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## WEST EUROPE REPORT

No. 2164

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## PROGRESSIVE PARTY PAPER REPORT ON PEACE MOVEMENT VIEWED

Reykjavik MORGUNBLADID in Icelandic 17 May 83 p 7

[Commentary by Staksteinar: "Contrary to Icelandic Security Interests"]

[Excerpts] The paper TIMINN discusses Icelandic security interests in its Sunday edition and says, among other things:

"Neutrality is a notion that the human rights apostles of the Kremlin think to be of great advantage to nations, except, of course, for their own satellites. However, the neutrality of sovereign states the Kremlin respects in its own way, as can be seen from Soviet sabre rattling off the Swedish peninsula.

It is a highly strange propensity for the so-called peace and neutrality advocates of Western nations to look at no other weapons and military systems than those under the control of the Western nations or the Atlantic Alliance.

In the discussion of this issue often little is said in terms of good sense and knowledge is in short supply. It is sufficient to remember the strange jabber of poppycock and demagogery that rages to prove that nuclear weapons stores are in Iceland and that there is an attack base here. This kind of discussion does not suit Icelandic security interests, to say nothing stronger."

Neutrality Means Danger for the World

Denmark, Norway and Iceland were all following a policy of "everlasting neutrality" when they were conquered during World War II. The bitter experience that they harvested from the field of neutrality was a major factor in these countries joining the Atlantic Alliance, the defensive alliances of the Western democracies.

The frequent "reconnaissances" of Soviet submarines in Swedish territorial waters show how in fact the Soviet Union respects Swedish neutrality. Afghanistan is a measure of their tremendous respect for the independence of other states. How would Swedish neutrality be respected in a general war in the Baltic, if they grind the Swedes under the foot in peace time.

The Soviet Union is now encouraging exactly the same kind of complacency in the the Western countries that characterized its propaganda during the second half of the 1940's.

## SAVASTA CONFIRMS SARDINIAN BR KEPT ARMS FOR PLO

Rome AVANTI in Italian 11 May 83 p 3

[Excerpts] Cagliari, 10 May--The close links between the Red Brigades and the PLO were further confirmed today in the courtroom of the court of assizes which is trying 60 alleged Brigade members charged with having established and organized the Sardinian column and other crimes, including the murder of National Police PFC Santo Lanzafame.

These links had already been talked about in the past but this morning, the highly repentant Antonio Savasta--who in this trial, together with Emilia Libera, so to speak, has the role of collaborator of justice--supplied data, details, and specific information on this "fraternal" collaboration effort. He said verbatim: "The weapons arsenal at Monte Pizzinnu in Nuora (discovered and confiscated by the forces of law and order--the editors) was a strategic dump for the PLO. The weapons (bazooka, ground-to-air missiles, explosives, MG and small arms--the editors) were not the property of the Red Brigade; the Sardinian column was only holding them; this was a kind of favor which the BR [Red Brigades] were doing for the PLO precisely through the Sardinian comrades." Savasta explained that, in the wake of the Moro campaign, the BR had seen the need for promoting and increasing international relations and this is why they made themselves available to the PLO for the purpose of storing arms in Sardinia and also in Veneto. In summary, the Sardinian column took upon itself the political responsibility for taking custody of the weapons and in return had a small arsenal of "light" arms available.

But in his responses to the judges, Savasta went even further and supplied other particulars. He said that the weapons at Monte Pizzinnu were brought by him and by Riccardo Dura (one the leaders of the BR who was then killed in the hideout on Fracchia Street in Genoa during the raid by the National Police officers of Dalla Chiesa). They carried them in a car, driving on one of the roads linking the Ligurian capital with Olbia.

Savasta then supplied other details on that period of time. "The transfer of the weapons to Sardinia replaced the undertakings regarding the liberation of Brigade members who were being held in the prison at Asinara (they included the long-term BR leader Renato Curcio--the editors) after those planned by Prospero Gallinari in 1979 had failed."

"At this point," Savasta added, "the brigades of Kampo (which was the nickname for the arm of the "politicals" at Asinara) severely challenged our decision to transport the weapons and accused us of excessive emphasis on organization to the detriment of major political choices, such as the one to liberate the imprisoned proletariat."

To straighten out the disputes over the arrested comrades, the BR then turned their attention to the problem of the jails, deciding to attack the National Police escort making the rounds at the Nuora prison of "Bad 'e Carros."

"I participated in that action, along with the Libera woman, Mauro Mereu, Antonio Contena, and Pietro Coccone. To get away from the area, after the attack (there were no victims--the editors) we established contact with two fugitives from justice who were then killed in December 1979 in the clash with the National Police at 'Sa Janna Bassa' in the territory of Orune."

At this point Savasta presented a detailed reconstruction of that episode but on the basis of what his comrades had told him. As a matter of fact, as he said, he did not take part in that because he was stuck in Civitavecchia due to a transportation worker strike.

After finishing his account of that episode, Savasta went on to talk about the indoctrination and recruiting effort on the island. In particular he reconstructed the meetings with Carmelino Coccone, 42, the pastor of Orune, and the many contacts he had in Nuora and in the area around Cagliari.

In the last part of his deposition, Antonio Savasta declared that a large part of the Sardinian column's activities was carried out hastily and without complete preparation but he added that this haste in organizing the initiatives sprang from the determination to display efficiency even though it might turn out to be more difficult to win new political ground in this fashion.

"It was this haste, this desire to do something, which pushed us into trusting comrades whom we had on the spot, particularly Pietro Coccone and Francesco Maria Mattu, in spite of the fact that we had been in touch with them only a short time, contrary to what we had done for the columns in Rome, Turin, Genoa, Milan, and Veneto."

5058

CSO: 3528/142

## DENIAL OF ETA SANCTUARY PROVIDED IN FRANCE

Madrid YA in Spanish 18 May 83 p 10

[Text] The director of the French police. Paul Cousserant who has been in our country for several days at the invitation of his Spanish counterpart, Rafael de Rio, said yesterday afternoon that "the French police give information to the Spanish police on the movements of Basque refugees, but what we cannot do is place them under constant guard. If one of them become dangerous, we send him to the interior of France. But above all we maintain constant pressure on them."

In a press conference held at the National Police Administration, Mr Causseran said nothing new on two subjects which at the moment are of serious concern in Madrid; ETA terrorism and the attacks on Spanish truck drivers who cross France with cargoes of fruit and vegetables. Mr Cousseran evaded all questions put to him by reporters and at all times he was evasive when it came to discussing the details of the bilateral cooperation existing between both countries.

With regard to the ETA sanctuary in the French Basque country, the director general of the French police said that "there is no such sanctuary in France. Today it is easy to live in any part of Europe. All of it is a sanctuary. The French Basque country shelters many political exiles, but it is not a sanctuary. We live in a lawful state and one cannot arrest people who do not have blood on their hands; if not, we would be a somewhat fascist police. In France, if they do not commit violent crimes, they can live in peace."

On being questioned further by reporters concerning the fact that the ETA leadership lives in France and that is where the offenses which are carried out in Spain are planned, Mr Cousseran stated that "we think that the attacks are planned in Spain. We have no proof that they are planned in France. We had only very scant information on the occasion of the Pope's visit to Spain and we passed it on to the Ministry of the Interior. Those who are there are not the authors of the crimes."

On being questioned on the passivity of the French police and why they do not prevent attacks by French farmers against Spanish truckers, the director of the police said that "in France we are in a democracy and we cannot fight openly against these forces. Furthermore, police authority was weak in this frontier area due to the fact that the larger contingents were in Paris".

After leaving without clarifying where the police collaboration between Paris and Madrid stands, Mr Cousseran tried to evade the terrorist subject explaining that the traffic in and consumption of drugs is the biggest danger in Europe, even greater than terrorism.

9678

CSO: 3548/418

## TALLY OF VERDICTS IN THKP-C TRIAL

Istanbul CUMHURIYET in Turkish 26 May 83 pp 1,11

[Passages enclosed in slantlines printed in boldface]

[Text] ISTANBUL NEWSSERVICE - At the trial of the 96 defendants of the THKP-C [Turkish People's Liberation Party Front] of the People's Revolutionary Vanguard, 9 defendants were sentenced to death, 8 were sentenced to life and prison terms ranging from 4 months to 21 years were also handed down to 41 people, while another 31 were acquitted.

41 imprisoned defendants were present when the verdicts of the Istanbul Martial Law Command Military Tribunal No.3 were disclosed yesterday in the hearings room of the Metris Military Prison and Jail.

Following the reading of the verdicts, which lasted 45 minutes, the defendants spouted some slogans related to their organization.

Among the defendants / Suheyila Kaya, Halil Yavas, Sadik Varer, Bilgehan Genc-kardaslar, Ali Alkan, Emrullah Gemci, Mehmet Isbelen, Haydar Yilmaz, Mete Ozer, / were sentenced to death, in accordance with article 146/1 of the TCK [Turkish Criminal Law], on a charge of attempting to alter, change, and abolish by force totally or partially the Constitution of the Turkish Republic.

The defendants /Ozgen Kalkan, Orhan Gumus, Cumali Varer, Tarik Yucel, Ali Kilic, Murat Zengin, Ali Ozyurek, Seydi Talan/ were first sentenced to death but, as extenuating circumstances were taken into consideration, the verdict was changed to imprisonment for life.

/Ufuk Susmaz/ was first sentenced to death but, considering his youth and extenuating circumstances, his sentence was changed to 16 years and 8 months imprisonment.

/Saliha Nazli Kaya/ was sentenced to 24 years, on the charge of forming gangs, as also /Teoman Devrim/ condemned to 20 years and /Izzet Naci Celasun/ who was given a sentence of 13 years and 4 months in prison.

Defendants who were condemned for participating in the attempt to alter, change, or abolish totally or partially the Constitution were /Cihan Asan, Osman Solhan, Turhan Gumus, Salih Yigit/ who were sentenced to 10 years each, /Cevat Akkaya, Zuber Yildiz/ to 15 years each, /Sedat Ozgurdamar/ to 8 years, /Ismail Zor/ to 6 years and 8 months heavy prison terms while /Ismail Zor/, taking into

consideration the time he had spent in jail, was released.

Defendants /Cemil Orkunoglu, Bilal Orkunoglu, Hasan Kazancioglu, Erdal Inal, Ibrahim Bayram, Gulbahar Duzenli, Cengiz Dinlemez, Aynur Dinlemez, Muharrem Kutay Ustundag, Ekrem Sami Kiziltan and Ali Sahin/ were sentenced each to 5 years, /Zeynep Melih Duvenci, Emine Nuran Erdonmez, Asuman Varer, Mahmut Erhan Ergun, Huseyin Albayrak, Birol Karasu/ to 6 years and 8 months each, /Fatih Sagir, Mustafa Atmaca/ to 5 years, 6 months and 20 days each, /Nuran Kaytanci, Erkan Kaytanci/ to 4 years each, /Esref Tekin/ to 3 years and 4 months, /Cengiz Sahin, Tuna Sahin, Kenan Satilmis, Nurettin Kocak/ to 3 years each, /Kadir Bakoglu/ to 2 years and 6 months, /Erkan Atagun/ to 6 months and /Veysel Demir/ to 4 months imprisonment.

Among the defendants mentioned above Cemil Orkunoglu, Bilal Orkunoglu, Hasan Kazancioglu, Erdal Inal, Ibrahim Bayram, Fatih Sagir, Mustafa Atmaca, Zeynep Melih Duvenci, Emine Nuran Erdonmez, Asuman Varer, Mahmut Erhan Ergun, Huseyin Albayrak, and Birol Karasu, taking into consideration the time they were in custody, were released.

#### Those Who Were Acquitted

Muammer Ersoy, Osman Demirsoz, Unal Yucel, Fuat Engin, Yadigar Yildiz, Ibrahim Cengiz, Ahmet Kombal, Turan Celik, Metin Batur Sah, Eyup Sarli, Salim Yigit, Omer Senel, Ekrem Karamustafa, Fatma Kiziltan, Vecihi Esertepe, Rusen Demircioglu, Erman Aslan, Lutfu Topal, Sabahattin Palabiyik, Nuri Sag, Abbas Ciftci, Ahmet Bulut, Burhanettin Goren, Nusret Durgun, Huseyin Sezer, Haydar Uzunyol, Refik Bayram, Feyzullah Kok, Ismet Polat, Sevim Polat and Suriye Batur Sah were acquitted.

The Tribunal pointed out that defendant /Yakup Goktas/ having died the public suit against him would be dropped and also ruled that /Aziz Batur/ was acquitted of the charge of being a member of an organization while a request for a public suit against him, on other charges, was also turned down; /Bahri Hacioglu and Ozcan Cilli/ were acquitted of the charge of being members of an organization, while in the case of /Salih Akdemir and Hulya Montes/ the court was ruled to be incompetent. It was also agreed to put aside the dossier of defendant /Vesim Aras/.

