated quite clearly that politicians, whoever they may be, do not have much credibility.

The disenchantment with the PQ probably is explained by its having given rise to expectations that were too great. It is rather unbelievable, in any case, to find that people are more dissatisfied with it than with the federal government, when the latter nevertheless gets blamed first for the problems connected with unemployment and inflation.

The Montreal University Center's poll reveals, on the other hand, that voting continues to be polarized in Quebec between the PQ and the PLQ. It also shows us that a leftist party has little chance of penetrating here unless it is tied in with a nationalistic ideology. It is possible, anyhow, to interpret in this way the NPD's lack of favor, in Quebec, on the national scene.

Finally, it really seems for the time being that the arrival of the PQ on the federal scene might mix up the cards more than anything else.

Decline of PQ's Popularity

Quebec LE SOLEIL in French 17 Dec 82 p A-14

[Article by Anne-Marie Voisard: "The PQ Destroys its Popularity"]

[Text] The PQ is seeing its love quotient melting like snow in the rain. No one should be surprised. However, it was confirmed by a poll conducted in November by the Montreal University Polling Center.

If there had been elections in Quebec a month ago, the Liberal Party would have emerged a winner. Exactly 51 out of 100 persons questioned would have voted for the Liberals, as compared to 42 out of 100 for the PQ.

Those results must be compared with a previous poll by the CROP (Center for Public Opinion Research) which was ordered by LA PRESSE last April. At that time Liberals and Pequistes found themselves meeting each other head on, as far as voting intentions were concerned.

If today the same specialists had to probe the hearts of Quebecers again, it is almost certain that the PQ's popularity would fall several degrees more. Aided by the economic crisis, events likely to undermine the PQ's popularity have been jostling each other in Quebec for several months. And we immediately recognize that Rene Levesque and his party are responsible for what is happening.

April was the time of the Quebec economic summit. It was also the time of the first poll. All the talk was still about solidarity and cooperation. The minister of finance, Jacques Parizeau, delayed filing his budget. Money was beginning to be lacking. Although the 325,000 workers in the public and parapublic sectors did not yet dare to believe it, the state was preparing to act.

Three laws came about, in the space of a few weeks, to change the situation radically. The best known, which is now decried by everyone, is the famous Law 70 which over three months was to amputate by 19.45 percent the wages of all employees of the state, without distinction as to income. The government itself ended up by acknowledging the injustice of its law when it granted \$115 in "alleviations" with regard to the lowest salaries.

The law modifying the regulations for retirement, which some people are in danger of forgetting, constitutes a first step toward denial of the right to negotiate. The government expects to recover \$700 million in the next 3 years by unilaterally reducing its employees' pensions. There remains the law on essential services, which is unfortunately unenforceable in a case of an illegal strike.

In November, when the second poll was conducted by Montreal University, the labor relations climate had therefore continued to deteriorate. Negotiations between the state and the Common Front were virtually at a standstill. The tenth, we recall, was the day of the general strike in all of Quebec's schools and hospitals. Despite the revulsion caused in a majority of citizens by any idea of a stoppage in public services, the PQ is seeing its voters withdrawing more and more.

The Liberals' recovery, we are not going to delude ourselves about that, has nothing to do with that organization's having regained its energy. The performance of the opposition in the sad debate that preceded the adoption of the 109 emergency decrees a week ago, gives the party in power no cause for envy. The only person who seems to have retained some capacity for reflecting on negotiated solutions instead of decrees is the independent deputy from St Marie, Guy Bisaillon. But one man does not make a party. Donatien Corriveau, the president of the CSN [expansion unknown], should think twice before demanding that the government resign.

Than in these last few days the deputies wanted to take a rest from the 80,000 pages of decrees which, without their having even read them, would cause them to settle the fate of 325,000 Quebeckers for the next 3 years. They found nothing better to do than to revise their own salaries and pensions upward.

In normal times, the Quebeckers would not have found fault with this. This time, it was a gesture of provocation added to all the others. If this continues, the anger of the state's employees is in danger of exploding.

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CSO: 3619/31

INSTITUTE CONDUCTS POLL ON POLITICAL, ECONOMIC MEDIA ISSUES

National Position Viewed

Nicosia O FILELEVTHEROS in Greek 11 Jan 83 pp 1, 12

Text A majority of Greek Cypriots seem to be concerned about the impasse in solving the Cyprus issue while a significant percentage of them are of the opinion that continuation of intercommunal talks without results serve the interests of Turkey. These are some of the results of a poll taken by the Middle East Research Center /KEMA and published exclusively by O FILELEVTHEROS. In greater detail, the results are as follows:

The stagnancy of the national issue is manifestly the number one problem which occupies and disturbs 75 percent of the Cypriot people. On this issue there is coincidence of views and virtually the same degree of concern regardless of the political party to which those polled belong. Also, 60 percent of the total asked expressed concern over the economic situation while 57 percent are concerned about the rise in unemployment especially among the professionals.

About one fifth of the population considers the relations with the Greek government and the /country's defense as serious problems while 37 percent consider social injustice as their problem.

The following table shows the problems causing concern among those who voted in 1981 as shown in the percentages under each party:

Parties Which Voted in 1981

	Total	AKEL	DIKO*	DISY*	EDEK*	Small Parties	Abstention Blank
	%	%	%	%	%	%	%
National Issue							
Stagnancy	75	76	75	83	73	72	67
Relations with							
Greek Government	19	15	13	27	22	19	14
Insufficient Defense	22	18	16	30	23	22	23
Economic Situation	60	55	53	65	67	68	60

Parties Which Voted in 1981

	Total	AKEL	DIKO*	DISY*	EDEK*	Small Abstention Parties Blank	
	%	%	%	%	%	%	%
Unemployment rise, especially professionals	57	55	56	60	59	57	60
Social injustice	37	39	30	42	28	30	41
Level of political leadership	18	11	12	34	15	16	14
No problem	4	7	7	1	3	1	4

*DIKO-Democratic Party

DISY-Democratic Rally

EDEK-United Democratic Union of the Center

Evaluations of Cyprus Situation

Only 13 percent of those asked believe that as concerns our national issue the Cyprus situation is better in 1982 than in the previous year. In the March 1981 poll the percentage of optimists was 22 percent. At the same time, however, the number of those believing that our position is much worse or somewhat worse decreased to 29 percent compared to 39 percent in 1981. Also, about 50 percent believe that the situation is about the same--a percentage higher than 1981.

The Cyprus Situation

	March 1981	November 1982
	%	%
Has improved/ much better/better	21	13
Remained the same	36	50
Has become weaker/ somewhat worse/ much worse	39	29
No opinion	4	8
Total	100	100

An analysis of the responses by political party shows that the optimists belong to DIKO and AKEL and that the largest number of pessimists are among the DISY voters, 44 percent of whom believe that the situation is worse.

Views on the Cyprus Situation
Following the Recent Developments in Nearby Areas
Parties Which Voted in 1981

	Total	AKEL	DIKO	DISY	EDEK	Others	Abstention Blank
	%	%	%	%	%	%	%
Much better	1	1	1	-	-	1	1
Better	12	17	19	5	12	11	9
About the same	50	55	52	45	53	37	52
Somewhat worse	21	13	18	30	25	33	19
Much worse	8	5	5	14	3	5	8
No opinion	8	9	7	5	7	13	11
Total	100	100	100	100	100	100	100

On the Intercommunal Talks

About 60 percent of the Cypriots believe that the intercommunal talks have neither a positive nor negative impact on the promotion of a just solution of the Cyprus question. But 32 percent believe that the talks have a negative impact and only 7 percent said that their impact is positive.

Impact of Talks for
A Just Solution of the Cyprus Issue

	Total	AKEL	DIKO	DISY	EDEK	Others	Abstention Blank
	%	%	%	%	%	%	%
Positive impact	7	9	8	3	3	9	9
Rather, no impact	59	65	81	54	62	51	55
Negative impact	32	25	30	41	33	38	33
No opinion	2	1	1	2	2	2	3
Total	100	100	100	100	100	100	100

While 60 percent think that the dialogue did not have any impact at all, 33 percent believe that continuation of the talks under present conditions will lead to finding a just solution. On the contrary, 45 percent think that the talks strengthen the Turkish side. A large percentage of the AKEL-DIKO voters are optimistic about the talks. In general, however, the optimists represent the minority on all party fronts.

Anticipated Result From
The Continuation of Talks

Parties Which Voted in 1981

	Total %	AKEL %	DIKO %	DISY %	EDEK %	Others %	Abstention Blank %
Will lead to finding a just solution	33	40	39	20	25	22	43
Will strengthen Turkish side	45	39	38	59	39	59	39
Neither of the two	19	18	20	18	33	19	15
No opinion	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>--</u>	<u>3</u>
	100	100	100	100	100	100	100

Conclusions From the Lebanon Events

Lebanon's recent tragedy has deeply impressed the Cypriot people and this is shown by the fact that very few are those who are unaware of the lessons to be drawn from these events. Basically, the public reactions can be summarized as follows [see table below]:

--[Of those asked] about the Lebanon events, 25 percent pointed out that we must be united and depend on our own strength. One third of those asked pointed out that we too shall suffer the fate of Lebanon if we are not united and careful.

--A sufficiently substantial percentage pointed out the injustice done to Lebanon and the responsibilities the great powers bear. A small percentage, 4 percent, stressed the need for close relations with the United States and the West. This percentage is smaller than that of those who pointed out that Lebanon was a victim of U.S. policy.

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	Total %	21-24 %	25-34 %	35-44 %	45-64 %	65 & over %
Should be united/should depend on own strength	25	24	25	26	26	22
Shall meet same fate	32	37	28	31	33	44
Large powers bear the responsibility	13	13	15	15	13	5
Closer relations with U.S. and West	4	--	4	5	3	7
Victims of U.S.	5	3	4	4	6	7
Other	15	17	17	13	14	11
No opinion	12	13	14	12	11	10

Relations With Greece, USSR

Nicosia 0 FILELEVTHEROS in Greek 12 Jan 83 pp 1, 12

[Text] Almost all Greek Cypriots favor full cooperation between the Greek and Cypriot governments according to the KEMA poll published exclusively by this paper. Another interesting point is that compared to the results of the 1981 poll the assessment of the Soviet Union role increased while that of the U.S. remains low.

Relations With the Greek Government

More than 80 percent of the Cypriots render very great importance to the maintenance of very close and harmonious relations between the Greek and Cypriot governments. On the contrary, 7 percent said that such relations are of little or no importance at all.

Degree of Importance of Maintaining Close and Harmonious Relations Between the Greek and Cypriot Governments

Parties Which Voted in 1981

	Total	AKEL	DIKO	DISY	EDEK	Other	Abstention
	%	%	%	%	%	%	%
Very great importance	51	39	54	61	58	53	42
Great importance	30	37	30	25	24	27	33
Some importance	11	14	9	6	17	11	14
Little importance	3	3	4	3	1	4	5
No importance	4	7	3	4	--	3	5
No opinion	1	--	--	1	--	2	1
Total	100	100	100	100	100	100	100

The study shows that the majority of the Cypriots believes that there are differences between the Greek and the Cypriot governments as concerns the policy on the national issue, but only 17 percent said that basic differences exist. On the contrary, 33 percent believe that the relations are fully coordinated.

Relations Between Cyprus and Greece Parties Which Voted in 1981

	Total	AKEL	DIKO	DISY	EDEK	Others	Abstentions/
	%	%	%	%	%	%	%
They are fully coordinated	33	48	47	18	26	20	29
There exist some differences	88	34	34	41	34	47	41
There exist basic differences	17	8	8	32	29	25	11
No opinion	12	10	11	9	11	8	19
Total	100	100	100	100	100	100	100

In general, however, the public is not seriously disturbed by these differences. It is characteristic that of the total polled, only one fifth said that they are overly disturbed by these differences.

Degree of Concern from the Relations
Between Cyprus and Greece
(on the totality of voters)

Parties Which Voted in 1981

Concerned:	Total %	AKEL %	DIKO %	DISY %	EDEK %	Others %	Abstentions
							Blank %
To a large degree	18	7	11	35	24	20	15
Somewhat	25	21	20	30	24	33	24
Not at all	12	14	10	7	15	17	13

Importance and Prospects
From Relations with Greek Government

Almost in their totality the Cypriots feel that the government's objectives should be to harmonize its policy with that of the Greek government in order to strengthen our position and promote a just solution of the national problems. Yet the small percentage of those who did not point out the need for such full harmonization mentioned it as its second choice. The relations between the two superpowers was given particular importance. But most of them support the need for closer ties with the third world than with EEC.

Basic Objectives of the Cypriot Government Policy

	Primary Objective %	Secondary Objective %
Full harmony with Greek government's policy	71	12
Strengthening ties with Third World	4	18
Closer ties with USSR and socialist countries	11	21
Closer ties with U.S.	8	27
Closer ties with EEC	2	12
No opinion	4	10
Total	100	100

Rating Attitude of USSR and U.S. Toward the Cyprus Issues

Those polled were asked to grade on a scale of 1 to 10 the U.S. and USSR attitude toward the Cypriot problem. The same question was asked in the 1981 poll. At that time the majority expressed the view that both superpowers did not do what they could to solve the Cyprus problem, while a significant percentage had the impression that the U.S. and USSR were indifferent or followed a hostile attitude.