12278

CSO: 3554/310

## 'MODERATE' RISE IN ELECTRICITY PRICES PREDICTED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 31 May 83 p 13

[Text] Frankfurt, 30 May--Electricity prices in the FRG will continue to rise again this year. Following the average rise of 6 percent in 1982, well above the inflation rate, they are supposed to increase only "moderately" in 1983. The chairman of the Union of German Electricity Companies (VDEW), Gerhard Hecker, said that he could not give definite figures, since the nation's electricity companies were affected differently by cost developments.

In expanding power plant output, the VDEW plans to give preference to nuclear energy in the future. According to Hecker, 10 nuclear power plants, which are to be completed by the end of the decade, are currently under construction, with an output of about 13,000 MW. In the next 3 to 4 years 18 coal-fired generating stations, with an output of 7,000 MW, are to be tied into the grid. With a total of 20,000 MW, a future consumer increase of 2 to 3 percent annually could be accommodated. Nuclear power plants with an output of an additional 10,000 MW were in the preparation stage; but construction will not start until economic development becomes "more clearly recognizable." Hecker put current surplus capacity at 10 percent.

In the first 4 months of the current year electricity consumption stagnated because of the poor economy (down 0.2 percent); primary energy consumption had actually declined about 2 percent. Hecker is not anticipating any basic change for the business year; electricity consumption would not increase again substantially until 1984, with a perceptible upswing in the economy.

He spoke critically about the ordinance affecting large-scale coal-fired power plants, which imposes stricter measures on the electricity companies to reduce flue-gas sulphur emissions for environmental reasons. According to VDEW calculations, this would require additional investments of about DM 15 million and would increase the price of electricity generated in coal-fired generating stations by 2 or 3 pfennigs per kilowatt/hour.

9581

CSO: 3620/361

## EXPERTS CALL FOR DEVELOPING ALTERNATIVES TO OIL

Duesseldorf HANDELSBLATT in German 4 May 83 p 17

[Article by Dr Dieter Schmitt and Dr Heinz Juergen Schuermann, both of the Institute for Energy Economics, University of Cologne: "Energy Supply/Long-Term Perspectives: Makes of Energy Policy Should Not Allow Themselves To Be Lulled by Detente in the Oil Market"]

[Text] After the second oil price increase failed to be ratified by the markets, the price trend in the face of strong contraction of consumption tends at the present time to be downward instead. In consequence there is a danger that initiatives aiming at the development of petroleum alternatives, which thus far have been disappointing, may even more be relegated to the back burner. Under these circumstances it would be important to establish a long-term holding line against further petroleum price increases, with the aid of nuclear energy, coal and other alternative energy sources.

Three aspects of the matter appear to be especially relevant in characterizing the present worldwide energy supply situation:

- i. the relaxed oil supply situation,
- ii. the prevention of an oil price collapse despite dramatic sales losses on the part of the most important oil suppliers,
- iii. the entirely disappointing contribution which has been provided by oil alternatives.

In recent years the oil supply situation has become progressively less critical. The oil consumers reacted to the second price increase of 1979/80 to a degree which only a few years before had not been foreseen even by optimists. In addition, there was a worldwide economic slump which has led to the deepest recession since the thirties. Further reinforced by a reduction in speculatively (in part) exaggerated oil inventories the effective petroleum demand in the western industrial countries has diminished by almost 20 percent since 1979 and in individual countries such as the FRG (24 percent) it has diminished even more. At the same time the oil demand has clearly risen in countries outside OPEC (especially in Mexico and Great Britain).

## Excess Capacity Amounting to 20 Percent of the World Oil Demand

As a result of the factors outlined above there has arisen a capacity excess concentrated in the OPEC countries which has been estimated to be more than 20 percent of the world oil demand (distinctly greater than 10 million barrels per day). After the termination of the Iraq-Iran conflict the market-effective supply will probably further increase.

There is no doubt that the oil market is at the present time so labile that even today a price collapse cannot be excluded as a possibility. However, a stabilization of the oil price has at least been achieved at a level which is about 10-15 percent lower. The fact that despite the obvious conflicts between the individual supplying countries the cartel has not collapsed can only be attributed to the recognition that all parties would lose by a price war among the producers. Also the most important non-OPEC suppliers (Great Britain, USSR, Mexico) are increasingly interested in stabilizing the oil market by means of their price policy and production policy [Mengenpolitik].

## Oil Alternatives Must Not Be Overestimated

One of the great disappointments is the fact that almost a decade after the first oil price increase and despite repeated elevations of the energy price level no decisive unburdening of the oil market has emerged on the part of the supply of oil alternatives. Despite unmistakable differences this statement is equally true both with respect to coal, nuclear energy, natural gas and the regenerative energy sources.

There have always been warnings issued by experts against overestimating the possible contribution to be made by regenerative energy sources for short- to middle-term coverage of energy consumption in the industrial countries. These experts have warned that the technologies are still too immature; too little attention has been paid to the question of availability which is usually uncertain; expected reduction in the cost difference as compared with established technologies has turned out to be too optimistic.

Also natural gas which at first was capable of replacing oil to a considerable degree in individual markets now, because of pricing by the suppliers which is too closely oriented toward the oil price, is increasingly encountering limits in areas--such as the coke industry--where oil is turning out to be less and less the relevant competitor.

On a worldwide scale it has been nuclear energy which in recent years has exhibited the highest growth rates. Its contribution to covering the primary energy consumption continues, however, at 4 percent, to be limited. There can be no doubt that the earlier expectations have turned out precisely in this domain to have been fully unrealistic and the acceptance problems as well as the cost increases resulting therefrom have been much underestimated.

## The Coal Renaissance Meets Resistance

Also the much heralded coal renaissance is increasingly encountering problems. Hopes for the attainment of the threshold of profitability in advanced

technologies of coal enrichment have turned out to be deceptive; on a world-wide scale the ambitious programs have had to be drastically contracted. Even traditional coal usage is increasingly encountering ecological resistance which at the present time are intensifying.

It is certainly true that also a number of market imperfections requiring energy policy correction are responsible for the development which has taken place in the domain of oil alternatives. It is also not to be doubted that a part of the problems are attributable to lack of planning and leadership among responsible persons in the domain of policy. On the other hand one must adhere to the conclusion that possible solutions are in part unamenable to the influence of national energy policy and are accessible only through processes of international accord. In any case one must proceed for the future from the position that in long-term energy policy strategies it will be necessary to appraise at a higher rate than hitherto assumed the time required to introduce developed technologies into the market and to apply them successfully.

#### Interim Balance for the FRG

Undoubtedly one may assume that in the future in the FRG the primary energy consumption will in any case continue to rise slightly. This will be the case even in the event that there is success in finding the way back to an economic growth which is satisfactory throughout the entire economy, because the restructuring processes and conservation processes which have been initiated have still not been brought to a conclusion and important consumer areas which in the past have contributed in great measure to the growth of energy consumption are displaying ever more marked evidences of saturation. Growth in energy consumption may be expected in the future to arise essentially just from the demands of industry and from those conversion processes which prospectively will also be carried out in future. Assuming an economic growth of the order of magnitude of 2.5-3.5 percent per year one may reckon from our present point of view that by the end of this century there will be a primary energy consumption of the order of magnitude of 400-450 million tons SKE [anthracite units?] (i.e., from 10- to a good 20-percent growth as compared with today). Even if there is success in consistently continuing the diversification which has been initiated, thus diminishing the risks of disturbances in energy supply, the energy supply of the FRG will remain dependent upon developments in the world energy market. But in the near future it is probable that to a decisive degree the world energy markets will be determined by the structure of the oil markets.

#### Future Perspectives for the Oil Supply

The tendency to market glut--resulting from the current exaggerated weak demand associated with the world economic stagnation and the reduction of inventories--is in our opinion only a transitory phenomenon and conceals those more long-term shortage constellations, to say nothing of politically produced supply crises in the Near East! It is true that for the visible future we reckon with a comfortable supply situation but it is to be feared that in the event of a resurgence of worldwide competition the additional demand for energy will concentrate especially on the oil sector. Probably over the long term one

would have to assume in any case the existence of a real oil price path which will be again on the ascent. However, it may simultaneously be assumed today that as a result of the reduced level of consumption and of the possibilities (consistent with current prices) for mobilizing additional reserves of conventional and nonconventional oils the shortage-induced price rise will slow down and on the whole the age of petroleum will be prolonged.

#### The Second Oil Price Rise Was Overdrawn

The actual development of the oil price path probably depends upon a number of factors, including economic development, intensity of market-endogenous conservation and substitution processes, the schedule dates of energy policy, the behavior of the oil-producing states and those factors behind such behavior, together with other factors. Although the uncertainty of price prognoses should not be overlooked energy economics and policy cannot avoid basing their long-term planning upon specific expectations. For this reason in the graphic chart "Development of Real Oil Prices" [Graph not reproduced] we have sketched what appear to us to be plausible development profiles of future oil prices.

Looking back it appears justified to look upon the first oil price increase as compensation for two decades of real price regressions, this compensation having been made possible after transfer of control over the oil wells to the pipeline countries. At the same time it is apparent, however, in the interim that with the price increases effected in the course of the second oil crisis the market forces were underestimated and--even though at the price of a severe recession--in the meantime there followed an adaptation of the overdrawn demands which has not yet come to a close. Even in the case of the variant A which is intended to describe a relatively high oil consumption there will in our opinion as a result of learning processes be a diminution in the tendency of pipeline countries to become restimulated by seller-market tendencies and simultaneously to assume a posture of readiness (if necessary while renouncing their own goals) to prevent a price collapse by coordinating production. This could then result in a tendency for price swings to diminish. This admittedly does not exclude the possibility that there may be a renewed oil price rise in the second half of the eighties up to something of the order of magnitude of \$40 per barrel in the year 1990, especially if there is a continuation of the real oil price reduction in the next 2-3 years (e.g., really at \$25 per barrel in 1982 values). The upward price trend which might well become continuous throughout the nineties could then amount to about \$50 a barrel by the turn of the century.

On the other hand in the event of a very low rate of economic growth scarcely adequate to meet the worldwide increase in population and in the event of extensive energy policy interventions if oil consumption should drop substantially lower (variant B) then even after the assumed real oil price reduction up to the mid-eighties it is probable that there will be only a moderate rise in the price of oil up to something like \$30 a barrel in the year 1990 (that is, a constant price as compared with today!). The oil price level of 1981 would then not be again attained until around the end of the nineties (\$40 a barrel in 2000). It is true that the price rise could accelerate somewhat in the nineties because the investments in new production would probably be

undertaken only with a hesitancy corresponding to the moderated price expectations.

Even though the development of the real price of oil in the last three decades has (fortuitously?) corresponded to the price formula for long-term oil price development conceived by the strategy commission of OPEC and even though the medium-term development assumed by us as variant A tends to take an analogous course nevertheless it does not represent a satisfactory basis for a description of the oil price path which may be expected over the very long term. Entirely apart from the fact that every exponential profile makes itself questionable from a certain point on, it may be assumed that limits will be set to an unbounded oil price rise not only by the demand but also by the cost of providing so-called "backstop" technologies. Here one is dealing with energy sources or energy technologies which--unlimited by yield--are available at (practically) constant limiting costs through the visible future. This includes in particular coal, nuclear energy and--under the long-term aspect--solar energy. Even though the cost of backstop technologies has also risen considerably in recent years yet from the present standpoint one may assume a real level of about \$55 to \$75 per barrel, which marks the upper limit of the long-term oil price rise. It is true that the price of oil can transiently exceed this level; however, after an adaptation time of perhaps 10 years it will be corrected at this level or the oil must accept dramatic losses in its share of the market.

#### Energy Policy Constraints

A decade of experience since the first oil crisis makes it clear that while the market forces do have an effect nevertheless a multitude of imperfections can distort these adaptations and in addition can yield very painful sacrifices (unemployment, inflation, deviations from financial equilibrium and more). The supply flexibility of oil alternatives--adequate quantities at relatively favorable prices--must be estimated over the short to medium term to be only relatively slight in the event of serious disturbances in the oil market.

Today we find ourselves in a dilemma: despite favorable indications of détente the world energy markets remain very labile and even unstable--this because of political situations of risk in important export regions but also because of the continued existence of cartelizing tendencies in the crude petroleum markets. Only to the extent that it is possible to give free rein to market-endogenous conservation processes, to push the diversification of supply sources overall and to introduce promptly backstop technologies (costly in capital and time) having significant shares of the market--only under these assumptions will it be possible to control natural shortages or to prevent excessive dependencies upon specific supply sources over the medium to long term. Here above all there would be a need for joint world energy policy initiatives (at least on the part of the western industrial countries) such as:

- i. increasing integration of the energy market, i.e., reduction of market access barriers and distortions of free competition,

- ii. cooperation in exploration policy (work-sharing concentration with the aid of international joint ventures),
- iii. internationally agreed-upon nuclear energy strategies [misprint in original],
- iv. multilateral agreements for the protection of investments, accompanied by support for venture capitalization stock subscriptions between nations (instead of one-sided mutual dependencies),
- v. international unification of environmental protection policies on the basis of standards agreed upon in a step-by-step process,
- vi. coordinated structuring of strategic oil reserves for the purpose of market stabilization.