These views toward the U.S. remain virtually the same. The number of those believing that the U.S. follows a hostile attitude is greater than that of the Cypriots who believe that the U.S. is exerting efforts toward the solution of the Cyprus problem.

However, there is a serious change as concerns the views about the USSR. In the 1981 poll, 30 percent of those asked said that the Soviet Union takes a hostile stand. This year this percentage decreased to 12 percent. Generally, there is an increase in the percentage of those who give more than 5 points--from 28 percent in the 1981 poll to 39 percent in this one. As a result, the average rating for the USSR shows a considerable increase. From 4.3 points it increased to 5.3 while that of the U.S. remained the same or 3.3.

Grading the U.S. and USSR Policy

	Soviet Union		United States	
	April 1981	November 1982	April 1981	November 1980
Does nothing for the solution of the Cyprus problem	48	16	61	62
Neutral attitude	23	39	19	23
Is trying or doing what it can	22	30	12	10
No opinion	7	5	8	5
Total	100	100	100	100
Average grading	4.3	5.3	3.3	3.3

Future of Economy

Nicosia 0 FILELEVTHEROS in Greek 114 Jan 83 pp 1, 4

[Text] The KEMA poll shows that the public's evaluation of the Cypriot economy and its prospects are contradictory. This year, the number of the optimists compared with last year is greater but the majority feels that the economic situation is either worse or stagnant. The overall result of the poll on the economic situation is that the percentage of those who think the economy is in a better condition has increased considerably compared to April 1981. The number of those who think that the situation is worse is more than double those who see it as being better but is less than the corresponding percentages of April 1981.

Economic Situation of Cyprus

	April 1981 %	December 1981 %
Better	11	22
No change	17	28
Worse	70	46
No opinion	2	4
	<u>100</u>	<u>100</u>

An analysis of those asked for whom they will vote shows that there is direct correlation between the choice of the candidate and the impression about the economic situation. Thus one-third of those preferring Kyprianou feel that the situation is better while among those voting for Kliridis and Lyssaridis almost 60 percent believe that the situation is worse.

The Economy of Cyprus Compared to 1981 (Will Vote)

	Total %	Kyprianou %	Kliridis %	Lyssaridis %	Undecided %
Better	22	32	10	13	21
No change	28	32	24	27	26
Worse	46	32	64	59	45
No opinion	4	4	2	1	8
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Similarly, we observe an increase in the number of those who feel that their personal economic situation is better than last year and a decrease of those who think that their situation is worse. But for comparison reasons we must say that in a poll conducted in the EEC countries in October 1984, 48 percent of the Greeks said that they were better off.

Personal Economic Situation of Those Polled

	April 1981 %	December 1982 %
Better	9	17
No change	38	53
Worse	52	29
No opinion	1	1
Total	<u>100</u>	<u>100</u>

Those who believe that their situation is better are optimists in general and point out that our economy also will develop in the future, while, on the contrary, the pessimists extend their pessimism into the future.

Prospects on the Developments of the Cyprus Economy

Opinions of the Cyprus Economy Compared to 1981

	Total %	Better %	Unchanged %	Worse %	No opinion %
Better	20	50	21	6	10
Worse	34	6	21	57	6
Unchanged	23	24	37	15	9
No opinion	23	20	21	22	15
Total	100	100	100	100	100

The overall conclusion from this analysis is that the preelection campaign without doubt has influenced the electorate. Thus the optimists are among those who will vote for Kyprianou while those who believe that the situation will become worse are among those who in their majority will vote for one of the two other candidates /Kliridis or Lyssaridis/.

Savings

Within the framework of the poll, an effort was made to cover the question of savings. The indications are rather discouraging because three-fourths of the population answered that no money is left for saving while one-fourth of those said that they do save, 17 percent said that they save as much as last year, 6 percent that they save less and only 4 percent said that they save more.

In order to correctly interpret the above data, it must be said that in all probability an important percentage of those who said that no money is left for savings must have some debts for a lot, house, car or expensive furniture.

Savings

	Total %	Urban %	Rural %
No money left for savings	73	70	75
Saving more than last year	4	4	5
Saving less than last year	8	6	6
Saving same as last year	17	20	13
No answer	--	--	1
Total	100	100	100

Trend Toward Consumption

To show how the whole question of consumption is coped with in comparison with investments, the question was asked: If we assume that you saved part of your income, how would you spend it?

The answers show that the majority of Cypriots believe in the principle of consumption whether it is direct in the sense of daily expenses or indirect in the sense of purchasing some expensive consumption item such as a car, home items, etc.

As a whole, only 31 percent of those asked said that they would save such money for a future investment. It is characteristic that the percentage of those who want to spend their money in order to live better is greater in the rural areas which indicates the difference in the standard of living between city and village.

Spending Income Surplus

	Total %	Area Urban %	Rural %
I spend in order to live better today	31	26	35
I save in order to buy later something for the house or myself	37	42	33
I save in order to invest	31	31	32
No answer	1	1	--
Total	100	100	100

Media Survey

Nicosia O FILELEVTHEROS in Greek 15 Jan 83 pp 1, 4

Text The KEMA poll shows that the majority of Cypriots would prefer the establishment of a new, independent radio and television station. Other data about the Cyprus Broadcasting Corporation RIK and the readership of the newspapers are as follows:

The Cypriot public is not satisfied with RIK's policy and programs. Only 7 percent said that they are completely satisfied compared to 24 percent who are totally dissatisfied. Only among the Kyprianou followers does one find a somewhat greater percentage of satisfied persons.

Satisfaction From RIK's Programs

	Total %	Kyprianou %	Kliridis %	Lyssaridis %	Blank/ Undecided %
Fully satisfied	7	10	6	4	7
Somewhat satisfied	41	47	31	34	42
Rather dissatisfied	24	22	28	27	18
Not satisfied at all	24	17	32	31	25
No opinion	4	4	3	4	8
Total	100	100	100	100	100

The general impression is that the radio and TV fail in in-depth examination of the subjects. Only one-third believe that the radio studies the various subjects deeply and objectively while 58 percent of those polled think that TV fails to do so.

Views on How the Radio and TV
Present the Various Cypriot Problems

	Radio %	TV %
Studies various problems in depth and objectively	34	32
Avoids examining various subjects in depth and objectively	55	58
No opinion	11	19
Total	100	100

A special effort was made to cover the activities of the presidential candidates. While it is evident that the Kliridis-Lyssaridis followers believe that RIK will give Kyprianou greater coverage, two-thirds of the Kyprianou followers say that all candidates will be given equal opportunities.

RIK's Attitude Towards
Presidential Candidates

	Total %	Kyprianou %	Kliridis %	Lyssaridis %	No Answer/ Blank %
Equal coverage for all candidates	48	63	29	35	49
More coverage for Kyprianou	44	30	66	61	33
No opinion	8	7	5	4	18
Total	100	100	100	100	100

Independent Radio Station

Perhaps the key element surrounding the question concerning the radio and TV is that two-thirds of the Cypriots would prefer the establishment of a new independent radio station. This preference is more intense among the young and reaches 73 percent among those under 35 years of age.

(See Table Next Page)

Opinion on Establishing New Radio Station

A G E

Establish a New Station	Total %	21-24 %	25-34 %	35-44 %	45-64 %	65 & Over %
Agree	65	73	73	62	55	59
Disagree	32	24	25	33	41	36
No opinion	3	3	2	5	4	5
Total	100	100	100	100	100	100

Newspaper Readership

According to the poll, three fourths of the Cypriots read newspapers regularly. This derives from the answer given on the day the poll was conducted. As expected, the percentage of newspaper readers in urban areas was high--it reached 83 percent compared to 71 percent in rural areas. With regard to age, too, the percentage of the readers decreased slowly as the age increased and reached a minimum--65 percent among those over 65.

Percentage of Those Reading Newspaper Regularly

By region:	Read	Do Not Read	Total
Urban areas	83	17	100
Rural areas	71	29	100
By age:			
21-24	79	21	100
25-34	77	23	100
35-44	78	22	100
44-64	74	26	100
65 & over	65	35	100
Total <u>74.67</u> - <u>Average</u> <u>74.67</u>	<u>75</u>	<u>24.47</u>	<u>100</u>

Most of those polled said that they read the newspapers at home. But reading them in coffeehouses or at places of work is also of great importance. Thus, 79 percent read newspapers at home, 21 percent at coffeehouses, 13 percent at places of work and 7 percent elsewhere.

The readership percentages in urban and rural areas differ greatly especially as concerns the question of reading newspapers at home or at a coffeehouse. In rural areas 32 percent read their newspaper at coffeehouses while only 8 percent do so in urban areas.

Places Where Papers Are Read

(Total of newspapers being read)

	Area		
	Total %	Urban %	Rural %
Home	59	67	51
Coffeehouses	21	8	32
Work	13	17	10
Elsewhere	7	8	7
Total	100	100	100

Of all newspapers O FILELEVTHEROS is read the most regularly by 40 percent of those polled and by 57 percent of those reading newspapers. KHARAVGI and SIMERINI come second followed by O AGON and APOGEVMATINI, while I ELEVTHEROTYPIA and TA NEA are read by 12 percent and 10 percent respectively. Both have greater competitiveness in rural than in urban areas.

Newspaper Readership

<u>Newspapers</u>	Percentage of the total polled	Percentage of the total readers
	%	%
FILELEVTHEROS	40	53
KHARAVGI	20	26
TA NEA	8	10
O AGON	17	23
I SIMERINI	21	28
I ALITHEIA	6	8
I APOGEVMATINI	15	20
I ELEVTHEROTYPIA	9	12
O KIRIKAS	1	

7520

CSO: 3521/157

INTERNAL FIGHT IN PROGRESSIVE PARTY MAY AID CABINET LIFESPAN

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jan 83 p 5

[Article by Dan Axel]

[Text] The internal fight in the Progressive Party concerning the person of Mogens Voigt may contribute to making it possible for the four-leaf-clover government to continue working in peace till the next turn of the year.

This feeling was reinforced when Mogens Glistrup, campaign leader, stated in an exchange of views on the radio yesterday with national chairman of the Progressive Party, Major V. A. Jacobsen, that he hopes that there will be no general election until October, so that Mogens Voigt may have his case re-examined at the national congress of the Progressive Party and may be permitted to offer himself for re-election under the list of candidates representing the party.

It has been widely held at Christiansborg that Mogens Glistrup wanted for a general election to take place before his case will come before the Supreme Court in early April. It is felt that Mogens Glistrup has been hoping for a collapse of the collective bargaining, which will result in a general election.

Glistrup Staking on Voigt

Mogens Glistrup will now endeavor for his staunch supporter, Mogens Voigt, to remain within the party as a parliamentary candidate and a member of the Danish parliament. Mogens Glistrup wants to achieve this by seeking to get two of his fellow party members into the executive committee of the Progressive Party at the national congress of the party on 18-19 October. A new executive committee will then approve Mogens Voigt and thus overturn the decision which last Sunday meant that Mogens Voigt was treated with coldness and was not allowed to offer himself for re-election under List Z.

The said decision will have no effect on Mogens Voigt's position within the Folketing group of the Progressive Party. The chairman of the Folketing group of the Progressive Party, Uffe Thorndahl, tells BERLINGSKE TIDENDE that he has taken note of the decision by the executive committee concerning Mogens Voigt.

"Actually, there is nothing special about this matter," says Uffe Thorndahl. "Something similar happened when Otto Mørch by his fellow party members was ousted as chairman of the transportation committee in 1981--in order shortly afterwards to be excluded entirely by not being nominated within his constituency in Randers."

7262

CSO: 3613/52

PAPER COMMENTS ON INTERNAL FIGHT IN GLISTRUP PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 18 Jan 83 p 6

[Editorial: "Good-bye to Voigt"]

[Text] Mogens Voigt, member of the Folketing, has for quite some time been challenging his own political fortune. He started in October when he sought to compete with Leif Glensgård on the question how to raise demands on the government. He continued when he sought to enter into some kind of private mousetrap arrangement with Mogens Glistrup. And he has now fought a new battle, this time in his Funen battlefield. He has apparently now succeeded in meeting his fate. According to the available information, he will not be re-nominated for the Folketing.

It is not possible at this point to determine whether this is the end to Mogens Voigt's political career. The conditions within the Progressive Party are, at present, such that it takes only insignificant changes in the composition of the executive committee for the outcome to become different. With a total membership of the executive committee of 6 persons only and with a voting as narrow as the one which took place last Sunday, the decision may become the reverse on a later occasion.