For the FRG this would mean, for example, among other things:

- i. a new orientation in coal policy (effective opening up of the market for foreign coal). In view of the dramatically diminished sales possibilities for anthracite within the FRG it would be desirable simultaneously to establish a realistic support target for German anthracite; this support target should be supported by open producer subsidies.
- ii. encouragement within the EC of a dialogue about the elimination of competitive distortions in the West European refinery domain,
- iii. an extension of crude oil reserves during this present phase of very low crude oil prices,
- iv. introduction of some continuity into exploration policy so as to make it more predictable for the industry, at the same time allowing the private sector greater risk participation within the structure of cooperative exploration policy.

One would hope for the adoption at the world economic summit in Williamsburg of joint energy policy initiatives having long-term cooperative goals (also including the OPEC camp). This would be desirable at this particular time, that is, during a phase when there is no current pressing need for negotiation because of shortages. This applies in particular over the short term for the area of nuclear energy with its national supply bottlenecks.

Dramatic instabilities in the energy domain are not inescapably predestined; rather, it appears that by means of modified energy policy schedule dates it is entirely possible to achieve more well-balanced forms of price adjustment. This would be to the advantage of all who participate in the market.

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CSO: 3620/335

## OIL COKE BECOMES MORE ATTRACTIVE ENERGY SOURCE

Paris LES ECHOS in French 16 May 83 p 6

[Article by Ralph Back: "A Surprise Fuel: Oil Coke"]

[Text] In the field of energy, nothing is ever sure, whence the constant forecasting errors. Thus, in 1974, all of the experts thought they found an answer to the oil crisis in nuclear energy. Likewise, when the reactions of environmentalists almost everywhere in the world crushed these hopes, solar energy was supposed to become the solution. Alas, there too, they had to back down, as with most of the so-called "soft" energy forms. They will not be ready for the next decade. And everyone is betting on the "coal rebirth."

If, in fact, considerable results have been obtained to direct consumption toward this energy source, it is greatly feared that development will be much less promising than expected. Not only because the drop in oil prices since the middle of 1982 makes industry hesitate to convert its facilities to coal, as the administration would have liked them to do, but also because a new fuel has just appeared and is competing with coal. It is oil coke.

In fact, the biggest "energy-eating" industry, the cement industry, which was also the first to abandon oil in favor of coal, discovered last year that it could be more profitable for it to use oil coke. The latter is an oil by-product that has long been confined to some very specific uses, such as that of cathodes.

In order to produce this coke, certain special processing equipment that is not yet found in France is needed. In the United States, on the other hand, many refineries have had it for a long time.

The American market consumes 50 percent of the "white products," that is, essentially fuels, whereas regular and premium gasoline represent only a fifth, at most, of consumption in France. Thus, the French refineries were not designed to supply large quantities of oil coke. Until fairly recently, this product had to be imported, mainly from across the Atlantic. However, in Europe, Petrofina seems to be firmly engaged in this path and is carving out a choice place for itself in the French marketplace.

Today, after the spectacular recovery of demand--1,440,000 tons in 1982 compared to only 230,000 10 years earlier--there are many permit holders already holding a special import authorization (the oil imports system is not free in France). For the next allotment of permits, 29 candidates are already predicted, all of them "big guys" in oil, whereas to start with, there are practically only two permit holders, the Fontenaysienne of Raw Materials and the Unico Fuel Union. Low national production, some 450,000 tons per year, is generally consumed by the refineries themselves.

When one considers that the selling price of oil coke is around Fr 400 per ton, or at least half the cost of competitive coals, compared to which it has, in addition, a 30 percent higher heating capacity, that it is 85 percent exempt from the normal value added tax rate (which is only 2.79 percent for oil coke) and that there are no constraints, such as required storage, that affect most oil products, it is easy to understand the quick penetration of this fuel in the market.

Thus, a year ago, the cement industry did not use this coke, whereas today the latter already accounts for 7 percent of its needs (coal accounts for 75 percent). There is no doubt that other large energy consumers are going to follow suit and use it to reduce their costs.

Therefore, the question arises for those responsible for the energy policy in France: doesn't this new data go against all the projects aiming at promoting coal, and especially French coal? It is not surprising to note that, as early as last year, coal consumption declined and the economic slowdown is certainly not the only reason for the reversal of this trend. Here is still another subject for serious reflection for the government which once again has to deal with the country's coal policy.

9969

CSO: 3519/513

## REPORT ON LONG-TERM ENERGY DEMAND PREDICTS OVERPRODUCTION

Paris LES ECHOS in French 16 May 83 p 6

[Article by Didier Duruy: "The Joseph Report on Long-Term Prospects: The Danger of Overproduction"]

[Text] Relations between the government and energy specialists are going to have to change considerably, since the government is being called upon to play the role of referee between competitors increasingly anxious to sell their products on a glutted market. Synthesis of the preliminary conclusions of the "long-term energy" group, established by its president, Noel Joseph, in preparing for the IX Plan, clearly shows that henceforth a minimum of organization is necessary in the management of energy in France. It is no longer the time to draw up a supply-side policy. Demand has to be watched so that the excess of means that will exist until the end of the decade in each of the energy branches is the least costly to ownership.

This is a basic reexamination which tolls the bell for nuclear energy and coal, as we had already emphasized (LES ECHOS, 22 March). At best, Joseph recommends starting only one nuclear project for each of the next years. And still, in the minds of the report writers, one has to interpret this minimum program as a concession for the survival of the French [nuclear] industry. Moreover, it is not certain that the industry will accommodate itself to the program.

Alsthom-Atlantique put 3,500 jobs on the line, jobs that it will have to eliminate if at least two projects are not ordered every year, Paul Combeau, vice president, general manager of Alsthom said recently. The language is the same at Framatome. Industry is not alone in protesting the Plan's forecasts. The Atomic Energy Commission also communicated its concerns via a letter from Renon, the assistant general administrator, as did FO [Workers Force] and the CGC [General Management Confederation]. As for the CGT [General Labor Confederation] Federation, it expresses its profound disagreement with the report of the "long-term" group: "Any nuclear slowdown constitutes an obstacle to growth," the labor headquarters said.

However, it is not so much to supply as to demand that the public powers must today bring their attention. A short-term strategy, independent of the commitments required to cover the needs of the last decade. This is

necessary because France "covered" itself a little too well as to its gas supply with the Algerian and Soviet contracts. Because, despite the closings already carried out, the capacity of the refineries remains excessive. Because EDF [French Electric Company] equipment is developing more quickly than consumption.

It is no longer in the areas of coal or energy conservation that we retain a certain flexibility, in consideration of, in one case, low national production and, in the other, the often high cost of investment. The French Coal Company and the French Agency for Energy Control could, under these conditions, pay the price for the current abundance. A paradox, since, at the international level, coal remains a priority and control of energy use makes it possible to plan for the future.

If only the criterion of cost in currency is taken into account--could one escape it--gas will be singled out and a revision of the contracts signed last year will be required. On the other hand, electricity keeps all of its trump cards when considered from this standpoint.

For the moment, the government must prevent the trade confrontations that the imbalance of the market will undoubtedly provoke. "Someone has to dirty his hands dividing up energy demand among the various public companies," a high government official says. In his preliminary report, Joseph also emphasizes that competition "can incite producers to resort to undesirable practices. Now, unused or poorly used production capabilities will cost the nation dearly," he remarks. Reductions on heavy fuel oils and producer control of investments that are normally borne by users are likely to become common. Initiatives of this type by heat network operators have already been seen.

However, the administration is not well armed in this area, unless it legislates. It has already done that. The limitation of electric heating now appears to be unfortunate when the top priority consists of getting rid of kilowatt-hours. In the same way, in order not to push consumption, advertising in favor of any energy source has been prohibited. However, coal has just received authorization [to advertise].

So. Taxation of heavy fuel oils and increased supervision of public companies? Maybe. In any case, it is up to the government to make up the game. The consumers will lose, but ownership will save the furniture.

Establishing a program for atomic energy and coal appears to be dramatic these days and the government will wait until the end of June to determine its position. The exercise of its guardianship over the great energy specialists will have equally fundamental consequences.

#### Stagnation

As long as the French economy does not return to a growth rate over two percent, energy demand will stagnate. That is the main information in the Joseph preliminary report.

The experts developed three scenarios based on the Information and Economic Forecasting Bureau (BIPE)'s work on the evolution of the production system.

In their forecasts the experts are betting on a long-term continuation of oil price hikes (between 45 and 60 dollars a barrel at the end of the century), on the continuation of the fuel oil-coal below par rating and on a one percent annual increase in the price of electricity until 1990 before it stabilizes.

| <u>Economic Growth</u> |                  | <u>Energy consumption (in million TOE)</u> |                |
|------------------------|------------------|--------------------------------------------|----------------|
| <u>1980-1990</u>       | <u>1990-2000</u> | <u>In 1990</u>                             | <u>In 2000</u> |
| 1.2 percent            | 1.8 percent      | 178-187                                    | 181-196        |
| 2.0 percent            | 4.1 percent      | 188-199                                    | 211-227        |
| 2.2 percent            | 4.6 percent      | 190-200                                    | 220-235        |

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CS0: 3519/513

## BRIEFS

ENERGY CONSUMPTION FOR 1982--The final consumption of energy in the last quarter of 1982 was 9 percent lower than in the same period in 1981. The consumption of oil went down the most, 14 percent; district heating 13 percent. The use of electricity went down 2 percent. The use of coal and coke increased 2 percent. Industry reduced its energy consumption by 11 percent, while the transportation sector, including private automobiles, increased its consumption by 1 percent compared with the last quarter of 1981. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 29 May 83 p 9] 6893

CSO: 3650/206

## BRIEFS

UNEMPLOYMENT FIGURES IMPROVE--The number of wage-earners who were registered with the employment agency as unemployed has again fallen. According to the weekly report from the labor directorate, on 18 May there were 299,900 unemployed, which is a decline for the week of about 2,400. The largest decline in unemployment for the week was among special workers and within the construction unions. At the same time there was a decline in unemployment in the Common Market, but that was due to seasonal factors, according to a statistic which the EC Commission published Friday. At the end of April in the 10 member countries there were 11.9 million unemployed compared with 12.2 million one month earlier. Since April of last year there has been a 16 percent increase in the number of unemployed (32 percent in West Germany, 28 percent in Holland and 27 percent in Ireland). In Denmark at the end of April there were 273,000 without employment, compared with 282,000 one month before, and 243,000 one year ago. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 21 May 83 p 8] 9287

CSO: 3613/123

## AUSTERITY PLAN, FUNDS FOR FABIOUS, INDUSTRY MINISTRY APPROVED

## Industrial Modernization Planned

Paris LES ECHOS in French 2 May 83 pp 2-3

/Article by Jacques Jublin: "Fabius Innovates, But the Real Industrial Revolution Remains to be Fought"

/Text/ Special savings accounts, modernization funds of FR 3 billion, a promise of free pricing.

Laurent Fabius, who Elysee says is the most intelligent of his generation, has remembered the lessons of history. A pinch of Chevenement, a lot of Giraud, an appeal to the "spiritual father," Francois Mitterand, to get around Jacques Delors. That is how a NEP /new economic policy/ sketch is born. The money will be there, the existing ideas will be repeated. A little innovation, but they will have to wait for the revolutions.

Laurent Fabius will have money, thanks to the creation--finally--of an industrial savings account. To please Jacques Delors, it will look like passbook A (currently 8.5 percent interest, Fr 58,000 maximum). Liquidity that will feed what is pompously called a French FMI, Industrial Modernization Fund. But since this passbook will not be launched tomorrow--the postal department could be the collection network since the PTT is attached to /the ministry of/ Industry and Research--this fund will receive 3 billion immediately.

Lucky ANVAR /National Agency for the Development of Research/, which will have the responsibility for this, along with its regional agencies, and whose active role in the development of national know-how is recognized. But Rene Monory and Andre Giraud must be smiling a little: CODIS /Steering Committee for Development of Strategic Industries/, the work of Andre Giraud for strategic industries, is disappearing. It is merged in the fund with CIDISE /expansion unknown/, Rene Monory's lever for the dynamic PMI /Small and Medium Sized Industries/. The 3 billion of today are to be compared with the 2.2 billion prior to May 1981: Progress, of course, but still pretty slight. Especially if you talking in constant francs. Laurent Fabius is clever but he will not delude his predecessors.

What has also been learned are the nine industrial modernization decisions. The "3 liter vehicle," the favorite of Andre Giraud and his director Jean-Pierre

Souviron, microcomputers in schools, signed Giraud, likewise for biotechnologies. The electronic branch, the war horse of Jean-Pierre Chevenement, office automation, a child of the Belfort deputy--a gaullo-socialist cocktail which is the same color as nine, that looks like nine but that isn't really nine.