But the way things look at present, there is reason to assume that the three politicians of the Progressive Party who, in the fall, constituted an internal opposition, are now in the process of disappearing from the political arena. Leif Glensgård has already long ago chosen not to offer himself for re-election. His election committee is in the process of finding another candidate. Mogens Glistrup has, for the time being, a seat in the Folketing, but it takes no gift of prophecy to predict that his stay in the Folketing will be of a short duration. The fixing by the Supreme Court of the sentence in the case in which he has been judged will take place in the course of the spring. It will be quite sensational if the result will not be that the epoch of Mogens Glistrup as a parliamentarian will have come to an end. And now thus also the end to Mogens Voigt as a member of the Folketing.

The elimination of the group of the three men is of significance for the Progressive Party itself. For the effect may be that the end to years of internal fighting may become discernable. But no less interesting is the fact that the parliamentary conditions of the government will become far more predictable. Under the present conditions, it is so that the three

members of the Progressive Party actually have a decisive influence on the formation of majorities within the Folketing. This was clearly expressed on 16 October when the government survived merely because the three men did not want to cause its fall. Since then, there have been no corresponding major parliamentary showdowns. But they may result from the political stock-taking of the consequences of the collective bargaining.

If, on such an occasion, the three men will choose to act as a parliamentary unit, they may create another drama. But that will also be their last opportunity. For when Glistrup leaves the Folketing, the two remaining members will no longer be able to constitute a balancing group. Glistrup's substitute will probably follow the majority of the Folketing group. Glensgård and Voigt will then no longer be able to attract the political interest. An interest which, by the way, has never been in reasonable proportion to their political achievements.

7262
CSO: 3613/52

DIVERSITY, DISPUTES AFFECT GREENS' ELECTION CAMPAIGN

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 27 Jan 83 p 10

[Article by Guenter Bannas: "On the Green Caterpillar to Bonn--Greens Plan To Earn DM 250,000 in Their Election Campaign"]

[Text] Bonn, January 1983--Whereas the election posters of the Bonn parties make it clear that, as far as they are concerned, the election campaign has begun, in the case of the Greens this beginning looks sluggish. While one can detect it in some towns, there is no sign of the Greens as yet in others. This has to do with their demand for "decentralization" in the political debate, which they are once again directing against themselves. It is not Bonn headquarters which decides when the putting up of posters is to begin; the district party says when it would like to do so. It has also to do with the limited funds of the Greens. And finally it has to do with the fact that the school break is over and the end of the term, with its exams, is not far away; so the election helpers do not have the time, and personnel among the Greens is sparse. There is a steady membership of 25,000--and it is concentrated in the big cities. The positive election results last year did not yield a clear increase in membership. Finally the slow start of the election campaign may be due to differences within the party. For some the "Federal party" is too much of a mere leftwing SPD, while others see it as too much of a club of ecological dreamers. All of them, however, work in accordance with the "feel-like principle": they either work or don't work.

Yet even the Greens are on the way to a party with an "above" and a "below"; they too are not doing entirely without centralist elements in their election campaign. Some personnel has been added to the office in Bonn, which arranges for speakers for the district parties--the kind of "prominent Greens" whom a number of district parties do not think they can do without any more. They include Petra Kelly, former General Bastian and Roland Vogt--names from the "peace movement." Rudolf Bahro is in demand, and so is Otto Schily. But then come people who so far have made a name for themselves only in the party--or at most on the "scene" the Greens claim they represent. The Green headquarters also directs the posters and their slogans.

"Day after a day a piece of nature is dying" is the way they seek the support of the environmentalists. "An armed peace is the lull before the storm," states a poster addressed to the "peace movement." Those who have no use for

the Bonn party system are the target of one which comes out "against a patched-up democracy." But is up to the base which poster is put up when and where, and the base is rarely well disposed toward its people in Bonn, being inclined to suspect them of centralism.

Thus there remains, as a proper "central" election campaign action, an action which comes close to the "blue-yellow train" of the FDP and calls itself the "green caterpillar." Throughout February a double-decker bus is to roam the countryside, ending up in Bonn a short time before the election. Not only "politicians" are to ride on it but musicians familiar to the younger generation such as Udo Lindenberg, Konstantin Wecker and Bettina Wegener. Commenting on this, the Greens say that "culture is not the wrapping but the contents of Green politics." And because they expect a quite ordinary "demand," they also plan to sell tickets for the events. All this has been organized by concert impresario Rau, who recently quit the SPD and then joined the Greens. The Greens in Bonn estimate that the "central" election campaign will cost DM 750,000; of this, headquarters expects to get DM 250,000 back in receipts.

The Greens too, however, realize that speeches and parades are not everything in an election campaign. Thus they attribute great importance to the events in Hesse. There, they say, they had come out against those from Frankfurt, who want a more radical course, as a party ready for compromise and "qualified for politics." The statement by the SPD candidate for chancellor, Vogel, that there might be election results which would compel the Greens to decide whether they would rather have Kohl as chancellor than Vogel has been replied to by the Greens as far as the first part is concerned: they are against Kohl, they say. As for the possibility of the second part, of "tolerating" Vogel as chancellor, they are tying conditions to it. And in fact those Greens who have talked of "fundamental opposition" have been speaking more softly these days. True, the following has all along been only the common denominator on which the Greens of differing stamps have been able to agree: No coalition, tough negotiations and an imperative mandate. There has been but little change in this, but the idea is beginning to evaporate, and along with this goes the notion that the Greens would negotiate after all about a number of their previously "not negotiable" demands (such as in social policy but also in the protection of the environment). The only thing that appears firm is their no to counterarming and their demand for a "stop to the nuclear program."

The special concern of the Greens in the election campaign is the Social Democrats. Out to reach far into the camp of the "peace movement," Brandt and Glotz are dissociating themselves from the security policy of former Federal Chancellor Schmidt. Vogel also talks about an ecological emergency program. This makes it difficult for the Greens to fuel their argument that the SPD actually has not changed but is only putting on makeup for the election campaign. Again and again they point to the "inventor" of the NATO dual decision and the "radicals decree," saying that it was the Social Democrats. As yet opinions are divided--the ones regarding tough election campaign attacks against the SPD as the Greens' best chance, and the others

trying already to draw the first lines of cooperation. It appears that the latter are prevailing, but this does not mean that their demands are small.

The green patchwork is also reflected in the now available Land lists. Good spots were fought for just as hard as in the other parties. And there were hardly any surprises. Many a "VIP," such as the artist Beuys, who headed the list in North Rhine-Westphalia as late as in 1980, had to realize that even among the Greens political work includes drudgery--and did not make it. Other well-known Greens, such as Petra Kelly and Bastian in Bavaria or Roland Vogt, who had upset the Greens as recently as last summer by taking a trip to Libya, had no trouble in securing safe spots. Other Greens who like Milan Horacek, a "fundamentalist" from Frankfurt, have made quite a few contributions to the buildup of the party, had to pull back because the Land plenary assembly met far from their own town and in Kassel the Greens are closer to the Social Democrats than they are in Frankfurt. The principle of coincidence also helped. In North Rhine-Westphalia the Greens gave pride of place to an old front man. Werner Vogel, a former head of department in Duesseldorf, is 75 years old and under certain circumstances could become speaker by virtue of age at the first Bundestag session of the new legislature. The Hamburgers, on the other hand, placed Juergen Reents in the No 1 spot--one of the Greens with a [communist] group past who in the charter times brought the "Alternatives" into the party. Declared leftists stand beside the woman parson from Bethel, "friends of peace" next to environmentalists, almost ordinary patrefamilias beside women of the "women's movement": a people's party of the minorities.

Like the FDP, the Greens have their eyes glued to the forecasts of the pollsters. The Hamburg result has shown them that they too can lose votes again. But they hope that there does exist something like "votes on loan" from the Social Democrats.

8790

CSO: 3620/189

SKDL MAVERICK BJORKLUND ON SECURITY IN NORDIC COUNCIL

Helsinki UUSI SUOMI in Finnish 7 Jan 83 p 36

[Article by Hannu Toivonen: "Security Policy Should Be Included in Talks"]

[Text] Former SKDL [Finnish People's Democratic League] member Ilkka-Christian Bjorklund, who was elected general secretary of the Nordic Council, is not planning a return to politics at least at this time.

In talking about the Nordic Council Bjorklund hopes that a discussion of security policy can also be extended to its sphere in the future. This would increase knowledge and understanding.

"The effects of Norway's security policy are not presently understood in Finland and vice versa," states Bjorklund.

General Secretary Ilkka-Christian Bjorklund, who has held this post in the Nordic Council for 4 months, hopes that a security policy discussion can be included in the Nordic Council. In Bjorklund's opinion it is not right that a nuclear-free Nordic zone, which is much discussed elsewhere, cannot be discussed in the Nordic Council.

Bjorklund considers it essential that the security policy decisions made by Norway, for example, be thus clarified in a new manner in Finland in relation to such a discussion.

"We do not comprehend the historical background, that national trauma which German occupation caused the Norwegian people during World War II. Frequently it is not understood that Norway is presently seeking security from NATO whatever the political coloring of opinions on this issue may be," states Bjorklund.

In his positions Bjorklund refers to the fact that it is possible to understand the views of others in other issues extending to discussions in the Nordic Council regardless of differences. Such an understanding should also be extended to security policies.

Nordic Legal Counsel

Bjorklund hopes that bureaucracy can be reduced in the Nordic Council by increasing the influence of party politics.

"Party politics are reflected to an unreasonably small degree in the work of the Nordic Council. It should be remembered that the Nordic Council is made up of MP's who were elected on political principles."

Bjorklund also refers to the absence of a Nordic legal counsel.

"Some kind of a system should be implemented in the event of ambiguous situations. Previously a nurse who worked in Sweden could not get an increase in salary according to seniority and age in spite of agreements since legislation was lagging behind."

Bjorklund states that instead of difficulties he found an agreeable atmosphere conducive to hard work while working in Stockholm. Denmark's opposition in connection with the election of a general secretary last summer has not presented any obstacles.

"The Danes have had some difficulties in becoming accustomed to the Finnish general secretary, but it has not become a problem."

According to his own words Bjorklund has not suffered at all because of his socialism. He states that the general secretary's work does not include anything else but the promotion of Nordic cooperation, which is not in conflict with social systems or philosophies.

Bjorklund states that the SKDL's decision to go into opposition is unfortunate if the People's Democrats deliberately place themselves on the sidelines.

The 35-year old Bjorklund will not give a direct answer to talk that after his 4-year term he will return to politics. Just as definitely he denies any speculation about retirement.

"I am not planning anything," stated Bjorklund to ILTALEHTI.

10576

CSO: 3617/58

PSF, ROCARD, MAUROY, CERES FACTIONS LOOK TO PARTY CONGRESS

Paris LE MONDE in French 30 Dec 82 p 19

[Article by Jean-Yves Lhomeau]

The next PSF congress, which M Lionel Jospin confirms will take place on schedule in the fall of 1983, is already "launched." For several months, "Miterrandists" in the PSF leadership have observed its signs and portents, and they are now endeavoring to sort them out. As early as 10 September, preparations for the congress were brought up at a meeting of those close to the head of state. The question is whether the apparent single mindedness of the Valence congress in October 1981 can be maintained, or will fly apart of itself under pressure of the facts, or must be destroyed in the interest of the party.

The official disappearance of PSF undercurrents indeed quickly appeared to be artificial. CERES, led by M Jean-Pierre Chevenement until his entry into the government, has kept its own offices, organized its own conferences as in the past, and continued publishing the results of its reflections. The "Rocardians" have projected themselves, through a number of their leaders, into the offices of M Michel Rocard and--until his departure from the government--into those of M Jean-Pierre Cot. M Mauroy's friends have done the same at Matignon. As for the "Miterrandists," the mere presence of the head of state, and their mistrust of both CERES and the "Rocardians, are enough to bring them together.

The persistence of the factions has not, however, found any real reflection in the PSF leadership, in which they are all represented. Debates within the executive bureau are generally muted--except for those "calls to order" issued by first secretary Lionel Jospin when he sees his authority challenged. The presence of their leaders in the government, in which they are ministers of state, has practically forbidden the CERES representatives and "Rocardians" to open up confrontations which would have been prejudicial to MM Chevenemet and Rocard as well as to governmental cohesion.

Only the prime minister's friends--particularly M Roger Fajardie, a member of his secretariat and adviser to M Mauroy, and the first secretary, allow

themselves to "clean house" on occasion to try to cut short intraparty "operations" considered dangerous to the head of government or head of state.

So it was when criticisms put forth by those close to M Pierre Joxe, chairman of the Socialist group in the National Assembly, took such a repetitive turn apropos of the government's economic and social policies that they were considered part of a maneuver intended to pave the way for the prime minister's succession.

And it will probably be the same in January if M Lionel Jospin considers the time has come to "wring the neck" of the idea that the French foreign policy supported by the PSF is departing, out of concern for "realism," from the "Third Worldist" and human-rights orientation defended by the Socialists since their coming to power.

Human Rights

The first secretary of the PSF, like the head of state, was irritated by the comments which marked M Jean-Pierre Cot's departure from the government. Not that the former minister of cooperation, who did not breathe a word publicly, had directly encouraged development of a debate on a theme sensitive for the Socialists. But the statement to LE MONDE of 10 December by M Michel Rocard--to whom M Cot remains close, though he has taken some distance from the minister of planning since the Left has come to power--was considered as one more "operation," and one which could on the one hand "topple to the Left" some Rocardians constantly suspected of Rightist drift, and also "destabilize"--on grounds of its unfaithfulness to the great principles of socialism--the Mitterrandist leadership of the PSF.

It would be a mistake, however, to lump all "Rocardians" together in the context of that debate. The principal representative of that sensitivity in the national secretariat, where he is in fact concerned with human rights, is M Michel de la Fourniere, a former member of M Cot's staff. He showed a flawless loyalty which extended far beyond the single area of his immediate responsibility.

At the time of the visit to France by Guinean head of state Sekou Toure, reproached by French Socialists for repeated human rights violations M de la Fourniere and M Jospin took the same line: the visit was in the context of normal state-to-state relations and so did not concern the PSF, which refused all contact with the guest of the French Republic. At no time did M de la Fourniere depart from the official explanation given by M Jospin.

More recently, he vainly opposed sending a PSF delegation to Moscow on the occasion of the 60th anniversary of the founding of the USSR. That, indeed, was no longer a matter of state-to-state relations. At no time did he publicly divulge his opposition. True, the sending of that delegation, which was modest in size, passed practically unnoticed.

From the human rights theme, which he exploited, M Michel Rocard can derive some public benefit. M Jean-Pierre Cot is in a position, if he wishes, to do better, and raise up within the PSF a movement favorable to the image he left in departing from the government. That risk is no doubt relevant to the "call to order" M Jospin should issue on the subject in January. The first secretary of the PSF intended to retort as early as the executive committee meeting on Wednesday 22 December, but the brevity of that meeting, which was cut short owing to the PCF-PSF summit on municipal elections, did not allow him to do so.

The entourage of the PSF's first secretary is attentive to all movements arising within the Rocardian faction. At every opportunity, M Michel Rocard advises his friends against taking the responsibility of unleashing hostilities within the ruling circles of the PSF. The minister of planning does not for the moment wish his supporters to be counted at the next congress. Perhaps he fears the erosion of his faction would be highlighted--an erosion which was the backlash of his personal reverse in the internal campaign for designation of the Socialist candidate in the presidential election.

M Rocard's wait-and-see attitude, the "polls strategy" he persists in developing though it has not brought him success in the past, and his refusal to face up to an internal battle in the PSF seem suicidal to certain of his friends like Val-d'Oise deputy Alain Richard or executive committee member Marie-Noelle Lienemann. In their eyes the Rocardian sensitivity would lose its soul by dodging the debate, and would lose its strength if it did not make its voice heard. They wish to reaffirm the existence of the self-management trend and to promote expression of the "social movement," which in their view is more recognizable in the CFTD than in the PSF. "So they plan to make their weight felt in the next congress, and do not despair of drawing M Rocard's closest friends into that enterprise. M Richard and Mme Lienemann will shortly publish a work whose title, "A Hundred Self-Management Proposals," deftly thumbs its nose at the party majority. *

Jospin's Authority

Logically, that attempt at clarification should not displease M Jospin. Since the coming of the Left to power, the PSF has suffered from a penury of debate. Today its old leaders take an interest in the state apparatus, and the positions of power it provides, rather than in the PSF itself. This incipient sclerosis is prejudicial to the first secretary insofar as--through a necessary personification of power--it is imputed to him. And all the more strongly since rivalries (particularly among Mitterrandists) for party leadership remain intense, despite the attraction of ministerial careers. M Jospin, who was carried "in an armchair" to the head of the PSF, may be tempted to found his authority on a victorious internal battle.

For their part, the "Mitterrandists" hope to create the conditions for such a battle. That is the major result of the review of 10 September, during which M Jean Poperon proposed that the future party majority should be built around a Jospin-Mauroy axis. In the prime minister's entourage, however, there is no wish to exclude CERES from that reconstitution.

*In June 1975 the PSF adopted "15 theses" on self-management, which seemed to make that theme the ideological axis of the party.

If that objective should enter into M Jospin's reasoning, an effortless success in the next congress over a modest minority would not be enough for him. Unlike Mme Lienemann and M Richard, M Rocard's closest friends do not seem decided--at least not yet--to go in for a new spell of internal opposition. CERES leaders--though divided between the firm expression of their theses and their faithfulness to M Jean-Pierre Chevenement, the "historic" leader of that trend, who became a minister of state and is naturally more pragmatic in the exercise of power than he was as "theoretician" of that exercise while in the opposition--have few reasons to rush into a ghetto: for they would then risk reducing M Chevenement's "national destiny," and their own ambitions, to the dimension of partisan rivalries.

To drive unwilling militants into opposition implies compelling them by force, by confronting them with issues entailing quasi-automatic splits. Until now the underlying debates--on economic and social policy, the role of the state, the role of the "agents of change," the role of the "social movement"--have been dealt with in the relative privacy of governmental institutions. In the light of those discussions it appears that many splits were reduced of themselves under the stress of power. Others have emerged, which do not overlap the limits of the former trends.

Any new debate would amount for the PSF to a judgment on the Left's action and an evaluation of the prospects before it. It would not be without risk. There is thus a need to debate, but also a danger in doing so. Since bringing its people to power, is the PSF condemned to chase its tail? It is first of all that question, already old but never resolved in 18 months, that it must settle.

6145

CSO: 3519/261

PARTY LAW TO DRAW REINS IN ON POLITICIANS

Istanbul CUMHURIYET in Turkish 11 Jan 83 pp 1,9

[Report by Erbil Tusalp]

[Text] Ankara--Tevfik Fikret Alpaslan, member of the Constitutional Commission of the Consultative Assembly, disclosed that the provisional Article 4 of the Constitution in connection with former politicians will be included in the political parties law. Alpaslan said: "Restrictions beyond those specified by the Constitution in connection with former politicians must not be expected in the political parties law."

Responding to questions by the CUMHURIYET correspondent, Alpaslan said in brief:

"The political parties law we are preparing will also contain provisional articles. It is natural to consider as provisional this article [about former politicians] in the new law which replaces Law No 648 on political parties. This is a constitutional provision. I believe that it would not be right to include in the political parties law restrictions which will go beyond those contained in the Constitution. This is my personal opinion. In my opinion, the time restrictions brought by the Constitution are the final limit. Changing these time limits in the political parties law is out of the question. We must not forget that we have learned through many of our experiences that we must not be prejudiced about time intervals in this type of restrictions and bans affecting the future.

"Our Constitution has brought a restriction, a limitation and, according to some, a penalty measure. A situation beyond this must definitely not be contemplated. The time restrictions brought by the Constitution are the final limit and these time restrictions will be the final limit in the political parties law as well. A situation beyond this must not be contemplated."

Expressing his views about the political parties law, Tevfik Fikret Alpaslan emphasized "the need for two or more parties for democracy to take root and grow." He said that the "malfunctioning aspects of the past implementations of the Law No 648 on political parties are being carefully studied. Alpaslan continued:

"In my opinion, Law No 648 on political parties does not have very major flaws. In a way, it can even said to be a very good law. The malfunctioning aspects of the old law can be summarized under four or five headings. At the top of the list

is the issue of party oligarchy. I think that everybody agrees on the need to reshape the primary election system. In my opinion, the issue of Treasury assistance to the parties is also a problem area. You appreciate our obligation to overcome the problem of democratizing the party structure."

Stating that major work is under way to put in place in the new law the provisions envisaged by the new Constitution in connection with political parties, Alpaslan said the following in response to a question about organization:

"I believe that the political parties should organize even below the district level. If we consider that 56 percent of our population lives in rural areas, it becomes clear that we must spread organization further down in order to take democracy to the grass roots. The more organization spreads to the grass roots the better democracy will approach its ideal form."

Noting that he served on the Constitutional Commission while the constitution was being prepared, Alpaslan said: "The new commission is more fortunate." Comparing the work of the two commissions, Alpaslan said:

"I cannot say that I approve the entire work done in any of the two periods. That would be wrong. However, the commission that prepared the constitution had a tougher task at hand. This commission, which is working on the political parties law, is more fortunate. Because we have a fairly good draft in our hands. We are working on that draft."

Stating that there is less public opinion pressure in connection with the political parties law, Alpaslan said: "I favor the preparation of the political parties law through debate. In the course of my work, I found the opportunity to consult with several former politician friends of mine without any bias on one or the other side. My other colleagues also availed themselves of the views of former politicians. Like others, I came to the conclusion that there is not much public interest in connection with the preparation of the political parties law. There was more public interest on the preparation of the constitution."

Alpaslan was asked: "In your opinion, what is the biggest difficulty in the preparation of the political parties law?" He replied:

"Preparing the political parties law is not an easy task. We are preparing a law that has few precedents around the world. I do not think that the law we are preparing will be fully implemented. In my opinion, the hardest part of this task is to teach our people the discipline and toleration of democracy. And this difficulty applies from the leader at the top to the citizen at the bottom."

9588

CSO: 3554/118

BRIEFS

FRG/FRENCH COOPERATION PLANNED--After cooperation in the development of combat tanks fizzled out, there now is new movement in German-French cooperation in 1983. The announcement that at present both governments are "jointly" examining "all possibilities for continued German-French defense cooperation [which has been] successful so far," means the following:--The ministers of both nations have agreed to carry out an overall appraisal, first of all.--After an ensuing cost analysis, it is to be studied what is feasible and has the greatest economic value.--The criteria will be the significance of the threat, strengthening of defense power, and the technological gain for the industries involved in both countries. Only one project is planned firmly and bilaterally with France at the present time by the Ministry for Defense: the ship-to-ship missile ANTI NAVIRE SUPERSONIQUE (ANS). The draft of a government agreement on the definition phase of ANS is to be negotiated by the two defense ministries in 1983. Cooperation in the third generation of antitank missiles was made trilateral by including Great Britain:--Since the middle of 1982, a trilateral development phase is being carried out for the improvement of the warhead of the antitank missile MILAN.--For the beginning of 1983, the conclusion of a trilateral agreement on a definition phase for third-generation antitank missiles is planned. [Text] [Bonn WEHRDIENST in German 20 Dec 82 p 2] 9917

CSO: 3620/163

GOVERNMENT CHARGED WITH POLITICIZING NATIONAL GUARD

Retired Officers' Charge

Nicosia TA NEA in Greek 12 Jan 83 pp 1, 3

/Text/ In the framework of preelectoral expediencies, the politicization of the National Guard for the benefit of the government and the /Democratic Party-AKEL/ alliance is now exposed in all its spectrum. Equally responsible for such a situation is National Guard Commander N. Papanagiotou who despite all rules and regulations has surrendered everything to the Kyprianou group.

Without doubt, the above confirms an abundance of accusations reaching our office as a result of the cadet officers' issue for which the Kyprianou group is fully responsible for its efforts to "partisanize" everything. In the meantime, Lt. Col. Takis Tsangaris, commenting on a statement the minister of /defense and/ interior made yesterday, said:

"I regret that the minister of defense decided to cover the indeed sad role National Guard Commander Papanagiotou has played for a year and a half now. He well knows that whatever I said during my interview with ETHNOS is absolutely true. We all know Papanagiotou's unrestrained "partisanization" of the National Guard based not on the merit of the recruits but on favoritism by the leaders. Those whom the late Ethnarch Makarios has honored by assigning them to play a role along with him are disappointed by the fact that Papanagiotou, by insisting on submitting a list of reserve officers he prepared with leaders outside the National Guard and for deceitful and self-serving reasons, reminded us that the beginning of the sad coup had been again a list prepared by the juntist chief of staff in 1974. It is tragic that the commander of the National Guard should act in a coupist way in cooperation, moreover, with the government of the Republic of Cyprus.

"I want to remind the government that this republic was founded by democratic blood and sacrifice under more difficult conditions and that we cannot be muzzled now that Greece is governed by the elected leadership of fellow fighter Papandreou and especially since the 7-year juntist tyranny failed to do so.

"I promise that I shall again write about this matter if the government and the appropriate minister insist on their unacceptable arguments."

In his statement /Minister of Interior and Defense/ Veniamin said:

"Concerning the interview given to the Athenian newspaper and reprinted in Cypriot newspapers, Minister Veniamin wishes to state that the claims about arbitrary actions by the National Guard commander are imaginary.

"The minister wishes further to make it known that the commander cooperates harmoniously with the Ministry of Defense whose orders he always obeys and whose recommendations he always follows.

"As concerns the claim in the interview that the commander of the National Guard did not give a list of the selected cadet officers, the Ministry of Defense states categorically that this claim does not correspond to the truth. The relevant list was prepared by the National Guard in cooperation with the appropriate authorities.

"The Ministry of Defense wishes to refer also to an article which appeared today in a Cypriot afternoon newspaper referring to non-service connected activities of the National Guard commander and to state that the newspaper's claims are not confirmed and cannot place in doubt the commander's effective performance of his duties."