A notable exception, the total tax exemption for any new industrial company for 3 years: however, as the CNPF /National Committee of French Business Owners/ pointed out in its reaction to the government plan, it is rarely during the first 3 years that there are any profits. Added to that is a 2 year leave for managers ready to create companies.

As for taxation, no one before dared to touch it in the name of sacrosanct equality. But since the crack in the wall has been started, why not, at that point, let the services take advantage of it? The government seems to forget that there are only 40,000 PMI in the hexagon and that the economy is committed to the service sector. "Views" that are a little too productivist, because gray matter pays as much as machine tools and brings in more currency.

The good intentions are obvious, but a whole lot more of them will be needed to give any impetus to a nation suffering from industrial underinvestment, 115 billion in 1982 (62 excluding energy and construction) compared to a GNP of Fr 3,000 billion. The firms that spent 100 in 1973 to equip themselves, to modernize, expand, only received 85 last year to prepare for their future.

French industry has been "going from pillar to post" for over 5 years. It is loosing markets, jobs by hundreds of thousands (680,000 since 1975). A lack of money, a lack of ideas, fear of risk, governments too sensitized by the grandiose programs of the past. What the production apparatus lacks most is funds, what company creators suffer from the most is the difficulty of finding fresh money: research money is abundant but not industrial financial help.

When is there going to be real "risk capital"? Tomorrow? When are prices going to be deregulated, the real bargaining margin for a healthy economy? Tomorrow. When will the great strategic choices be made since, according to Laurent Fabius, "while the industrial policy should be ambitious, it should also know its limits"? Tomorrow.

Words that have been taboo until now will have to be spoken. Francois Mitterrand had the courage to talk about coal in the North. Steel making in the East, heavy chemistry or woodpaper have to be brought up. Too much public funding goes into "bottomless financial pits" (maintaining a job in steel or in the mines costs a million per year. Creating one in advanced technology areas, 150,000).

France no longer has the means to afford such "luxuries." Not having this lucidity would be dramatic for the future while all the Western nations are racing towards the high technologies, grey matter. And jobs are guaranteed, good paying: a tremendous paradox, lack of brains has even become a problem everywhere. So, as Laurent Fabius cleverly asks it to, the parliament is going to have to take up economic responsibilities at its next session during the big discussion on industrial policy.

The Nine Decisions:

- 1) Industrial development will be the first objective of the nation for the IX Plan (1984-1988).
- 2) The efforts underway for the past 2 years (workers' rights, professional training, research effort, investments, energy conservation, restructuring) will be completed.
- 3) The big technological programs (electronics branch, the space program, etc.) will be completed by innovative efforts: highly fuel-efficient vehicles, installation of high technology machines in companies (productics), 20,000 French microcomputers in the secondary schools, office automation and memory card, development of biotechnologies (food production, health protection). These efforts will be completed in the 3 years.
- 4) Implementation of an Industrial Modernization Fund that will receive funds of 3 billion immediately to finance these efforts.
- 5) Institution of an industrial savings account before the end of the year.
- 6) Free pricing policies as soon as possible for industry exposed to international competition, while at the same time maintaining the fight against inflation.
- 7) Encouragement of the creation of companies: exemption from direct income tax for 3 years for new industrial companies created as of 1983, possibility of a 2 year leave for employees wanting to found a company, extension to all central procedural departments so as to simplify the procedures for creating a company.
- 8) Creation of a National Export School.
- 9) Discussion of France's industrial strategy during the next session of parliament.

Need for Government Explanation Seen

Paris LES ECHOS in French 2 May 83 pp 2-3

/Article by Jean-Michel Lamy: Cabinet Regulations: The Refusal to Speak Clearly/

/Text/ The president of the Republic can, in principle, leave for China with his mind at peace. The stepped up austerity plan announced last 25 March has been definitely adopted. The modalities for collecting additional taxes have been established. The practice of cabinet regulations makes it possible to avoid a lot of delays and to go beyond oppositions of any sort. On the whole, the minister of Economics can feel satisfied. The initial cabinet project has not been disfigured.

On the other hand, the road to success seems to be narrower still than it was a month ago. For two major reasons. One is related to psychology, the other to economics.

The government scarcely took advantage of the 1 month period to convince public opinion of the validity of its choices. It is true that the chief of state waited for the opportunity of a 2-day trip at the end of April to Pas-de-Calais to take a position and to stipulate that he is taking "personal responsibility for all actions of those who act under his authority."

In addition, no campaign of indepth explanation was carried out. At first, Jacques Delors presented the plan while taking refuge in purely technical argumentation. Next, he complained bitterly about his isolation by vigorously attacking those for whom "two and two equal five."

The result, within the Socialist party, is that no member stood up to shoulder a portion of the burden. Worse, the natural relays of the Left no longer operate. Indefatigably, the leader of the FO Workers Force is denouncing a recovery plan resulting in "the questioning of traditional policy." And, to a greater or lesser degree, the CGT General Labor Confederation, the CFDT French Democratic Confederation of Labor and the FEN National Education Federation are condemning austerity and loss of purchasing power. Deeply disappointed, the CFDT is still talking more about a reduced workweek than about salaries, but it believes less and less in it.

In this context, Pierre Mauroy's message to labor organization indicating that "we should finish up with pricing practices which for decades have been ruining our economy," falls a little flat. In short, the psychological climate is more in favor of resignation than mobilization. Even if certain social categories (farmers, doctors, students) are complaining.

Since the 25 March, the economic environment has decayed still further. The dollar is consistently climbing to new peaks. The foreign deficit is continuing to increase. Inflation is galloping at the rate of 10 percent for the first two quarters (April will be very bad with an index of 1.2 to 1.3 percent). To the point that Delors has spoken of the necessity of an additional adjustment, even before the French line up at the windows for the "initial adjustment"!

Parallely, a number of observers think that the 25 March cleanup measure is not austere enough. Thus, close to 8 million taxable households are exempted from the 1 percent contribution to Social Security, and 14 million will no longer subscribe to debenture loans. Add to that the risk of a wage slide and all of the conditions of a panorama without tangible results in the next 6 months are fulfilled. A danger that is directly due to the refusal to speak clearly about a literally catastrophic economic situation.

France doesn't even have the means to attain the possible benefits of basic reforms (industrial or other). The only imperative is to reestablish external accounts by all possible means. Beginning, alas, with restrictions on the standard of living.

#### One percent Social Security: Modalities of Collection

The contribution of one percent of the income of individuals involves approximately two-thirds of households. It is equal to one percent of the total net income collected in 1982, calculated after all deductions and exemptions.

Reductions are provided depending on the number of dependents in the family and will involve 4.8 million households, according to the government. The reduction is equal to the difference between Fr 350 increased by Fr 300 per dependent child and the sum of the contribution normally due. For example, a couple with three children, with income of Fr 85,000 should normally pay Fr 850. The reduction will be:  $350 + (3 \times \text{Fr } 300) - \text{Fr } 850$ , or Fr 400. Therefore they will pay Fr 450.

Most of the contribution will be paid, with the second third in installments, with an increase of 15 percent. The payment deadline is extended from 15 to 31 May. It increases the income tax paid last year from 33.3 to 38.3 percent.

For monthly contributors, the June and July installments will be increased by 25 percent (they increase the 1981 tax from 10 to 12.5 percent).

The "1 percent Social Security" will be settled at the same time as the income tax, with the "third" third in the fall, or with the 10th monthly payment in October.

#### Debenture Loan: 11 Percent Interest

Taxpayers who have paid over Fr 5,000 income tax in 1982: from 8 to 22 June, subscription of the 10 percent loan at tax offices. The taxpayers receive a notice but, after 22 June, the unsubscribed loan becomes a non-refundable tax.

Taxpayers who have paid over Fr 5,000 tax on large inheritance in 1982: on 15 June subscription to the loan at the same time the inheritance tax is paid at the tax office. The taxpayers themselves calculate the total of the subscription. After 25 June, the loan is changed to a tax. The 3-year loan has 11 percent interest and will be repaid 25 June 1986. It becomes a non-refundable tax in the case of nonpayment of the "total due at the proper time." It should be stipulated that the sum of Fr 5,000 is interpreted with a deduction of the tax assets, tax credit and after application of the special 10 percent increase on 1981 income. Income from bonds subjected to 25 percent deduction on the balance are not taken into account.

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CS0: 3519/486

## FABIUS' FAMILY, PROFESSIONAL LIFE: OUTLOOK FOR INDUSTRY MINISTRY

Paris L'EXPANSION in French 22 Apr-5 May 83, pp 85-91

[Article by Christina Mital: 'The "Palace" Favorite']

[Text] Laurent Fabius has staked everything on his personal allegiance to Francois Mitterrand.

A little vignette from the ministry's folklore: on 25 March, Laurent Fabius was getting ready to leave the Budget Ministry for Industry and Research, to trade the Rue de Rivoli for the Rue de Grenelle. A co-worker came hurrying after him: "Don't worry, I won't forget you," his ex-minister reassured him. At the foot of the stairs the reporters were waiting... It was Jacques Delors, now sole master of the ministry, who was left with the job of spelling out the government's new austerity plans for the press. Laurent Fabius, meanwhile, just kept smiling for the photographers' flashbulbs. He didn't leave. He went back upstairs.

And there he is now, a full-fledged minister, and forget about that annoying tag of "delegate," which he had, for that matter, always been at pains to make people forget. For him, the estate of Jean-Pierre Chevènement has been still further expanded. He holds sway not only over the nationalized corporations and research, but over the postal and telecommunications services and energy as well. In all, 195 billion francs of public funds. That's a nice promotion at 36!

Does he feel ready for the job? Ridiculous question: "I usually catch on pretty quickly, you know. My background will let me be efficient just about anywhere." He says this in the tone of a man stating a plain fact, without the slightest trace of boasting. On the Rue de Grenelle, the new tenant has not moved into the sumptuous offices occupied by his predecessor. He chose a smaller one, the same one Andre Giraud and Pierre Dreyfuss picked before him. Laurent Fabius is far too sure of his skill in the exercise of power to bother with its perks.

That's the way he always is, this Minister of Industry: cool and self-assured. On 10 May, at 11 in the evening, he is watching television in the courtyard of Socialist Party headquarters on the rue de Solferino. Euphoric Party members, practically on tiptoe, are waiting for the victory statement from the new President of the Republic. Not Fabius. He doesn't stir. The head tilted just a trifle, wearing the "minimum" smile, he knows that tomorrow he will be one of the top men in the new government. Not that he has ever doubted it. And thus far, at least, his dealings with men and events have not proved him wrong. In 2 years, now, at least in the eyes of the president (and that, of course, is what counts), he has made not a single false step: as minister, of course, but above all as one of the faithful.

"With the institutions of the Fifth Republic, access to the head of state is absolutely vital to a minister. It is even more so in the Mitterrand system, where everything is based on the president's personal relations with a handful of men," says one of the very few high officials to serve the Elysee before and after May 1981. Now, in the Father's house, Laurent Fabius holds the privileged place of spiritual son -- a son who has received, in addition, the chrism of universal suffrage. He belongs to the band of intimates whom Francois Mitterrand keeps with him for lunch after the Wednesday cabinet meetings. He was also at the Thursday breakfasts, until they were discontinued last December.

"Sometimes I actually forget he's a minister. I always get the feeling that he's part of my expanded cabinet," Francois Mitterrand confided to the two authors of a book entitled "The President's Families." "Do you know who expresses my thinking best?" he asked one day. The answer: "Laurent Fabius."

What about the way Laurent Fabius thinks? Where did he learn it? How to define it?

Jean-Marie del Moral boils it down. "The Industry and Research Minister's creed: less intervention in the national corporations, more encouragement for innovation, and no social progress without sound and healthy business."

Which side was he on, for instance, in the debate over austerity that embroiled the majority for 18 months? During the 10 days of intensive wheeling and dealing that preceded the third round of devaluation, which side did he back? Those who were for keeping the franc in the European Monetary System, or those who opposed it? Nobody is very clear about that.

"My role with the president," he replies, "is not to steer the decision one way or the other, but to sift through and weigh the pros and cons with him, until he decides." When that decision comes, Laurent Fabius will implement it. His political compass is fixed permanently on the president's will.

This does not deter him, as minister, from forcefully defending his interests. Jacques Delors, who was supposed to outrank him, could say a thing or two about that. In October 1981, at the time of the first devaluation, the Finance Minister had to threaten to resign (that was the first time, but it wouldn't be the last) to get his opposite number over at Budget to freeze 15 billion francs in expenditures. In June 1982, the internecine feuding between the two wings on the Rue de Rivoli broke out into open warfare. What to do, for instance, about that increase in the value-added tax that was about to take effect to offset the lowering of the professional tax? Laurent Fabius, who needed to get some money flowing into the state's coffers, wanted to keep it, provided merchants were barred from tacking it onto their prices; Jacques Delors, on the contrary, and with Pierre Mauroy's approval, wanted to delay it for a while in an attempt to make the freeze less painful. For a solid week, the two men aired their disagreement in non-stop communiques. That went on until the Budget Minister appealed to the Elysee for a decision -- and won. On the other hand, when Francois Mitterrand himself informed Fabius that he had decided to exempt works of art from the tax on large fortunes, his minister marched like a soldier to the National Assembly, where he stood rigidly at attention as he delivered the presidential amendment. "He didn't even gulp while he swallowed his snake," remarked one deputy.

Let's pause a moment over this anecdote, since all Fabius' admirers have told it to us with emphasis. One of them draws a moral: "If he had let his bitterness show, they would have insisted on defeating him," he explained. "By keeping cool, he simply gave the impression that he was doing his duty." That, perhaps, is the strongest card in Fabius' hand, and no doubt the reason for his good understanding with Francois Mitterrand: this technocrat is first and foremost a political animal, in the tactical sense of the word. Nobody is as skilled as he in scenting and dodging potential pitfalls: the prince's will, tensions between cabinet members, the moods of the Socialist Party or the sudden shifts in public opinion.

#### Replace Subsidies with Tax Relief

Here are some examples of this ability to adapt. "Mr Minister, is there still time to persuade you? Technically, the best tax for evening out inequalities is the estate tax." "You're wasting your time," replied Laurent Fabius 2 years ago to his technical adviser on tax policy. "Politically, he was right," says that adviser; "The estate tax is the most unpopular in French eyes." That was reason enough for the minister to pull back from that particular adventure.

Another example: when he took office, he offered the Socialists a tax on large estates, a 65% tax bracket, and tax exemption for those least able to pay. Then, without ever saying so, he decided

to wait. For several months, he talked of nothing but the war on fraud, stabilizing tax pressure, and streamlining the civil service procedures. His people no longer had orders to scout around for new taxes: their sole mission was to use "fiscal spending," wherever possible, that is, to replace a subsidy with tax relief. Corporate research spending, for instance, would no longer be financed with subsidies, but would be deductible from taxes. The system ran into tremendous administrative problems, but politically it was very clever: the French have a better memory for what they pay than for what they get. Even so, the SP's hard-liners have not thus far scolded Laurent Fabius for his moderation; today, the CFDT is the only group calling for real tax reform.

Now let's follow the Budget Minister through the twists and turns of the austerity debate. Here again, he gives proof of his political astuteness. It was he who, early in 1982, suggested that the president limit the budget deficit to 3 percent of the GDP. Is that austerity? Certainly, except that the word is never uttered. "With that figure, Fabius managed to transform a politically explosive issue into a simple administrative matter," a PS leader points out. It was not until June of 1982 that he made an official statement: with the freeze on wages and prices, austerity became the doctrine for the government, and hence for the head of state.

Today, as Industry Minister, he is proving equally pragmatic. On his arrival, he promised the employers that he would let them run their own companies and that the "helter-skelter" days were over. "His recent trip to the United States," says one of the advisers who accompanied him there, "convinced him. The state cannot make a Silicon Valley."

#### An Express Elevator for the Government

"Laurent Fabius will never be right too soon. He will always be right just in time," says one of his close colleagues. "He's in tune, in the musical sense, by which I mean he never plays a sour note," says one of his old friends. Some see this as the mark of his sense of state. Others, less well-intentioned, talk of a lack of convictions that would lead him to support one man rather than another, an ambition rather than a cause. For the time being, at any rate, he needs no approval other than Mitterrand's: it was the president who put him on that express elevator to government, while others will have to toil up the stairs for many a year.

What grand design lies behind this success? What deep convictions undergird it?

"The biggest problem in Laurent's life was choosing the place where he would deploy his talents," says a friend who for years walked beside him along the Avenue Georges-Mandel and the Rue de la Pompe to the Janson-de-Sailly lycee. Writer Michelle Manceaux,

who is his first cousin, asked him in some puzzlement one day why he was piling up "so many diplomas." "I do it to avoid getting into life," was his reply. There was no question then of politics or of socialism, much less Mitterrand. That past habit of indifference has left its mark.

The spiteful used to trade rumors about Leon Blum and his "golden bowl." Laurent Fabius, too, has his gilded legend, the kind the Right knows very well how to forge around Leftist leaders born with silver spoons in their mouths. The whisper into the eager ear runs something like this: "At 18, he was driving a red Aston Martin!" "No, you're wrong! It was a Maserati." "His father made a fortune selling France's heritage to foreigners!" "Laurent buys all his clothes at Francesco Smalter, and he's a regular at the Tour d'Argent! What's more, the last time he was there the maitre d'hotel threw him out at other diners' request!" And if that same Laurent drives into the Elysee courtyard in a tiny 2 CV, or plants a democratic beach umbrella on the sands of Lavandou in the middle of August, there are cries of "provocation."

Reality here, though, is a lot closer to Flaubert than it is to "Dallas." In a mews known as the Impasse Scheffer, in one of those streets in the 16th arrondissement that are much sought-after for their shady trees and small houses (which give them a small-town look), the Fabius family lives in a kind of comfort that will never really look like bourgeois conformity. The father, Andre Fabius, is his son's partner in one of the finest antique shops in Paris; but to most of his customers, he is still a tradesman, a "Mr Will-you-buy," as his father-in-law, a diamond merchant who, in the years between the wars, catered to the royalty and nobility of the whole world, used to say ("Grand Reportage," by Michelle Manceaux). Laurent's mother, Lise Fabius, prefers equestrian sports to housework. "At my aunt's house, you saw objects that would grace a museum cheek by jowl with bare bulbs hanging from the ceiling and threadbare rugs," Michelle Manceaux remembers.

In the dining room used to hang that fabulous "Madeleine" by Georges de La Tour, which the Fabius brothers had snapped up at a country sale. In 1974, the National Gallery in Washington bought it for 10 million francs, which the French museums could not pay. So they decided to move for pre-emption, but Michel Guy, Valery Giscard d'Estaing's Minister for Cultural Affairs, opposed that move. "On purely artistic grounds," he explains today. "I wanted to fill a gap: the American museums had no La Tours." Be that as it may, every "Fabius child" got his or her share of the Madelaine proceeds and, for 2 million francs, Laurent bought himself an apartment on the Place du Pantheon. Clearly, in the annals of a Socialist leader's childhood, this episode is somewhat lacking in popular appeal. Nowhere is it written, though, that the Left must do its recruiting solely among those beneath the Social Security ceiling.

It is clear, in any case, that his education and upbringing do not explain Laurent Fabius' political commitment. Nor does his Jewish origin seem to have played much of a role. During the war, in order to escape the Nazi persecution, his family had fled for shelter to a farm in the Vaucluse. Their mattresses rested on the bare floor, but the brother art-dealers used trompe l'oeil techniques to paint the walls with pictures of the loveliest furniture they knew. Since then, whenever the talk turns to that period, Lise Fabius abruptly changes the subject. Nobody in the family is active in Jewish organizations, and Laurent attended catechism class. That does not shield him, however, from the occasional encounter with anti-semitism, even in the families of his closest friends. "Being born a Jew does not necessarily endow one with a Leftist conscience, but very often it vaccinates you against the Right," explains one of his classmates at the Normale Supérieure. "A Fabius and a Giscard will never feel at home on the same side."

For several more years, however, the question did not arise. Laurent Fabius was happy cultivating his taste for success, which turns out to be a marked tradition in the family. "My uncle and my aunt raised their children to win, something like the Kennedys," explains Michelle Manceaux. "They had to be first, and even when they weren't, people said they were the best." "I had three children," Andre Fabius is fond of saying, "and each of them represented one of the threads in my life: the artist, the champion, and the intellectual." Catherine, who married director Francois Leterrier, designs costumes for movies; Francois was the junior horseback riding champion of France; and Laurent? In 1978, on a parliamentary junket to Costa Rica, he borrowed UDF Deputy Francois d'Aubert's copy of Olivier Todd's book, "Giscard's Hopscotch." "Basically, it's not very hard to become President of the Republic," he said, as he returned the book. A casual joke. Fabius never talks of his future. Yet all who have known him agree: his ambition has not waited on his years.

His appearance of discreet refinement, reminiscent of a gentleman painted by Jean-Baptiste Chardin, is deceptive: there is nothing soft about him. On the contrary. Indeed, he has an astonishingly hard shell. "He's Japanese," explains one of his friends. "Inward-turning, master of himself, and unfailingly polite, even on the attack." A few years later, the "Japanese" would give evidence of all that. "It's simple, really: he never says anything except what is indispensable to the Ministry's work," says a member of his staff. In his secret garden, two areas are particularly closely guarded: his relations with Francois Mitterrand, and his private life. Calling him up one evening, one of his colleagues heard a feminine voice on the line. "I beg your pardon," he said. "You must be his mother." "No, I'm his wife!" Laurent, who had known him for 15 years, had not even told him that he had been married shortly before that.

When they gave him a farewell dinner at the Budget Ministry, he drew his own self-portrait. "Some people have roses that bloom outdoors; at my house, they bloom inside." That does not keep him, in a fight, from showing his thorns. And what thorns they are! "But it's never done in anger. I'm not at all sure that Laurent even knows the word 'hate,'" says one of his close friends. "When he attacks, he gives the impression that he is merely settling a problem." One day, the "problem" went by the name of Michel Rocard, but Fabius never let that stop him from calling him "my friend, Michel."

Then there is the matter of vocabulary: Laurent Fabius has an enviable knack for choosing pastel words that give him an accessible and tolerant image. On television, for example, talking to Yvon Gattaz, president of the National Council of Employers (CNPF), he dismissed his many degrees as "a few scraps of parchment." Let's look at those scraps. There is one conferred by the Ecole Normale Supérieure, another from the School of Political Sciences, a bachelor's degree in modern literature, and yet another from the Ecole National d'Administration (ENA). In the spring of 1970, he thrilled TV audiences when he sat in on Pierre Bellemare's famous game show, "Cavalier Seul" [Knight Errant]. That performance won him an invitation from Georges Pompidou, who was eager to meet so gifted a candidate.

Jacques Rigaud, current president of Radio-Tele-Luxembourg (RTL) who was his lecture master in "Poli Sci", wrote in his notebook: "Extremely assured, a fine mind, and elegant form enable him to deal with any subject whatsoever, even though he may not know much about it." At McKinsey, the consulting company where he did his apprenticeship in the ENA, they were a bit more severe: "excessively fond of competition, not a team-worker," his boss wrote of him there. That helped. At his oral finals at ENA, Laurent Fabius got an 18 for his commentary on a science text, winding up his remarks with a formula that delighted the jury. On that particular day, the ENA was under a cloud, thanks to the gentle attentions of the Electricite de France (EDF) unions. "What do you think of the strike?" he was asked. Answer: "As a future official, I deplore it. As a customer, I regret it. But as a citizen, I understand it." Deft, indeed, but hardly revolutionary!

"At that time, Laurent's life was laid out like music paper: he worked like a galley-slave 12 hours a day, 5½ days a week, and the rest of his time he spent with his friends," one of them remembers. That "little band," fairly gifted and mildly cynical, talked of books, of sports, of girls, or of nothing at all. "But we liked Audiard better than Bergman, and San Antonio better than Le Clezio," recalls that same friend. "We weren't out to make the world over." At one point, they contemplated starting a cram-school as a way to make some easy money by tutoring a few dunces.

Then came May 1968. Some, including Michel Rocard, saw in it the beginnings of a great popular yearning, known as worker-management. Laurent Fabius was not one of them. He stayed on the sidelines. "That total freedom grabbed me for a while," he explains. "I thought that in any case it wasn't catastrophic."

On graduation from ENA, he chose the Council of State. He had yet to firm up his convictions, however, or find yet another wall to climb. He started a thesis on Rimbaud and, with another ENA graduate, wrote the first chapters of a book, fairly liberal in content, about the economic underpinnings of the Fifth Republic (a book which was never completed, and which he later set aside in favor of another one about inequality). At the time of the 1974 presidential election, he was one of the "egg-heads" on Montparnasse who organized Francois Mitterrand's campaign, and one of them, Jacques Attali, was a long-time friend and also a State Councilman. "That was when Laurent Fabius realized first, that the place where things were happening was on the Left, and second, that politics is the best career for a man whose ambition is to leave his mark on his time," says Jerome Clement, then a CFTD activist at ENA, and now technical adviser at the Matignon. In the fall of 1974, it was Clement who urged Fabius to join the PS' 6th arrondissement section. That conversion, however, was a far cry from what happened to Paul Claudel behind a pillar in Notre Dame! This man, who has a computer memory-bank in his head, cannot remember within a year just when he joined the Party. So let's talk rather of a rational decision, dictated by a particular analysis of the state of things in France. "For him, being a socialist means taking a more intelligent, more up-to-date view of society," says one of his ENA classmates.