With regard to this last accusation, the afternoon newspaper revealed that Papanagiotou is hard at work establishing a tourist unit in the Paralimnion area with his father-in-law who is also a Cypriot.

Officer Threatened

Nicosia TA NEA in Greek 13 Jan 83 pp 1, 3

/Text/ Takis Tsangaris, who exposed and reported the "partisanization" being carried out in the National Guard to the benefit of the /DIKO-AKEL/ alliance for vote-mongering purposes, has become the target of night-roaming bums, hooligans and guided assassin hopefuls. In a signed statement he distributed to the press yesterday, Takis Tsangaris charged that:

"I exposed the scourge of politicization, incompetency and favoritism and the attempt to impose them on the National Guard. When half of my fatherland is occupied by the Turks, I consider it my patriotic obligation to do all I can to cleanse the National Guard and help it with the difficult task it has to perform.

"I announce to the Cypriot people that I have received a threatening telephone call and that night hooligans have placed bullets at the door of my apartment early this morning (I have given a relevant deposition to the police).

"I warn the bullies that it is ridiculous to believe that I can stop my decision to fight in order for the National Guard to be worthy of respect especially when they know that all my life I have scorned many times over such amusing hooliganism and similar methods."

Suspicious Activities in National Guard

Nicosia TA NEA in Greek 15 Jan 83 pp 1, 3

/Text/ Unpleasant transfers and vindictive measures at the expense of officers and soldiers of the National Guard who are not on friendly terms with or do not at least serve the desires and interests of those governing--who are considered suspicious--are about to be implemented following the leaking of thousands of documents which involve politicians and especially persons in the presidential mansion in the structure of the army, as revealed today by the two documents we publish.

We are informed that under explicit orders by the Kyprianou group, National Guard Commander Papanagiotou (who is himself exposed for the leaked documents) is acting in a vindictive way against officers and men. Also, according to other information we could not verify, he has given orders to "his favored" officers to prepare lists of officers, noncommissioned officers and soldiers who, it appears, will become the expiatory victims for the leaking of the documents and the revealing of the politicization and for the uncovered intervention in the structure of the National Guard.

Indisputable proof of the above are the two new documents we publish today revealing the presidential mansion's orders to Papanagiotou concerning the placement of soldiers and the selection of reserve officers. It is pointed out that the presidential order characteristically uses the words "to place" /officers and men/. In the meantime, Defense Minister Veniamin made the following statement concerning the photocopies of letters Deputy Omirou introduced to the House of Representatives about the transfer of national guardsmen:

"In the last session of the House of Representatives, Deputy Omirou introduced photocopies of letters which request the transfer of national guardsmen. I wish to observe that similar requests are coming to me from leaders and followers of all political parties of the country, letters which I refer with impartiality to the commander of the National Guard. I consider such requests very natural and their satisfaction always depends on the humanistic reasons which prompted them and the relevant needs and possibilities of the National Guard. Never is a transfer of national guardsmen suggested or decided on the basis of their political beliefs. Any argument about partial transfers for partisan expediency is rejected categorically and I regret that Omirou has selected some letters to concoct cheap accusations under the illusion that he is making impressive revelations.

"I also consider amusing and far-fetched the argument that such requests and transfers politicize the National Guard and undermine /the country's/ defense. It is not the government's intention to politicize the National Guard nor is it possible to achieve it with transfers of national guardsmen from one area to another. The fractionalization of the National Guard becomes a fearful possibility the moment efforts are exerted to pilfer even ordinary documents for their surrender to party leaders for partisan exploitation.

"The allegation that the transfer of national guardsmen undermines our defense is ridiculous in the least. I do not wish to comment on this allegation. But I wish to point out once more that the question of the defense is handled responsibly and seriously and to assure you that all that is possible is being done to strengthen effectively our defensive armor."

7520

CSO: 3521/159

NEW BOOK CHARGES U.S. USING GREENLAND TO PREPARE FOR NUCLEAR WAR

Copenhagen INFORMATION in Danish 4 Jan 83 p 4

[Article by Alex Frank Larsen: "U.S. Uses Greenland to Prepare for Nuclear War"]

[Text] New military installations are transforming Greenland into the most vulnerable forward base in a great power conflict.

Completely without the knowledge of Parliament and the Greenlandic home government, the U.S. is transforming Greenland into its forward most base in a possible nuclear clash with the Soviet Union according to a new Danish book.

A massive collection military installations spread over the inland ice is being modernized to serve an offensive American strategy, which can knock out the Soviet nuclear forces. The authors believe that the Americans are not in Greenland in order to defend the island, but in order to use the island in their nuclear preparations.

Previously defensive eavesdropping and warning bases have been expanded and replaced by secret advanced gear for guidance of American attack missiles and for espionage.

This has brought Greenland into the center of the superpowers' military planning and made the island one of the most likely theaters for a possible nuclear exchange in the view of the authors of a Danish book on Greenland's military importance, which will be published next week by the Eirene press.

Confiscated Material

The book is written by peace researchers associated with the anti-military journal DEFENSE and has Poul Claesson, a Swede, as editor. He has previously worked at SIRRI [Stockholm International Peace Research Institute], the Swedish institute for peace research.

With frequent use of both open and secret material from American defense institutes, the authors expose information, which thoroughly refutes previous information about American military activities in Greenland. The book also uses material which the Swedish security policy, SAPO, earlier confiscated from

peace researcher Owen Wilkes at the request of the Danish PET [Police Intelligence Service].

Radar Lines

Since the then-neutral Americans occupied in 1941 the inland ice in order to defend Greenland against German invasion plans, it has been generally known that the U.S. had vital interests in using Greenland as an observation base against the Soviet Union.

A group of U.S. and NATO most important radar lines cross Greenland today with screens which stick up from the inland ice like giant ears. Among them is BMEWS (Ballistic Missile Early Warning System), a radar line consisting of three stations in Alaska, Greenland (Thule), and Britain. They are to assure an early warning of a missile attack against the West. Another line is DEWS (Distant Early Warning) from Alaska to Britain with four stations spread across southern Greenland from Holsteinsborg to the island Kulusuk. These radars were built to warn of Soviet bombers on the way to the U.S. early enough that American fighters could attack them in the air over Canada.

Both these radar lines were built at a time when the military planners considered it possible to fight an attack by shooting down approaching enemy bombers. They were intended to give the Americans time to intercept the attack.

New Strategy

Today their role has been changed in accordance with the American so-called "counterforce" strategy. It is not official doctrine, but it permeates American military planning at present.

The strategy moves away from the idea that the superpowers will be deterred from armed conflict because it would mean the destruction of both sides. Counterforce means that the U.S. is able in one strike to destroy the Soviet Union's vital weapons systems by overpowering them with control systems and advanced weapons. The strategy makes nuclear war plausible.

In this situation the American installations in Greenland have a completely new meaning according to the authors of the new book. This is especially the case of two installations located at the Thule base in northern Greenland. The one, "Giant Talk," is to assist in guiding American missiles toward targets in the Soviet Union, the other and most secret of the American installations, "OL-5," carries out satellite spy missions for the U.S. throughout the globe and is decisive for American global military operations.

In the case of both systems, they are placed in Greenland because of the island's special location and the Danish-Greenlandic relationship to the U.S.

Greenland serves as the U.S.'s springboard for a nuclear conflict. The island gives the U.S. advantages that the Soviet Union does not have. Satellite pictures of troop movements, military installations, and energy reserves are most easily transmitted back to earth via the North Pole, and Greenland assures the U.S. an outpost which the Soviet Union lacks.

In evaluating the superpowers' mutual relations the world map must be viewed from above according to the book's authors. Thule is thus not a distant spot far from the "world," but the most central point midway between New York and Moscow, and the Arctic Ocean must, as American military planners have written, be recognized as "a central sea in the middle of the northern hemisphere's populated land regions." From this come the book's description of Greenland as "pearl of the Mediterranean."

9906

CSO: 3613/50

DEFENSE MINISTER DENIES THULE BASE CHARGES IN FOLKETING

Copenhagen BERLINGSKE TIDENDE in Danish 13 Jan 83 p 5

[Text] "Pure speculation," was how Defense Minister Hans Engell (Conservative) characterized yesterday a question from Steen Folke (Left-Socialist).

Steen Folke asked during the parliamentary question time whether it could be correct that there was at the Thule base in Greenland electronic installations, which could be used for an American nuclear attack against the Soviet Union and about which Denmark had no knowledge.

Defense Minister Hans Engell answered no and explained that the basis for the two American military bases in Greenland was a 1951 agreement between Denmark and the U.S. That agreement provided, among other things, that a Danish liaison officer was attached to the American military bases and that he must be kept informed of all significant matters.

Hans Engell added that at the military base there was "a warning and communications system, which is continuously being adapted to technological developments, but that the system's basic function as a defensive installation still is maintained."

The defense minister would not, however, comment on the question of whether these installations could be used to give messages to American bombers, loaded with nuclear bombs, to commence an attack.

"The Folketing [Parliament] is not the proper place to give detailed descriptions of military installations," Hans Engell added in conclusion.

9906

CSO: 3613/50

MINISTER URGES EASING RESTRICTIONS IN ARMS EXPORT LAW

Copenhagen BERLINGSKE TIDENDE in Danish 1 Jan 83 p 2

[Article by Solveig Rodsgaard: "Weapons Export Law Eased in Order to Save Jobs"]

[Text] The current weapons export law is too restrictive and can cause the loss of jobs. That is the opinion of Justice Minister Erik Ninn-Hansen, who would therefore like to see more flexibility in the old law from 1937. In this connection the minister believes that it would be reasonable to introduce a form of parliamentary control of weapons export.

Law too Restrictive

"The 1937 law is definitely not usable. It would be reasonable to have greater possibility for more exports in this area. We are very restrictive in comparison to other countries, for example Sweden, and we risk the loss of many jobs," according to the justice minister.

The problem with the weapons export law has arisen again after the economically shaky Helsingor Shipyard has applied to the government for permission possibly to build patrol boats for Saudi Arabia. Foreign Minister Uffe Ellemann-Jensen, Defense Minister Hans Engell, and Justice Minister Erik Ninn-Hansen--by whom the weapons export law is administered--have written to the shipyard's management with a list of the numerous conditions required by the weapons export law before an export license may be granted.

The foreign minister says in regard to a license for weapons export that Denmark must be very careful in selling weapons to areas threatened by conflicts, and, moreover, he believes that it would be politically very difficult to change the legislation.

Radicals Want Limits

The Radicals [Radikale Venstre--the Radical Liberals] have announced that the party will put forward a proposal for limiting weapons export and for greater parliamentary control of munitions production.

Former Justice Minister Ole Espersen does not believe that greater flexibility in the weapons export law is necessary. Neither does he believe that a possible license to Helsingør Shipyard for construction of warships for Saudi Arabia would be wrong.

"Previous Social Democratic governments have administered the law according to its main points that there should be no exports to countries where it could contribute to worsening of a conflict. Neither may weapons be sold to countries where they can be used against the country's own population, i.e., for internal conflicts. With regard to Saudi Arabia one should apply the foreign policy analysis as to whether Saudi Arabia continues to be a stabilizing element in the Middle East.

9906

CS0: 3613/50

ARMY CHIEF: MORE SAVINGS ACHIEVED BY REDUCING SERVICE TIME

Paris DEFENSE NATIONALE in French Jan 83 pp 165-167

[Article by Georges Vincent: "While Awaiting the New Army Model, Let Us Keep Cool"]

[Text] We borrow this headline from the order given by General Delaunay,¹ chief of staff of the Army, to the cadres of his armed force troubled by the rumors and press articles broaching a proposed reduction in strength that would be written into the 1984-1988 military planning law to be submitted to a vote by Parliament next Spring. The Army chief stresses that the political decisions relative to the concept of use of the forces and to the financial resources that must serve as the foundation for this law have not been taken yet; therefore it is advisable, in the face of these rumors, to maintain "the calm appropriate to the soldiers responsible for the defense of France."

He is not fully reassuring, though, since he notes: "It is certain that the Army will have to take its share of the economies to be made in a difficult situation.... With this understood, the conditions of the men--and especially the cadres--will be taken into account as one of the major elements in the decision."

But isn't it normal that after living for nearly a quarter-century on the thrust of the impulse given it by General de Gaulle, defense should come--with the crisis and technical progress contributing--to a crucial point in its evolution?

As everyone has already sensed for several years, it has become necessary to review the structure of our forces so that they will work together better toward a "global deterrence," and it is very desirable for this restructuring to be accompanied by a reform of national service, the first phase of which--that relating to its content--has, moreover, already been largely carried out. Can these two operations, going hand in hand, generate economies? On a purely imaginative basis, and without prejudging the value of the proposals in hand--or still less, the decisions that will be taken--let us attempt to examine the possibilities and grasp the limitations of these operations.