Today, he still says nothing more. What does he expect from a socialist management? "That it prove it is a success," he replies. "I have always thought that only the Left could undo a lot of economic and social gridlocks generated by excessive inequality. Since we came to power, the French have admitted that there is indeed an economic crisis going on in the world, and they have grasped the importance of business. There you have two essential changes." And yet, this mild language, which today has something of a Social-Democrat ring to it, has required some adaptation on Fabius' part to toughen it up to match the battle stakes. We have seen him do it every time Francois Mitterrand's interest was threatened; we shall doubtless see it in future, whenever his own is at risk.

Once inside the PS, Fabius went back to being an excellent student. As a young auditor at the Council of State, he went, according to custom, to leave his card on Georges Dayan, then master of applications. Georges Dayan, however, is also the true and faithful friend of Francois Mitterrand, and his best recruiting agent: Nicole Questiaux, Jack Lang, Jean Riboud (president and general manager of Schlumberger), Jacques Fournier, and Georgina Dufoix are all Dayan "discoveries." When, in 1976, Francois

Mitterrand was shopping for a chef de cabinet, Dayan suggested Fabius. The two men had met for the first time a week before. "And so I became his chef de cabinet, a cabinet that didn't exist," recalls Laurent Fabius. That didn't matter, though. "For Francois Mitterrand," he explains, "the legitimacy of the people who work with him does not depend on structures, but on the personal relations he maintains with every one of them. Even while working as secretary of the PS economic commission, Fabius quickly became the indispensable adviser, just as good at answering a letter from a constituent in Nievre as at drafting a note on support for investments or agricultural compensatory payments.

Sooner than anticipated, the adviser was to have occasion to deal with the voters. Three weeks before the municipal elections of March 1977, Tony Larue, deputy mayor of Grand-Quevilly (Seine-Maritime) was looking for a deputy-premier who could also be his successor in the National Assembly, when he moved to the Senate. He sought advice from Michel Charasse, then secretary of the Socialist caucus: and Charasse recommended Laurent Fabius. He then consulted his old friend Dayan, who was of the same opinion. The candidate, when asked, made up his mind in three-quarters of an hour, after getting Mitterrand's blessing. It was a gift of solid gold: that district, which had been "worked" for almost 40 years by veteran socialist Tony Larue, is one of the safest in France. Meanwhile, it was being eyed by a militant worker, Yves Youinou, mayor of Elbeuf, who had served as CDFT union secretary at Renault-Cleon. Youinou didn't have a chance: with the help of Tony Larue, delighted at having such a fine heir, the councilman was elected to Parliament in March 1978, at the age of 31. The distinguished young man demonstrated that he could rally the troops at the factory gates and in the marketplace. That was the sine qua non quality Francois Mitterrand demanded before he granted his staff members important political responsibilities.

#### As Many Booming as Applauding

That left Laurent Fabius with the final lap to run: to provide dazzling proof of his loyalty. That he did in April 1979, at the Metz congress. Under the fond eye of Francois Mitterrand, he hurled himself into the breach against Michel Rocard, and equated Rocard's plans to the level of a vulgar patricide. Jacques Delors, furious, stormed out of the hall murmuring "It's shameful!" A lot of members booed, and just as many cheered. But Georges Dayan, who knows Francois Mitterrand very well, said when he got back to Paris: "There's a lad who could be a future President of the Republic."

That's a heavy burden of prophecy, but our man is big enough not to overlook it. In any case, he won't have to "kill the father" to do it. Of all the luck that has come Laurent Fabius' way, not the least is having all the time in the world...

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## PAPER COMMENTS ON IMPLICATION OF DROP IN FISHING CATCH

Reykjavik MORGUNBLADID in Icelandic 7 May 83 p 24

[Editorial: "Danger Signs in the Fishing Industry"]

[Text] The fishing industry--fishing and fish processing--has been the mainstay of our export production, our national income and our standard of living. It is therefore extremely serious when this fundamental industry is pounding on a rock of operational crisis because of a decline in fishing, unfavorable composition of the catches and managerial conditions and mistakes in the national economy.

The decline in marine production was 13 percent last year--the total fish catch only amounted to 766,000 tons, compared with 1,435,000 tons in 1981, which admittedly was a record year in catches of both demersal species and cod. It is estimated that the national income per capita has decreased by 3.3 percent in 1982 and that the prospects this year are dismal.

Calculated in tons, the landings in Iceland since 1972 have not been as small as last year. The greatest difference is felt by the capelin, which was not landed at all in 1982, but the capelin catch was 640,000 tons in 1981. The cod catch last year was 373,000 tons, compared with 462,000 tons the year before.

The winter fishing season, which is now ending, has been extremely poor. The fishing has failed everywhere except in the Vestmann Islands, where the fishing turned out to be almost average. The composition of the catches continues to be rather unfavorable. The deficit of the fisheries, which has been a problem for a long time, is developing into an almost insoluble problem which is worsening day by day. This deficit is one of the many unsolved problems which have to be tackled sooner than later. The credit status of the fishing industry with various service branches also has a domino effect.

There is no way of asserting whether the cod stock is going the same way as the herring and the capelin, which weighed heavily on Iceland's national economy, did earlier. Hopefully, other explanations of the decline in the catch will prove to be more correct. Hordur Jonsson, captain of the boat with the largest catch in the Vestmann Islands this season, says that he is not pessimistic about the future of the cod. He said that there have been poor seasons

before but the fish always returned. Others are of the opinion that we are headed for a disaster with regard to our most important fish for consumption. In any case, it is timely to stop to look at the situation and to see how it will be possible to coordinate the fishing by the fleet and the catch of fish for consumption in such a way that the fish will reach normal stock size so that there will be maximum utilization without overfishing the stock.

There is often talk about two lifesavers in our national economy which support employment, the livelihood of people and the economic independence of the nation: the outer lifesaver, that is, the fishing banks and the fish for consumption; and the inner lifesaver, that is, the vegetation belt around the highlands and the agricultural production. Both these lifesavers, the fish stocks and the fertile soil, have a limit of utilization which must not be overstepped if intelligence is to decide and if this generation is to be able to hand down to future generations the unspoiled survival possibilities in the country.

We do, however, own a natural resource which is definitely underutilized: the energy in waterfalls and geothermal heat. Now, when hundreds of Icelanders, who have worked abroad are returning home, as unemployment has begun to be felt, it is obvious that the growth of the nation calls for 20,000 to 30,000 new jobs before the end of this decade. It must be clear to everybody how serious the government's negligence is not to have used "the lost years" from 1978 to build up a new energy industry. We also have great opportunities in fish farming which already has proved profitable. Without a doubt we have various possibilities in other fields, but here, as everywhere else, the one who acts obtains results. It is necessary to create operational and growth possibilities for the industries in general and not to starve to death the hens that lay the golden eggs, as the current trend seems to be doing.

The fishing industry is and will be for the foreseeable future one of the main cornerstones of the living conditions and human life in this country. It is therefore a matter of life and death for the living conditions of people in this country that matters pertaining to the fishing industry be better taken care of than they have been for some time. The main point is to utilize the fish stocks in an intelligent and economical manner so that the life insurance of the nation, as the fish stocks indeed are, will be preserved far into the future--and not lost haphazardly.

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## NATIONAL ECONOMIC INSTITUTE CHIEF ISSUES WARNING ON INFLATION

Reykjavik MORGUNBLADID in Icelandic 4 May 83 p 40

[Article: "Jon Sigurdsson, Director of the National Economic Institute, at the Annual Meeting of VSI (Confederation of Icelandic Employers): Abolish Price Compensation--Ceiling on Wage Hikes 1 June--Natural to Ease Foreign Exchange"]

[Text] "If the authorities want to prevent Iceland before 1 June from joining the group of nations which have to suffer over 100 percent inflation, they have only two alternatives: on the one hand they can abolish the price compensation provision of the law and at the same time ease the agreements so that the negotiating parties will have to tackle the problem, or on the other hand, they can decide maximum changes in wages and other income by law instead of by price compensation increases and decide on much lower figures in the hundreds than the currently valid price compensation regulations stipulate," said Jon Sigurdsson, director of the National Economic Institute, among other things, in his speech at the annual meeting of VSI yesterday.

Sigurdsson discussed the management of economic affairs in general and said that actually there were three alternatives under the current conditions. The first alternative would be to disregard the zig-zag increase in wages and prices with growing inflation. That choice would not be feasible and actually seemed to have worked itself to death.

Another choice would be to prepare against inflation only by a reduction in government expenditures, investments and lending, along with higher interest rates, but at the same time price development would be controlled with foreign exchange restrictions. Sigurdsson did not consider this a feasible method if employment security was to be a top priority in the goals for economic affairs.

The third alternative would be to attempt to calm the inflation havoc by employing direct measures in the area of wages and income, besides restrictions in the field of finance, monetary affairs and foreign exchange which would be directed to secure employment and reduce trade deficits. That method, in his opinion, would be the best.

"As it now stands, it is difficult to see how it is possible to secure the slowdown of inflation and employment security without interference with the current wage agreements and law on wages and prices."

Sigurdsson said it would not be correct to conclude that Icelanders should stop foreign borrowing or greatly reduce such borrowing. He said that foreign borrowing is a natural part of the development in the country and the implementation of projects in connection with this development. He said, on the other hand, it would be necessary to be extremely selective in the projects that were to be financed with foreign borrowing and make strict demands on the companies that are taking the loans.

Sigurdsson said that it would be natural to ease foreign exchange considerably from what it is today. "Less restricted foreign exchange is the natural continuation of the reform of economic affairs which began around 1960. At that time, the foundation was laid for the policy of attempting to balance the national economy as well as strengthening national production with realistic currency registration but abandoning the system of special import duties and export compensations."

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## DROP IN FISH EXPORTS CONTINUES

Reykjavik MORGUNBLADID in Icelandic 7 May 83 p 48

[Article: "Cod Catch 56,000 Tons Less Now Than Last Year: 900-Million Drop in Export Income"]

[Text] Iceland's total cod catch so far this year is about 30 percent less than during the same period last year, or 56,279 tons less. This corresponds to a 900-million-kroner drop in income. The decline is greatest among the fishing boats in the Sudurnes and the Vestfjords, or almost half. During the same time, fishing has increased considerably and the fishing season started earlier now than last year. Other demersal catch than cod has increased slightly, according to preliminary figures issued by the Fisheries Association of Iceland. The catch in April is very little, according to Ingolfur Arnarson at the Fisheries Association of Iceland.

The total catch during the first third of the year totaled 139,555 tons but was 195,834 tons during the same period last year. Fishing boats have caught a total of 96,390 tons and trawlers 43,165 tons, and comparable figures from last year are 138,218 tons and 57,616 tons. The catch of the fishing boats has therefore decreased by 41,828 tons and the trawlers' catch by 14,451 tons. If the total demersal catch is considered, the difference is slightly less, or 42,817 tons. The demersal catch now totals 250,651 tons, compared with 293,378 tons last year. There has therefore been some increase in other species than cod, mainly ocean perch. The total catch is 258,849 tons, compared with 314,297 tons last year. The decline is therefore 55,548 tons.

The decline in the cod catch in the fishing boat fleet is quite considerable, and only in the Vesturland was there a greater catch than last year. In the Sudurnes the catch dropped to 25,720 tons, compared with 8,570 tons last year. If we look at the month of April, it becomes clear that the drop in the cod catch is considerable or 24,902 tons. In April last year 67,688 tons were caught, and now the catch is 42,766 tons. The difference in the total demersal catch is 16,890 tons, and the perch catch has increased somewhat. Fishing other than demersal fishing was minimal, only 466 tons of shrimp and 135 tons of scallops.

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## REAL DOMESTIC GNP DROPPED 12.5 PERCENT IN 1982

Reykjavik MORGUNBLADID in Icelandic 1 May 83 p 2

[Article: "1982: Real Interest on Deposit Negative by 12.5 Percent Real Interest on Loans Negative by 8.6 Percent"]

[Text] Real interest on the total deposits was negative by 12.5 percent last year, according to the Central Bank's evaluation of real interest. The real interest on total loans, however, was negative by 8.6 percent.

The average interest rate on total deposits in 1982 was, according to the evaluation, 40.5 percent or about 7 percent higher than the year before. The change in the average interest rate on total loans seems to be similar, or about 6.7 percent but the average interest rate was 47.5 percent in 1982 and 40.8 percent in 1981. Despite this average increase, the real interest rate decreased by 3 percent during the year. This is the result of the great inflationary increase in 1982.

If the real interest rate for 1982 is viewed in relation to earlier years, it will be seen that the situation is quite similar to what it was in 1980. The real interest rate on total deposits was negative by 13.4 percent, or 32.2 percent. The real interest rate on total loans was, however, negative by 7.5 percent when the interest rate was 41.2 percent.