Let us recall one fact beforehand: our personnel strength is the largest in West Europe, and compared with those of our allies, our troops are manifestly

underequipped. With the Gendarmerie excluded, we have 35,000 men more than our German neighbors--who, it is true, do not have nuclear forces--but we field only 1,140 30-ton tanks, whereas the FRG has 2,700 Leopard 1's and Leopard 2's. With 160,000 men fewer than we have, but with more professionalized and more expensive armed forces, Great Britain has recently given, in the Falklands, striking proof of its effectiveness and of its "capacity for projection of forces."

It is true also that 1-year service is both too short for the units of a battle corps, the operational availability and effectiveness of which it ensures only imperfectly,² and too long for the territorial formations, whose missions call for elementary forms of combat.

What to do, then, if not seek--the minister of defense having announced the debate on the subject for experimentation in 1983--18-month volunteers for the posts of cadres and specialists, the more expensive training of whom implies longer service in order to be cost-effective, and see, in function of the result of this experience, by how much the duration of service could be reduced in certain other posts that are of auxiliary type or require only short and relatively inexpensive instruction?

Let us consider the average budgeted conscript personnel strength for 1983--i.e., 262,000 posts. Of this total, 12,167 are noncommissioned-officer (including the officer-cadets who could be commissioned as second lieutenants after a year of service). The Army has the major part of them: 196,999 draftees, including 7,725 noncommissioned officers. The Army is therefore the branch principally concerned. In the other branches--Air Force, Navy, Gendarmerie and Medical Corps, with 60,000 posts--reductions both of personnel strength and of duration of service are difficult to envision. It has been shown, indeed, that their conscript personnel strengths are insufficient.

Let us postulate that the objective that Charles Hernu has set himself of recruiting 10,000 volunteers for 18-month service has been achieved and even exceeded, and that 12,000 have been obtained--that is, enough to fill practically all the cadre posts and a number of specialties that were held by the conscripts in the battle corps.³

The result of this, then, is a standing-personnel increase of 6,000 per year. Let us suppose that in consequence, it is decided that 30,000 conscript posts, mainly in the units with territorial responsibility, could be satisfactorily filled with shorter duration of service, it being understood that subsequently, once they are put into the reserves, they would be subject to special requirements of immediate availability so as to constitute the local units for coverage of the territory⁴--the "first-hour units," to use an expression of Charles Hernu's. The calculations show that with service of 8 to 9 months for these 30,000 men, the same total number for standing-personnel strength under arms would be achieved as at present, and financially speaking, this would therefore be an even operation.

But it could be a profitable one as regards the operational cost-effectiveness ratio; on the other hand, the assignments task of the national-service offices would thereby be complicated, and it already is quite complicated.

If the duration of service of the above 30,000 men is reduced to 6 months, the saving achieved would correspond to an annual personnel-strength reduction of 7,000 men, which, at the approximate cost of Fr 25,000 per conscript per year, represents only Fr 175 million. This is quite small in relation to the Fr 72.292 billion in operating credits for defense in 1983, and even in relation to the Fr 21.045 billion for the Army in particular.

Obviously it would be necessary, in order to achieve more substantial economies, to extend reduction of service to the mass of conscripts. For example, with 10-month service for 250,000 conscripts and 12,000 volunteers for 18 months, a standing personnel strength of 226,000 is obtained--therefore an annual reduction of 36,000 men and consequently an operating economy of Fr 900 million.

But can one, then, still speak of "redeployment of personnel strength"? The operation calls for a restructuring of a certain scope, especially if it is taken into account that the Army, the principal branch involved, uses 160,000 conscripts for its land forces as such⁶--i.e., 141,000 for its "major units and general reserves" and 19,000 for the "other forces and environment forces" (organisms with territorial responsibility, selection, recruiting, camps). Such an operation would be traumatic if it involved not only operating economies but also economies of scale, entailing, in the more or less long term, proportional reductions of the number of regular-army cadres and restrictions of career prospects. Thus it is very important that Charles Hernu gives assurance that there will be no deflation and that General Delaunay declares that "the conditions of the men--and especially the cadres--will be one of the major elements in the decision." And there is doubtlessly room for them in the Hades groups--which will not come into being until 1991--and the prestigious helicopter formations that are promised them. While this fine army model is awaited, it is up to the top leaders to get their troops to remain a model army. Their loyalty cannot be doubted, and they ask only to catch up with the times--provided that their appropriation makes it possible for them to do so.

FOOTNOTES

1. In the editorial in TERRE-INFORMATIONS for November. This article was written before the so-called "leaks" affair.
2. Cf the report by Jean-Yves Le Drian, in the name of the Finance Committee of the National Assembly, for the 1982 defense budget, which points out, for example, that in the event of a battle-corps engagement, the conscripts who are tank gunners would have fired only some 15 rounds and that 23 percent of the armored-unit personnel are reservists.
3. Georges Lemoine, secretary of state to the minister of defense, has brought out some budget provisions corresponding to the most optimistic forecasts, citing the figure of 10-percent conscripts, or 26,000 men, to the Defense Committee of the National Assembly.
4. Or civil security units coming under Interior.
5. That is, without counting the overseas forces and the training organisms.

MOVEMENTS OF HELICOPTER CARRIER JEANNE-D'ARC IN 1982-83

Paris DEFENSE NATIONALE in French Jan 83 pp 175-176

[Article: "1982-1983 Campaign of the 'Jeanne-d'Arc'"]

[Text] The "Jeanne-d'Arc," accompanied by the dispatch boat-escort "Doudart de Lagree," returned to sea on 3 November for a 6-month training campaign for the benefit of the Naval Officers Application School.

This year, the Application School comprises:

- 2 lieutenants, junior grade, admitted on qualification;
- 69 ensigns from the Naval School;
- 27 ensigns from the Fleet Military School;
- 12 pursers, 3rd class, from the Navy Pursership School;
- 10 maritime-affairs administrators, including 1 woman;
- 11 weapons engineers, including 1 woman;
- 33 armed-forces physicians, including 4 women;
- 10 foreign officers are also admitted, as trainees; they represent Algeria, Indonesia, Madagascar, Morocco, the Philippines and Tunisia.

This 1982-1982 campaign will involve a tour of the world, with calls at:

- Dakar, from 11 to 16 November;
- the French Antilles, from 26 November to 8 December;
- the Panama Canal, 12 December;
- Guayaquil (Ecuador), from 16 to 21 December;
- San Francisco (United States), from 3 to 9 January;
- Honolulu (Hawaii), from 17 to 22 January;
- Tokyo (Japan), from 7 to 12 February;
- Manila (Philippines), from 18 to 24 February;
- Singapore, from 3 to 8 March;
- Colombo (Sri Lanka), from 15 to 20 March;
- Djibouti, from 28 March to 4 April;
- Suez Canal, 9 April;
- Tunis, from 14 to 19 April.

The return to Brest will be on 26 April.

The "Jeanne-d'Arc" is commanded by Captain Merveilleux du Vignaux, and the "Doudart de Lagree" by Commander Gayraud.

11267

CSO: 3519/275

SHIPS UNDERGO LONG-TERM ENDURANCE TESTING

Paris DEFENSE NATIONALE in French Jan 83 p 176

[Article: "Long-Duration Crossings (TLD)"]

[Text] After going through all the regulation tests overseen by a permanent commissioned on testing chaired by an admiral, and before being delivered to the Navy to be placed in active service, a combat vessel is subjected to a final trial that is called the long-duration crossing.

Though not yet a full-fledged part of the Navy, the vessel is manned by its definitive crew and is placed under the operational control of the Navy.

This TLD is intended, on the one hand, to constitute an endurance test of all the materiel, and on the other hand, to verify its functioning under different climatic and operational conditions, far from all support, in contrast to all the particularized tests preceding it.

Several vessels have recently done their TLD's or will do them shortly:

--the "Enseigne de Vaisseau Jacoubet," the fourth dispatch boat of the A-69 type, sailed from 3 September to 8 October, with calls at Punta Delgada, the Bermudas and Halifax;

--the refuelling tanker "Var," the third of the "Durance" type, sailed on 3 November, at the same time as the "Jeanne-d'Arc," with which it did refuelling exercises. It then called at the Canary Islands with the Atlantic Squadron, then at New Orleans and Quebec; it returned to France on 20 December;

--the "Dumont d'Urville," BATRAL (Light Transport Vessel) No 3, did its TLD from 22 November to 23 December, with a call at Venice;

--finally, the "Rubis," the first nuclear-powered attack submarine, sailed on 22 November for a 2-month TLD. It called at Fort-de-France, Rio de Janeiro and Dakar.

The first half of 1983 will see the long-duration crossings of two dispatch boats--the "Commandant Ducuing" and the "Commandant L'Herminier"--as well as that of the first minesweeper of the "Eridan" type.

11267

CSO: 3519/275

MILITARY

GREECE

BILL ON ABOLITION OF MILITARY COURTS PLANNED

Athens TA NEA in Greek 14 Jan 83 p 18

/Text/ The government, more specifically the Ministries of National Defense and Justice, is scheduled to shortly put before parliament a bill for the radical reform of military justice. According to reliable information, also being studied is the possibility of a complete abolition of military courts with perhaps one exception in connection with some limited crimes.

The subject was raised yesterday at the Ministry of National Defense's parliamentary committee during a discussion of the KKE's motion which asks that the jurisdiction of military justice be restricted to military personnel only and to military crimes only. The motion was supported by KKE Deputy K. Kappos but then Deputy Minister of National Defense And. Drosogiannis answered by outmaneuvering him as follows:

The government is studying the question of complete subordination of military justice to the regular courts of justice and it will shortly bring the bill before parliament.

According to positive information, the government's decision for a radical change in the present status is a given fact and the various ministries are studying the best possible solution that will be either the subordination of military justice to regular justice as a separate branch or the abolition of military courts and the referral of crimes committed by military personnel to regular courts, while at the same time maintaining one military court for the trial of cases that relate to purely military discipline subjects.

As is known, during the discussion in parliament on the abolition of Law 375 on espionage, Minister of Justice G.A. Mangakis had stated that among the forthcoming measures to be taken would be the one concerning the modernization of the status of military justice.

5671

CSO: 3521/177

PROCRASTINATION OVER STATUS OF NEW SPATA AIRPORT PROTESTED

Athens RIZOSPASTIS in Greek 23 Jan 83 p 4

[Article by D. Kh.]

[Excerpts] Before the October 1981 elections, PASOK did not want the new international airport of Athens built in Spata. Of course, neither did it want Ellinikon airport to remain or to be enlarged. It even insistently asked at that time that the Greek military services at Ellinikon be transferred elsewhere, that Ellinikon leave and that the American base there "be dismantled." These pre-electoral pronouncements by PASOK satisfied the feelings of the 4 million inhabitants of Attiki and especially the inhabitants around Ellinikon and those of Mesogeia.

However, 15 months have elapsed since then and the government has not yet announced if it will finally honor this "pact of honor" with the people of Attiki who firmly demand that the airport not be built at Spata, that Ellinikon leave, that the American base there "be dismantled" and military services there be transferred elsewhere.

Since February 1982, the competent ministers of the PASOK government have been stating that "the government's decision on what will be done with the Spata airport will be announced shortly." When the"shortly" was approaching a year, the competent minister of public works stated that "the government's decision as to the new Spata airport will not be made now." One asks what is the new element that is creating an "impasse" to such a clear-cut issue?

New Orientations

Between October 1981, when PASOK began governing the country, and now many references have been made by the ministers concerned on the question of the new airport. Many of these references were clear, others unclear. Specifically:

- The Ministry of Urban Development, Housing and Environment does not want the new airport built at Spata. Besides, for that reason too it has not included it in the Athens Regulatory Plan. Minister And. Tritsis has openly come out in favor of transferring the Greek military services from Ellinikon and the "dismantling" of the American base there. However, he does suggest keeping Ellinikon airport there which will thus get 25 percent more space, at which time "it will in the future operate well." He also said on 3 June 1982 that Ellinikon should be enlarged!

- Minister of Communications E. Giannopoulos at the time (1 December 1981) had said that "the American Ellinikon base, the NATO base, is not scheduled to be located on the new international airport of Athens now under construction at Spata." However, the same minister in March 1982 told an EEC spokesman that "the new airport in Spata will be an up-to-date and modern airport." And all of that even before the government had announced what it would do with the new airport....And even more: about a year ago the government had promised to open the "dossier" of the ND scandals over the Spata airport. It still remains... completely closed!

- Minister of Public Works Akis Tsokhatzopoulos said that mention would be made of the new Spata airport in the government's 5-year (1983-1987) development program. However, there is no mention of the Spata airport. Also, there was no mention of it and the matter remains in limbo...On 12 January 1983, Mr Tsokhatzopoulos stated that (1) the Ellinikon airport is not scheduled to be enlarged because it can serve the traveling public for 5 years more as it presently is; and (2) the earth moving project in Spata will continue without intensification of the work.