This shows a considerable decline from the result obtained in 1981 when the real interest rate of total loans was negative by 4.6 percent. The Central Bank feels that this development of credit terms has promoted the unfavorable situation of deposits and lending in 1982. It is mentioned, for example, that deposits increased by 59.8 percent in 1982, but the credit term index increased by 60.5 percent from the beginning of the year to the end of the year.

It is also noteworthy that the greatest portion of the increased deposits in 1982 were fully price-linked accounts, as such, deposits increased by 191 percent, and the proportion of those accounts of the total deposits increased from 14.7 percent at the end of 1981 to 26.7 percent at the end of 1982.

9583

CSO: 3626/32

## INDEPENDENCE PARTY WARNS OF LARGE BUDGET DEFICIT

Reykjavik MORGUNBLAD ID in Icelandic 25 May 83 p 44

[Article: "Condition of the Treasury, Prospects for a 1.8 Billion Krona Deficit by Year's End"]

[Text] The difference between treasury income and expenditures will be negative by 1.3 billion kronas by year's end if no economic actions to prevent this are taken. The total financing difficulty of the treasury, including the deficit in loan projections for the year, will be between 1.78 and 1.9 billion kronas. This information is from a statement obtained by MORGUNBLAD ID.

Independence Party spokesmen stated yesterday that Finance Minister Ragnar Arnalds has refused to provide any explanations on the condition of the treasury. This condition of the treasury is due to the fact that with expenditures above income the financing shortfall in the loan financing estimates must be calculated in, this is calculated to be 300 million kronas, and the deficit in the fishing boat oil fund, calculated at 300 million kronas. Thus the total deficit of the treasury would be around 1.9 billion kronas if no measures are taken to deal with the economic problems. It should be mentioned, however, that due to fish stocks in Iceland the condition of the oil fund is in fact better than the aforementioned 300 million krona deficit would lead us to believe. That is, falling to its share will be 120 million kronas due the fund when the production is sold abroad. Thereby the position of the oil fund will be negative by 180 million kronas and the total deficit of the treasury accordingly will be in the range of 1.78 billion kronas.

9857

CSO: 3626/36

## COLUMNIST DISCUSSES WORSENING FISCAL PLIGHT

Reykjavik MORGUNBLADID in Icelandic 17 May 83 p 7

[Commentary by Staksteinar: "The Finance Minister's Money Sources Dry Up"]

[Excerpts] Adverse developments in the Icelandic economy of the last two years have resulted in a considerable demand for imports, above what is normal. This has had two results: 1) The demand has been a factor in increasing the foreign trade deficit and foreign debt accumulation. 2) It has provided the treasury with considerable unexpected income in tolls, customs and sales tax. This taxation by the minister of finance of one of the most dangerous areas of our economic difficulty (the trade deficit and foreign debt accumulation) has made it "possible" for him to brag about the condition of the treasury--But now the shoe is on the other foot. Demand for imports has fallen. The trade deficit is a declining "source of taxes" compared to before. And that payments and income deficit of the treasury, which was supported through "taxation of the trade deficit," is now becoming a real problem. The prestige of the minister of finance is wilting and a cold realization has come upon us: The treasury is wallowing in the same debt as are all public and semi-public national funds.

#### The Treasury Payments and Income Deficit

The payments deficit for the months of January to March has been more than at any time since the end of the 1971-1974 leftist period of government. It amounts to 28.7 percent of treasury income and to around 1.9 percent of national production for these three months, converted to a so-called annual basis. These facts emerge from the May issue of the monthly HAGTALNA, published by the Icelandic Central Bank.

According to the report there has emerged a considerable income deficit of the treasury during these months, or of around 13 percent.

The results, among other things, have been seen in increased treasury debt with the Central Bank. The situation worsened still more in April and the treasury debt was a good billion kronas above what it had been at the beginning of the year. The bank thinks that this treasury debt accumulation will increase the money supply. It is now expected that the worsening financial condition of the treasury will be an impediment to the improvement of money management in 1983.

These signs of weakness in treasury finances worsened rapidly during the last months of 1982. Declining domestic demand--and on account of this--declining imports reduced the income from indirect taxes greatly, not the least import customs, and this development has continued into the present year so far. Collections of direct taxes may have declined by 1 percent, indirect by 11 percent and import dues by 22 percent, in terms of the real values for the first three months of the year compared with the same period last year.

9857

CSO: 3626/36

## BRIEFS

GOVERNMENT TAKES FOREIGN LOAN--A report from the Ministry of Finance states that an agreement has been signed in Reykjavik for a loan to the Icelandic government of 40 million Dutch gulden, which corresponds to about 317 million kroner. The report states further that the loan was taken with two Dutch banks with the Amro Bank acting as an intermediary. The loan is for 10 years with no amortizations during the first 6 years. The interest rate is 8 7/8 percent, to be paid annually at the end of the year. The loan will be used for projects, according to the credit budget. The loan agreement was signed by Ragnar Arnalds, minister of finance, on behalf of the National Treasury, but the Central Bank of Iceland handled the preparation for the loan. [Text] [Reykjavik MORGUNBLADID in Icelandic 7 May 83 p 3] 9583

EXPORTS DROP AGAIN--Total Icelandic exports dropped 5 percent quantitatively during the first three months of the year. Exported were a total of 134,620.2 tons compared with 141,119.3 tons during the same period last year. The value increase between the years was, on the other hand, around 120 percent. Total exports of capital goods, however, increased during the period in question by nearly 20 percent, quantitatively. Exported were a total of 41,282.6 tons, compared with 34,478.5 tons during the same period last year. The value increase between the years was around 111 percent. Exports of aluminum and aluminum alloy grew by 28 percent quantitatively during the first three months of the year. Exported were 23,559 tons, compared to 18,410.4 tons during the same period last year. The value increase between the years is around 219 percent. Exports of silicon steel grew by 25 percent quantitatively during the first three months of the year. Exported were 6,968.7 tons, compared with 5,564.5 tons during the same period last year. The value increase between the years was around 88 percent. [Text] [Reykjavik MORGUNBLADID in Icelandic 17 May 83 p 5] 9857

CSO: 3626/36

## CGIL-CISL-UIL SECRETARIAT APPROVES PENSION REFORM

Rome AVANTI in Italian 11 May 83 p 15

[Text] Financial recovery, standardization of norms, modification of automatic equalization system, upgrading of benefits, reorganization of INPS [National Social Security Institute]: These are the essential points in the proposal approved the day before yesterday by the secretariat of the CGIL-CISL-UIL [Italian General Confederation of Labor, Italian Confederation of Labor Unions, Italian Union of Labor] federation concerning the reorganization of the welfare and retirement system. This is the first time that the union in a complex and organic fashion came out with its own autonomous proposal for a reform of this sector. This reorganization "must be tackled," we read in the preface to the text, "by the next legislative session with absolute priority. Almost all provisions adopted in recent years have only been stopgap solutions. What was lacking above all was the capacity or the will to set oneself an objective which would go beyond the solution of contingent problems. It is necessary to move the system toward goals of greater self-sufficiency, greater justice, and to satisfy some demands which cannot be disregarded."

#### Financial Recovery

The first choice to be made is the separation between assistance and welfare as such. Right now, only social pensions are considered to be in the nature of assistance and therefore they are to be taken care of by the state; unless this exception is to be extended to other benefits, such as minimum retirement benefit packages, both for old age and disability.

The current mixup and confusion must be ended. The important thing now is to provide welfare which, on the one hand, would help revive production activities and employment and, on the other hand, guarantee the same income level even after the end of work activity. As far as the new pensions are concerned, this operation will be carried out with the necessary gradual approach. The new parliament will have to approve as quickly as possible a provision on disability qualifying for retirement which, making retirement entitlement subject to objective and less discretionary criteria, would eliminate corruption in aid payments. It is also necessary to reorganize the handling of the profit constitution fund so that it would provide deferred benefits. One thing that is fundamental for the union is a more determined fight against tax evasion in which connection it is in particular necessary to go through with a standardized

tax collection procedure from tax payers which would also involve the INAIL [National Work Accident Insurance Institute] and the SCAU [expansion unknown] to revise those norms which objectively encourage moonlighting, to raise minimum pay to the levels of the lowest contract-based pay for each major production sector.

#### Standardization of Norms

The gradual standardization of pensions for workers under the INPSU, under various retirement systems, can be postponed, with the exception of those of workers in the entertainment industry and in the maritime industry and it is possible to concentrate only on the gradual standardization of norms which, under the various systems, govern the grant of retirement benefits. These norms will have to be completely standardized for all employed workers who will be hired as of 1 January 1984 and regardless of the private or public production sector in which they work. These norms will have to be those of the INPS. Likewise proposed is the standardization of retirement age at 60 years for everybody, with the necessary gradual procedure for women who are currently already insured by the INPS, with the option of an extension until the age of 65 so that they may get 40 years of contribution. To calculate the pension, to avoid reductions due to earning declines during the last years of employed activity, retirement pay shall be equal to half of the five highest annual incomes during the last decade, upgraded according to criteria in force. Entitlement to old-age pension will have to be subordinated to the solution of the labor relationship in being.

If the retiree should return to the work force, it has been proposed that there be a complete cumulative determination of the reversibility pensions and for survivors with work income. On the other hand, in cases of accumulation of direct pensions and work income, it is proposed that the reduction of the pension be limited to 50 percent of the part exceeding twice the minimum pension. Regarding the maximum retirement ceiling--currently 20,270,000 lire per year--it will have to be adequately increased. For those currently insured under various INPS retirement systems, it was also indicated that there would be a standardization of benefits. In particular, this involves early optional retirements; they will gradually be brought back into the area of old-age retirement in the INPS according to the following proposals: (1) entitlement for those who have already reached the necessary seniority shall remain in force; (2) for those who have not reached such seniority as yet, it is proposed that the years estimated in the current standards be added so as to take into account the matured seniority, in relation to the difference between 35 years of seniority, required under the INPS system, and the years figured for early retirement under the various plans (15, 20, 25 years).

#### Automatic Equalization

Regarding percentage increases deriving from pure wage dynamics, they will be calculated on the basis of the dynamics of the average weighted pay in the major production sectors (industry, agriculture, commerce, civil service) and not just on the basis of workers in industry alone. On the other hand, concerning quarterly sliding-scale increases, they will have to be released in the same number and they will have to derive from the same month during which

this applies to employed workers. For pensions which are directly higher than the minimum, the increase must not exceed the percentage of the living cost rise plus 50 percent; for medium and high pensions, this must guarantee at least 75 percent of the percentage increase in the cost of living.

#### Benefit Upgrading

It is proposed that, for civil service employess, this upgrading be aimed at persons whose retirement entitlement arose prior to 1 January 1978, resulting from at least 30 years of useful service. For INPS retirement benefits, plans call for a gradual departure from the minimum pension scale with at least 781 effective weekly contributions, as well as the upgrading of old-age pensions materializing prior to 1 May 1968, with at least 781 effective weekly contributions.

#### INPS Reorganization

It must guarantee maximum efficiency and timeliness in the disbursement of benefits and in the collection of contributions. It is necessary to determine the scope of the institute's autonomy in the matter of implementing service regulations, work organization, flexibility of permanent employees and personnel mobility. The second grade will be abolished in the matter of litigation.

5058

CSO: 3528/142

## UNITED LABOR FEDERATION-UGTA STATEMENT ON PALERMO CONFERENCE

Rome RASSEGNA SINDACALE in Italian 22 Apr 83 p 55

/Text/ The Conference of Palermo, which brought together the trade union organizations of the UGTA /General Union of Algerian Workers/ and the United Italian Federation in the "Trade Union Conference for the Development of Italian-Algerian Cooperation" on 8 and 9 April 1983, represents the culmination of a series of meetings which have enabled the two organizations to exchange and consider their views on the means and conditions to be utilized for assuring the development of lasting comprehensive cooperation between Algeria and Italy. This trade union conference was expanded to include the representatives of both countries' institutional, economic and social forces.

In noting, with satisfaction, their determination to work to achieve their common goals, the UGTA and United Italian Federation agreed to develop greater efforts to give an even broader content to the existing traditional ties of friendship and solidarity between their two peoples. Since they began putting into action the convergence of their views on matters of joint interest, the two organizations have given special attention to the problems caused by the world economic crisis and its effects on workers and developing countries.

In considering the multiple negative effects which this crisis is having on poor countries' efforts toward real development and on the living and working conditions of workers in industrialized countries, the UGTA and United Italian Federation affirmed that a definitive solution to this crisis lies essentially in the struggle to establish a new international economic order.

The two trade union organizations stated that they are firmly determined to contribute substantially to strengthening the conditions for achieving this goal, thus giving full meaning to the North-South dialogue.

In view of the location of their two countries within the same geographic area, the complementarity of the two economies and the similarity of some development problems between southern Italy and Algeria, the UGTA and United Italian Federation have agreed that varied, recurrent and mutually advantageous cooperation between their countries represents a novel experiment and an example for all countries in the Mediterranean area and for the establishment of true peace.