The above indecisions by the PASOK government to implement its pre-electoral promises have disturbed the inhabitants around the Ellinikon airport. The 500,000 inhabitants of the area are in an uproar...Moreover, the 150,000 inhabitants of Mesogeia are also perplexed.

Nevertheless, every now and then some old "choices" are "reheated" over what to do with the new airport. These "choices" were presented as follows in a report appearing in a pro-government afternoon newspaper on 4 January 1983: (1) the new Spata airport should be "frozen" and various ministerial services (administration center, hospital or university branches, model housing, etc.) should be established there; and (2) Ellinikon airport should be expanded (new runways, etc.) so that its operation could be extended another 20 years!

The next day (5 January 1983) a reliable source of the Ministry of Communications denied that there has been a decision on the government's new airport.

Nevertheless, there are new orientations within the government over what is to be finally done with the new airport. And yet from all that has transpired it does not clearly follow that the government is disposed to honor "the pact of honor" over the new airport.

5671

CSO: 3521/177

MILITARY

GREECE

STEYR AGREEMENT QUESTIONED BY GOVERNMENT

Athens I AVGI in Greek 22 Jan 83 p 6

/Text/ The Ministry of National Defense has confirmed a serious violation of the agreement governing the operation of "Steyr-Greece." Deputy Minister of National Defense Pavsanias Zakolikos has already begun an inquiry into the matter. In statement to reporters yesterday, Mr Zakolikos said that something is not going on properly with "Steyr" and then explained that the company's construction program --that operates under Austrian management-- has not been respected.

Specifically, "Steyr-Greece's" construction projects are being limited to the military field, while absolutely nothing has been done in the civilian field. In accordance with obligations assumed by the Austrian multinational firm "Steyr" when it set up "Steyr-Greece," civilian vehicles (tractors, three-wheeled vehicles, etc.) were provided for in the construction program but these were never constructed.

Mr Zakolikos called in Austrian Ambassador Bakes to his office last Tuesday and protested the violation of the agreement and then asked for an explanation with regard to the question.

Today, the Greek army is "Steyr's" sole customer building military (personnel carriers, trucks, etc.) equipment for it.

Mr Zakolikos avoided saying if the "Steyr-Greece" contract will be revoked or if some other measure will be taken against the company whose administrative board is made up of Greeks while management is in the hands of Austrians.

5671

CSO: 3521/177

BILL THREATENS POLITICIZATION OF SECURITY CORPS

Athens I VRADYNI in Greek 19 Jan 83 p 14

[Text] Following introduction of a bill in the Chamber, the Security Corps are threatened with serious upheaval and deep politicization.

This is perhaps the first time in the history of Greece's parliamentary life that a bill of such a provocatively partisan tone has been introduced; its provisions aim at returning to active service Security Corps men who had been expelled for political reasons in the period from 15 July 1965 until the fall of the dictatorship, as long as they ask to be re-engaged. Nevertheless, this provision is photographic for the pre-dictatorial period since those dismissed by the dictatorship were reinstated after its fall from power.

The politicization being attempted in the Security Corps with the bill is demonstrated by the provision which says that men from these corps who were dismissed after the fall of the dictatorship because they were not deemed suitable for permanent appointment can return to active service.

According to the bill introduced by the minister of public order:

1. The petition for re-instatement must be submitted within 60 days after the law goes into effect and those entitled to submit it must be no older than 36.
2. Suspicions of partisan politics are being created by the provision which states that officers and their subordinates in the Fire Corps may be detached from city to city for service reasons and for a period of up to four months every year.
3. Reserve officers in the Cities Police are able to be recalled to active duty by decision of the minister of public order.
4. Those who were removed by the dictatorship and returned to active service after its fall from power are entitled to ask for rejudgement of their case for the time period from 24 July 1974 until their final retirement, if they feel they were judged unfavorably or were forced to resign during this period.

9247

CSO: 3521/166

FIVE THOUSAND YOUNG MEN TO BE EMPLOYED BY ARMY

Athens ELEVTHEROTYPIA in Greek 21 Oct 82 p 16

[Text] Five thousand young men will find jobs in the Army; they will acquire a productive specialization and when, after 5 years, they will be discharged by the Army they will receive about one million drachmas as compensation and will be given a preference status when applying for permanent civil service positions. These are some of the provisions of the bill drafted by the Ministry of National Defense and expected to be submitted to the Chamber of Deputies.

The bill gives the possibility to the ground forces to recruit 5,000 young men between 17 and 22 years old as non-commissioned officers. They will have to serve 5 years so that the Army can meet its needs for specialized and relatively permanent personnel.

These young men who will be volunteers will have the following advantages:

1. They will be receiving the salary of non-commissioned officers plus a technical allowance.
2. They will receive free training in various fields (mechanics, arm makers etc)
3. Their five-year period of service includes their army training, but they will be paid for that too.
4. When they will be released after 5 years they will receive a lump sum equal to 16 salaries of a permanent sergeant major.
5. In contests for open civil service positions their score will be increased by 5 per cent compared to the score of other applicants.
6. During their service time they will be able to take the examinations to enter military academies.
7. During their five-year period of duty they will be receiving promotions.

The War College

Another bill drafted by the Ministry of National Defense which is to be submitted to Parliament abolishes entry examinations for the Higher War College. In this way, all Army officers will attend the college and there will be no more agonizing for their career development.

Studies at the War College is one of the basic criteria taken into consideration when promoting officers. Many who did not have the time to attend because they had failed in examinations (there is an age limit) remained stagnant and were being retired.

By abolishing the examinations, the Army is being placed on an equal status with the Navy and the Airforce whose officers are accepted in comparable schools without examinations.

In addition, the bill provides for the reorganization of the War College using the experience of the past.

8193

CSO: 3521/49

PAPER URGES MEASURES BE TAKEN TO IMPROVE READINESS

Oslo AFTENPOSTEN in Norwegian 5 Jan 83 p 2

[Editorial]

[Text] We do not know how the defense minister is sleeping at night, but we can well imagine that the deficiencies in our national defense that have been quite obvious for several years are enough to create a certain unrest. Since the Storting debate on the year's defense budget dealt mainly with the subject of missiles, our own defense preparedness was only dealt with superficially. The main problem connected with the defense of air fields and ports, which has been a central issue in the defense budgets of recent years, was marked suddenly by silence. And this in spite of the fact that we have not come any closer to a solution of the problem than we were earlier when one--with very strong words--emphasized the necessity of taking the measures necessary to enable us to receive allied assistance in the events of a crisis or of war.

The speeded-up increase in Soviet naval and air forces over the past 10-15 years had led to great changes in the military situation in the northern areas. The way the strength relationship has developed makes Norway's possibilities of ensuring safety with her own resources fewer and fewer. This means that the collective defense system of NATO is even more important for us than earlier. As defense chief General Sven Hauge points out in a New Year's interview, Norwegian defense has become more dependent upon allied help to be able to maintain the desired defense level.

By storing heavy military equipment ahead of time in time of peace, we will make it easier for us to receive allied reinforcements if we wish to have them. If we do not build up these stores, our defense capability will in fact be reduced, and with this in mind, one must be surprised at the frenzied reaction that this initiative has called forth in some circles. Of course, it is important to understand that storage ahead of time would give us false security if Norway should be exposed to a blitzkrieg and it proves impossible to bring allied reinforcements to our airfields and harbors. For if we do not manage to hold the most important of them intact, no one can come to our aid.

In Storting debates of the past few years, the defense of Norwegian airfields and bases have been given decisive importance, not the least by representatives of the present governing party. We expect therefore that the government will give the highest priority to the procurement of antiaircraft missiles for our airfields, all the more because a decision on this question should really have been made years ago. As has been said, there was no debate on this subject when the defense budget was dealt with 22 November, but the defense minister for his part could report that a final decision on which missile system we shall choose will be made as soon as possible this year.

We also hope that there will be a speedy procurement of ammunition and materiel for our preparedness depots. Our defense's lack of vital types of ammunition in the hundreds of millions in relation to our goal is much too serious a matter to be allowed to ride.

9124

CSO: 3639/48

SHORTAGE OF FUNDS SERIOUSLY DELAYING MATERIEL PRESTOCKAGE

Oslo AFTENPOSTEN in Norwegian 6 Jan 83 p 12

[Text] This year there are not enough funds provided for materiel prestockage to strengthen defense capabilities in northern Norway, so that the U.S. Marines could place their own stores as far south as Trondelag. "Last fall the Defense Department planned to buy artillery with this storage in mind, but lack of funds stopped the whole thing," the chief of army procurement, Egil Jorgensen, said to AFTENPOSTEN. Norwegian armored vehicles have obsolete ammunition that hardly knicks modern Soviet tanks, and in the years up to 1995 new vehicles alone will require between 2 and 5 billion kroner.

The argument on whether the U.S. Marine Corps should place its prestockage in northern Norway or farther south of this military political hotspot was solved, as is known, by a package solution. Norway should prestock for a brigade strength in the north, while the Americans were given Trondelag. The defense chief at the time emphasized that the Norwegian stockage was a necessary prerequisite in the agreement, and that the appropriations had to come as an addition to the regular budget.

In last year's budget an addition was made at the 11th hour to goal, but Major General Egil Jorgensen told AFTENPOSTEN that in this year's budget funds are not earmarked for such storage. Neither does the army's procurement command know about any procurement program this year that is to be used for this purpose.

"The approximately 100 million we got last year has been used for ammunition and armament of TOW antitank missiles. We discussed a later purchase of artillery for two battalions, but backed away because of the tight economy. If the complete stockage for a brigade, it will cost about 2 billion kroner," said Major General Jorgensen, who is now retiring 3 years before the age limit.

"I am bent on finding work that does not require a sudden stop when one becomes 60 years old," he said. The solution is to start a firm that is relatively unique for Norwegian conditions. Miltech, Inc., will deal with military development programs on a small scale, do consulting and perform marketing services within the same area, and it is also possible that the firm will take in a few officers who reach the age limit and use them for commercial contracting work for the defense department or for the defense industry.

The first project will be the development of a system in which 12.7 millimeter heavy machine guns can be better used to force the enemy's helicopters up higher. If one succeeds in scaring the helicopters away from the protection given by the terrain, they can more easily be attacked with effective weapons, Jorgensen said.

As chief of the procurement command, Jorgensen has played a central role in a series of projects, among them the use of Mercedes cross-country vehicles. Up to now, 450 have been bought. "We are quite satisfied with the German producer's industrial engagement in Norway. In this way they have definitely complied with the compensation agreement, and in 1983 they will spend 50 million DM in Norway. New long-term contracts with Norwegian industry are waiting to be signed, and this will happen if the defense department buys more cross country vehicles. I believe that in the course of the first half of this year the army will buy out the options for a total of 3,000 such vehicles," Jorgensen said.

But the Mercedes producer and other competing automobile firms have their eyes on even larger possibilities than the large order of 3,000 vehicles. Up to 1995 the army will phase out vehicles at a cost of between 2 and 5 billion kroner, and emphasis will be placed on standardization. That the foreign auto producers have a strategic view was seen, for example, in the way German interests approached the problem-plagued Moxby firm. Weak firms will also play an important role in the procurement program, Jorgensen said.

In the course of the year the army will have all of its M-48 armored vehicles updated in the U.S. They will be as good as new, Jorgensen said. "The Defense Department's newest tank, the Leopard, should also be modernized, as the other user countries have done long ago. The fire-directing system should be improved, and the cannon must be stabilized automatically. The way our Leopard is today, it must stop and stand still before one can begin to aim at the target. Here Norway is in last place in NATO," Jorgensen said. In the continuing discussion on types of ammunition, Jorgensen says that he favors using the so-called Kinetic Energy Missiles that penetrate the enemy's armor better. "In Norway we have only obsolete ammunition for our cavalry, and what we have today will hardly nip at the Soviet tank types T-72 or T-80. We know that T-72's are stationed in the Leningrad military district. Both Sweden and Denmark have seen fit to use the new ammunition types that also are effective against the most modern attackers," Jorgensen said.

His great hope at the time of his retirement is that the work in strengthening operation and maintenance will be increased. "It is important for us to put the army's factories in order. There is much too little professionalism here, and there is money to be made in efficient maintenance. This is our weakest point," Major General Jorgensen said.

9124

CSO: 3639/48

MILITARY

NORWAY

LONG-RANGE PLANNING GROUP TO STUDY NORTHERN BRIGADE PRESTOCKING

Oslo AFTENPOSTEN in Norwegian 7 Jan 83 p 4

[Text] The question of prestocking for a Norwegian brigade in North Norway is now being evaluated in a group that is working on long-term defense planning for the years 1984-88. The intention is that an overview of the procedure for appropriations for prestocking will be included in these long-term plans, according to Office Manager Erik Senstad of NRK-DAGSNYTT. He confirms that funds have not been earmarked for the 1983 budget, but thinks that in the course of the year there will be some funds that can be used for this goal.

9124

CSO: 3639/48

NORRLAND COMMANDER: SECURITY PROBLEM IN POPULATION DECLINE

Stockholm DAGENS NYHETER in Swedish 8 Jan 83 p 16

[Article by Thorsten Engman]

[Text] "The labor situation up here is a great tragedy for many people. From the point of view of defense, the continued population decline is catastrophic because the world's constantly growing twilight is very noticeable on the North Cap. After all, we are only 60 miles from the world's largest military base--the Kola Peninsula."

That statement came from Erik G. Bengtsson, 54-year-old lieutenant general and military commander of the Upper Norrland area, the Mile command, comprising Norrbotten and Vasterbotten counties, 37 percent of the nation's area but only 6 percent of the population.

"The arms race on the North Cap, which has intensified in the last 10 years, now prevails on all fronts. The situation we now face was already being discussed some 10 to 12 years ago," said Lt Gen Erik Bengtsson.

"But a certain organizational resistance to ideas has kept the issue from gaining attention until now. Obviously, the situation had to become serious before we were convinced."

The world's largest navy base--Murmansk--with more than 500 warships, 175 of them submarines, is located only 60 miles from the lieutenant general's headquarters in Boden. Furthermore, there are some 20 air bases on the Kola Peninsula, large nuclear-armed missile bases, at least two standing army divisions and 10,000 border guardsmen.

The so-called Northern Brigade is stationed in Norway and, every other year, NATO forces conduct large-scale maneuvers in Northern Norway. The northern flank is further reinforced by NATO strategic bombers and cruise missiles.

Strategic

Strategically, the North Cap is very important to both blocks. Finland and Sweden have the essential roads needed to quickly move up the respective

bases. North of the border between the three Nordic countries there is only a narrow winding road, running from Trondheim to Kirkenas and the Soviet border.

But not only NATO and the Warsaw Pact nations are arming on the North Cap; even nonallied nations, like Finland and Sweden, are doing likewise. Finland has moved its defense northward. A completely new fighter brigade (equivalent to the Norrland brigade) has been stationed in Sodankyla and there are army brigade units in Uleaborg and Kajaani. Also, there are Dragon units and other air defense units in Rovaniemi. Furthermore, there is a standing force of about 500 border fighters.

Finland also has ample rail capacity, which can facilitate rapid, strategic movements.

Sweden Arming

Sweden is modernizing its five Norrland brigades with several mobile cannons, for example, and strengthening its air defense by basing two F-21 Viggen divisions in Lulea. Army planes are being supplemented by two new company antitank helicopters, among other things. In addition, Sweden's fortification system is being expanded by about 50 million kronor annually.

The so-called Kalix line is actually a network of fortified, underground resistance bunkers distributed across the entire mile.

Beginning early this year, we will start to recruit six military emergency platoons to supplement the almost 8,000-man strong home guard. These platoons, stationed in Kiruna and Boden, will be put into service when regular annual recruits are not sufficiently trained and will also be trained to quickly manage the difficult terrain, destroy roads, railroads and bridges and to operate behind the front lines.

"We have a good chance of managing our job if we use our resources in a sensible way," opined Lt Gen Erik G. Bengtsson. "Our strength lies in the fact that we can use all the resources society has to offer and can learn to utilize the terrain and the climate. Our forests, mountains and large, often bottomless swamps are excellent from the point of view of defense.

"Due to the population decline, however, transportation is the big problem. The few units stationed up here will only be able to hold back the enemy until we can get reinforcements from the south. For that reason, the interior railroad is a must from a military perspective, while all international roads are obstacles."

According to military strategy, an attacker from the East or the West would not submit to suicide along our roads. From the very beginning, an attack would be launched across wide areas, with enormous air and ground infiltrations as well. But, sooner or later, the attacker would be forced to take to the roads in order to meet the growing need for supplies.

"Not even the superpowers can depend entirely on air supplies over a longer period of time," said the deputy chief commander in Norrland.

"Utilized properly, the large rivers in Norrland are very important militarily," said Lieutenant General Bengtsson. "All rivers south of Lulea will be maximally developed, while Rane, Kalix and Torne rivers will be left alone. All dam construction--serving as bridges--would thus facilitate our movements, while greater efforts would be needed to destroy them than ordinary bridges."

According to decisions by Parliament and the government, Sweden shall improve its defense with respect to repelling a surprise attack, by land or water.

Difficult Dilemma

"In order to do that, all units must be in this region prior to the attack. That requires that we pay serious attention to armament signals from the outside world, that we learn to interpret them better and draw the right conclusions. Politicians are always in a difficult dilemma when it comes to making decisions," said Lieutenant General Bengtsson.

"Occasionally, it may be prudent to appropriate more money than is needed just to show the outside world that we are prepared. If an attack comes like lightning from a clear sky, we have failed.

"An attack on Sweden would not be an isolated phenomenon, but a flank attack in an ongoing large-scale war in Europe, in which none of the parties would dare to move units northward for fear of being outmaneuvered.

"With our forces, we clearly have a chance to withstand whatever an aggressor might set in against us," said the lieutenant general.

According to Erik Bengtsson, the nuclear submarine incidents last summer prove that the superpowers have embarked on a new strategy. He does not believe the visiting submarines are here to probe the terrain in preparation for a coastal invasion. Instead, he feels that the submarines are here to find suitable base and launch areas in the event of an armed conflict between the two power blocks.

A conflict which by mistake could quickly develop into a nuclear war since both superpowers have nuclear weapons even among lower level units.

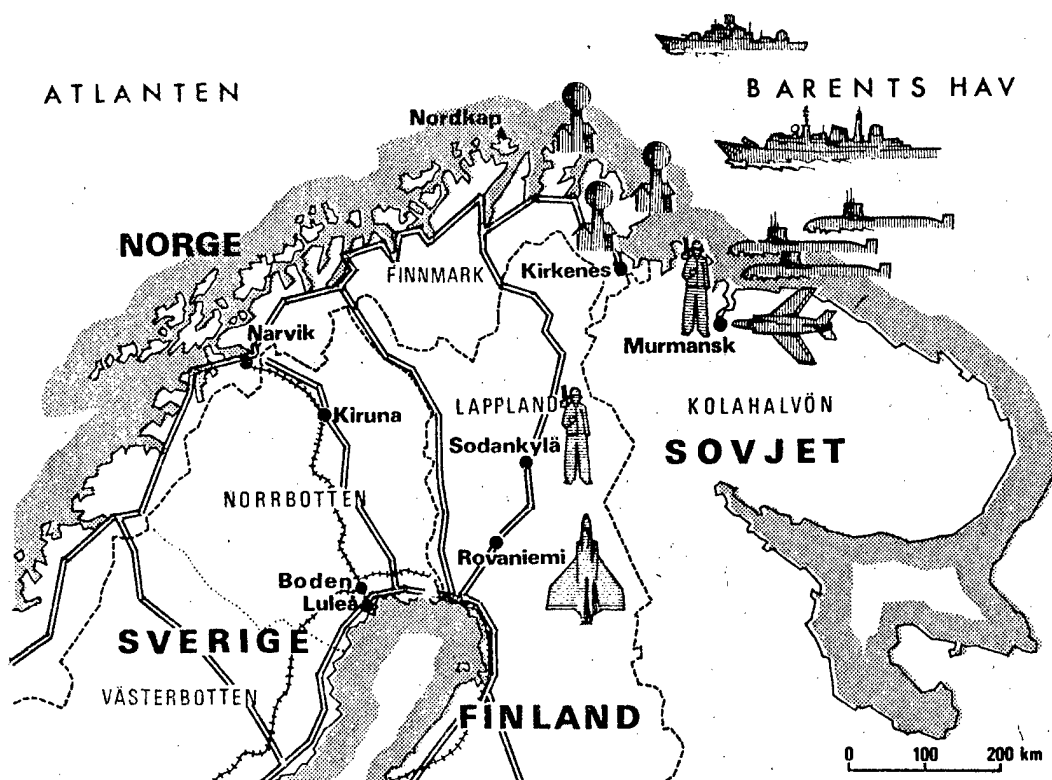
"Our first goal must be to get rid of the so-called battlefield nuclear weapons and thus reduce the risk of a devastating war," opined Lieutenant General Bengtsson.

One way to do that might be to deploy conventional weapons. Only then can we begin to discuss the forms of a nuclear-weapon-free zone and the possibility of achieving a tenable agreement.

Swedish Soldier Doing Well

Essentially, Lt Gen Erik G. Bengtsson is strongly convinced that the Swedish military has a good chance of managing the job it has been assigned by the government and Parliament. He thought he had gained some evidence of that during "Operation Northern Lights," one of the largest military maneuvers ever held in Sweden.

"This maneuver demonstrated that our plans tally and that the civic apparatus, without any reduction in regular traffic, can handle the additional supplies needed. With respect to the Swedish soldier, he was better in some respects than we had ever hoped in moving through difficult terrain, among other things."



The armament race has intensified on the North Cap for the last 10 years. The world's largest navy base is located in Murmansk and some 20 air bases can be found on the Kola Peninsula. NATO is arming Northern Norway and Finland too has begun arming in the north.

8952

CSO: 3650/95

BUDGET PROPOSAL: INCREASE FOR ANTISUB FORCES, CUTS FOR REST

Stockholm DAGENS NYHETER in Swedish 11 Jan 83 p 12

[Text] The sloop-of-war flotilla connected with the air force Sodertorn schools in Tullinge will be dismantled as soon as possible. This will be the result of government budget cuts of 200 to 300 million kronor in the area of defense. Plans are to transfer the training program to the Blekinge air force flotilla.

Up to now, military plans have focused on 12 fighter divisions, 8 Viggen divisions and 4 modernized Dragon divisions. The government now suggests 11 divisions by eliminating 1 Dragon division as soon as possible.

The Social Democrats' budget proposal was 100 million kronor less than that submitted by the nonsocialists last spring and, as a result of the devaluation, another 200 million will be cut for socioeconomic reasons.

These reductions will affect the air force and the army, while the navy will be allowed to expand its submarine forces.

The dismantling of the Tullinge flotilla is expected to provide a saving of 40 million kronor.

Decision Delayed

According to the nonsocialist budget proposal, one infantry brigade would be reorganized into a fifth Norrland brigade and purchase orders for tanks have already been approved. The new government, however, has not yet taken a position on these tanks.

Furthermore, the commander-in-chief's plans include the purchase of six mine sweepers, type M80. The new government has not taken a position on that either.

Parliament will later be informed about the results of the Defense Department's study of the JAS project when the new defense minister, Anders Thunborg, takes office in the middle of January.

The study primarily concerns the dollar value's effect on the airplane project since 30 percent of the parts are imported from the United States. The study shows that the project can tolerate an exchange rate of 7 kroner per dollar, provided that the rate of inflation in Sweden and the United States is about the same.

Negotiations are underway concerning the purchase of Swedish-made missiles.

Ocean-level missile 15 is well above the expected production and ahead of schedule. The series production will be finished by 1985.

More Recruits

The Defense Department also wants either a guided glider bomber or a heavy breaker bomber to supplement the JAS airplanes or the navy Spica vessels. The alternatives submitted are absolutely too expensive. There will be new negotiations to try to obtain bids at much lower prices.

During 1983/84, the military will train 2,500 additional recruits due to the labor market situation. Their training will be determined by the individual combat units' tasks and training needs. The commander-in-chief himself will soon have the authority to determine the need to call up recruits for certain units. A proposal to upgrade the pay for recruits will be submitted in the spring of 1983.

The responsibility for local civil defense in war times will be turned over to the municipalities. A home guard organization will be established to help people with practical questions. Shelters will be built to accommodate approximately another 170,000 persons, some 380,000 protective masks will be procured as well as 30,000 protective jackets for children.

8952

CSO: 3650/95

TEN SOCIALISTS IN RIKSDAG REVOLT AGAINST FUNDS FOR JAS

Stockholm DAGENS NYHETER in Swedish 26 Jan 83 p 6

[Article by Ake Ekdahl: "Social Democrats Revolt, Say Stop Appropriations for JAS"]

[Text] Ten Social Democrats in the Riksdag are revolting against the government's proposal to appropriate between 300 and 400 million kronor in the next budget year for the new military aircraft JAS [fighter-attack-reconnaissance].

The government sees the funds as a research appropriation, but the 10 Social Democrats, with World Brotherhood leader Evert Svensson in charge, regard the investment as the beginning of a gigantic multi-million project which JAS represents, and with their motion they want to stop such a development.

When the bourgeois government put forth the 1982 defense budget the JAS was included, despite its being an investment spread over a much longer time period than the 5 years called for in the defense decision.

That time the Social Democrats said no in the Riksdag.

The Social Democrats, led by Olof Palme, explained then that they needed more time to consider, and better information about the costs to be able to decide.

Palme was confronted by an internal party conflict about the aircraft. At a meeting with Social Democrats on the west coast he irritated the opposition by calling World Brotherhood leader Evert Svensson one of the seven graces, meaning the seven who went against the party line on the aircraft.

In this year's budget there are no such reservations. Those opposed say in their motion that it is wrong to tie the country to this research appropriation, since nothing new has been learned which can change their position on JAS.

END