Both organizations thus affirmed their total willingness to support any action for strengthening cooperation between Algeria and Italy and to join in any initiative which is part of a process of broadening relations between the two countries in all areas, while firmly maintaining that their actions will naturally take into account the specific nature of the role and objectives that each of them assumes in the respective countries.

In this context, both trade unions pledged to act to promote an agreement for new, comprehensive, balanced and lasting cooperation between their countries.

Both trade unions also affirmed that the implementation, as soon as possible, of the official government agreement on gas is the most reliable way to expedite determination of the terms and times of this new cooperation.

Both organizations are also convinced that this agreement will be an opportunity for expanding cooperation in the areas of research, experimentation and production of new uses of methane and their application in the sectors of agriculture, food and transportation.

The UGTA and the United Italian Federation also agreed that there are very broad possibilities for cooperation between their countries, in particular in the following areas: research and use of other raw materials, construction, public works, agriculture, transportation, light and heavy industry, hydraulics and occupational training.

In planning so naturally such efforts to combine economic relations between the two countries, this agreement well represents the ideal concrete basis for the cooperation desired by the UGTA and United Italian Federation. Such comprehensive cooperation cannot be given to a temporary economic situation.

Since they will have contributed effectively to the implementation of exemplary cooperation between Algeria and Italy, the two organizations will also have taken positive effective action for peace, development and rapprochement between the peoples of the Mediterranean area and elsewhere in the world.

The federations of the CGIL [Italian General Confederation of Labor], CISL [Italian Confederation of Labor Unions], UIL [Italian Union of Labor] and the UGTA have decided to establish a mixed Trade Union Committee to pursue the development of the agreement between the two countries and to undertake every appropriate initiative to assure the best results of this cooperation in the mutual interest of both sides.

11915

CSO: 3528/133

## SOARES' 'ONE HUNDRED MEASURES' PROGRAM CRITICIZED

Lisbon O DIABO in Portuguese 10 May 83 p 16

[Editorial by Miguel Teixeira e Melo: "From Lack of Realism in the 100 Measures to Fear of Assuming Responsibility"]

[Text] The elections held in this country last 25 April resulted in a victory for the Socialist Party [PS], an outcome that came as no surprise. During the election campaign, the winning party issued a document that included a set of 100 measures to be adopted during the government's first 100 days in power.

As we write these lines, it is still not known when those 100 days are going to start. What is more, it is not known whether in fact those 100 days are going to start at all. The reason is that unlike what happened in 1976, the PS is now refusing to form a minority government. Mario Soares himself said recently in Spain that if agreement between his party and the PSD [Social Democratic Party] is not possible, the specter of new elections is waiting on the national political horizon.

But let us get back to the document we referred to at the start in order to learn what awaits us if (and when) the Socialist Party starts its task of governing.

More than a program or a set of measures to be adopted immediately, the document in question resembles a pamphlet praising the excellence of "socialism in freedom."

Although it repeatedly affirms the need for statesmanlike talk, the PS limits itself in this case to the enunciation of fantastic rules and norms in an obvious attempt to please everyone.

With the announcement of those 100 measures, Mario Soares was able to attract the electoral support of workers and businessmen who were united in their conviction that the Socialists would be able to solve and unravel the urgent problems confronting the country.

In the document in question, there is a clear avoidance of the imperative need to clearly define the rules for shaping the society which the party intends to build for the Portuguese, and this is a direct result of the electoral need to please different sectors of the population.

In addition to the basic aspects already mentioned, an outstanding feature of the document is the superficial and less than faultless way in which, from a technical standpoint, it views the evolution of some of the most significant macroeconomic values in recent years. The intended objective is to show that from 1977 to 1982, there was a general worsening of those variables. Deliberately ignored are the consequences of the oil shock of 1979-1980, the subsequent recession, and the spectacular rise in the value of the dollar.

As far as the institutional organization of the economic system is concerned, the PS again advocates "competitive coexistence," in which the economy will be allowed to function according to the rules of the marketplace, but only in certain sectors which, incidentally, are not identified. Vagueness and a lack of realism also appear in the announcement that the National Planning Council will be restructured to bring in representatives of businessmen and workers and in the omission of rules regulating the respective fields of competence.

It is again repeated, and with emphasis, that there will be no further nationalizations. Overlooked is the fact that the important, necessary, and urgent need is to denationalize the firms and sectors of activity which the government has taken over.

The document is remiss on the question of a new law to mark out the boundaries of various sectors and on the problem of indemnification. On such basic points as legislative reforms in the fields of labor and taxes, the Socialists fearfully say that they will wait to see what emerges from the consensus they say they want and are promoting. That consensus is to be established among the various economic and social forces and partners, but it has already been described by the CIP [Portuguese Industry Confederation] as hypocritical. The fact is that the consensus being talked about by the Socialists will do no more than perpetuate the ambiguities, errors, and defects of the current political and institutional situation. The Socialists bear serious responsibility in this area, because the constitutional revision of 1982 was neither more complete nor oriented in a clearly liberal direction, the reason being that the Socialists could not agree among themselves.

On the subject of economic policy measures, there is merely a listing of objectives, examples being a reduction of the deficits in the budget and the balance of payments, a checking of inflation, and an increase in investment.

The procedure suggested for reducing the negative balance in the budget is an odd one: it calls for analyzing each ministry's current expenditures.

In a country like ours, where the government's omnipresence in economic and social life is something that represses free development of the potentialities of private enterprise, the imperative need is for specific measures leading to a return by the public sector to its proper functions, which should be merely supplementary. This means that the denationalization of firms and sectors of activity and the elimination of useless and parasitic government departments are measures that must be adopted without wasting any time. After that, the growth in government spending should be limited to the exact level indicated in the constitutional text so that it will never rise faster than the GDP.

Those would undoubtedly be specific actions tending to permit a reduction in the public deficit. But it is in this area that the Socialist program does no more than list objectives.

In the financial area, the document under discussion here announces that the selective character of the credit policy will be retained. But it does not say how or for what purpose the attempt will be made to continue in that direction. As is generally recognized, we are in an area where it is proving necessary to make the mechanisms involved perfectly clear so as to avoid speculation concerning the corruption and cronyism that are frequently being reported or insinuated.

In an area as important as that of the price and income policy, the Socialists make the solutions still to be found dependent on the social pact that will be established between the government and the social and economic partners. And we are all wondering who is going to govern: the party that won the election or the representatives of the social forces on whom that party is trying to throw the consequences of its own indecision and ineptitude.

It appears that the PS is only going to return to power if it can do so arm-in-arm with the PSD. That, in fact, is what Mario Soares himself has already stated.

But among the Social Democrats, those who favor the agreement with the Socialists are a minority. From that standpoint--and for that matter, as Mario Soares himself has already admitted--what national political life sees looming before it is the possibility of new elections. If there are new elections, it is certain that once again no party will win a majority enabling it to govern alone.

So it seems that we are running the risk of seeing the current situation of indefiniteness and the political vacuum last forever.

And that is particularly serious in the present circumstances, in which the economic and financial difficulties confronting the country may soon result in a situation of rupture.

The party political system is proving incapable of escaping from the web of its contradictions. The ones reaping political dividends from the tangled snarl of all these problems and tensions are undoubtedly the president of the republic and the sectors that support him.

As this worsening of the national situation takes on sharper outlines, one begins to have a better understanding of the persistence with which the PCP was recently demanding that it be admitted to the government executive branch. Will it not be the gift of a government of national salvation, which will include Communists, that General Eanes will present to the country within a few weeks or months?

11798  
CSO: 3542/133

## FOREIGN INVESTMENTS UP BY 170 PERCENT IN 1982

Lisbon A TARDE in Portuguese 5 May 83 p 7

[Text] Direct foreign investment (DFI) authorized by the Institute for Foreign Investment totaled about 22.3 million contos in 1982.

It should be pointed out that of that total, 11.9 million contos represent preliminary agreements relative to a single project in the tourist sector.

Because of its special nature, attention should also be drawn to another figure in that total: 1.4 million contos representing increases in capital by the incorporation of revaluation reserves.

The figure representing imports of foreign exchange showed a significant increase, since it accounted for about 95 percent of the total for 1982 (or 90 percent if we exclude the project mentioned above), compared to 83 percent in 1981.

As a result, the amount of DFI in the form of foreign exchange imports totaled 20.8 million contos, compared to 7.7 million contos in 1981.

By sector of activity--and excluding the tourist project for 11.9 million contos--the service sectors (classes 6 through 9 of the CAE) attracted more investments than the manufacturing industry (46 percent compared to 43 percent).

The metal engineering and electrical industries were responsible for over half of the DFI in the manufacturing industry (27 percent of the total DFI).

A comparison of the totals for 1982 with those for 1981 shows a strengthening of the extractive industry, for which the DFI was slightly over 1 million contos in 1982.

Allowing for the exceptional position occupied by Canada as a result of the big project mentioned above, a breakdown by country shows that the United States and Spain accounted for the largest amounts authorized. However, DFI by the United States is related to five big projects from that country, while Spain's is explained almost entirely by a single operation involving an increase in capital.

Authorized DFI: 1981-1982  
by country of origin (in contos)

|                | 1981       |       | 1982        |       |
|----------------|------------|-------|-------------|-------|
|                | Amount     | %     | Amount      | %     |
| EEC            |            |       |             |       |
| France         | 2,940,235  | 25.4  | 1,062,215   | 4.6   |
| Netherlands    | 474,057    | 4.1   | 149,026     | 0.6   |
| United Kingdom | 759,132    | 6.5   | 805,790     | 3.5   |
| FRG            | 1,049,650  | 9.1   | 904,505     | 3.9   |
| Other          | 492,500    | 4.2   | 307,259     | 1.3   |
| Total EEC      | 5,715,574  | 49.3  | 3,228,795   | 13.9  |
| EFTA           |            |       |             |       |
| Sweden         | 211,744    | 1.8   | 233,735     | 1.0   |
| Switzerland    | 956,667    | 8.3   | 946,595     | 4.1   |
| Other          | 74,286     | 0.6   | 44,196      | 0.2   |
| Total EFTA     | 1,242,697  | 10.7  | 1,224,526   | 5.3   |
| Spain          | 267,966    | 2.3   | 1,723,260   | 7.4   |
| Canada         | 5,000      | 0.0   | 11,973,220* | 51.6* |
| United States  | 3,234,587  | 27.9  | 2,565,420   | 11.1  |
| Japan          | 79,478     | 0.7   | 234,556     | 1.0   |
| Other          | 1,038,543  | 9.0   | 2,251,597   | 9.7   |
| Grand total    | 11,583,845 | 100.0 | 23,201,374  | 100.0 |

\* Includes three preliminary DFI agreements for a total of 11,969,880 contos in connection with an investment project in the tourist sector.

11798  
CSO: 3542/133

## BRIEFS

EXPATRIATE REMITTANCES IN 1982--The Bank of Portugal announced yesterday that remittances by Portuguese emigrants totaled 208,380 million escudos in 1982, compared to 175,126 million in 1981. Emigrants residing in the European OECD countries sent 139,177 million escudos, while those living in the United States and Canada sent 34,744 million. The increase in remittances expressed in escudos (19 percent) represents a decrease in real terms, since it was not enough to offset the effect of the devaluation of the Portuguese escudo relative to the chief currencies and the effect of inflation. The economic crisis in Europe is well illustrated by the fact that remittances from the European OECD countries rose by only 14 percent (in escudos). Remittances from emigrants working in the United States and Canada rose by 26.8 percent, while those from emigrants in the rest of the world increased by 34.5 percent. [Text] [Lisbon DIARIO DE LISBOA in Portuguese 4 May 83 p 10] 11798

CSO: 3542/133

## MINISTER CONCERNED OVER TRADE BALANCE WITH EAST BLOC

Stockholm SVENSKA DAGBLADET in Swedish 1 Jun 83 p 8

[Article by Bjorn Anders Olson]

[Text] Nearly the whole deficit in the Swedish trade balance stems from our trade with the East bloc. The deficit last year was 5.6 billion kronor, of which 4.7 billion, or 84 percent, stemmed from the eastern trade.

Mats Hellstrom, the minister of foreign trade, regards this as "terribly troublesome," and he is supported by his undersecretary Carl Johan Aberg who says that we must increase our eastern trade.

"Swedish exports to the Soviet Union ought to be increased significantly. The large income which the Soviet Union has through its petroleum sales to Sweden ought to constitute a good basis for an increase in Swedish exports," says Carl Johan Aberg. The deficit is concentrated precisely on the Soviet Union and the German Democratic Republic (East Germany).

A part of the large deficit with the East, Carl Johan Aberg explains, has to do with several countries having liquidity problems. But this situation does not apply to the Soviet Union.

#### 4.7 Billion

Today, 1 June, it is 65 years since the first trade treaty between the Soviet Union and Sweden was signed. Then, 6 years before Sweden formally recognized the Soviet Republic, Sweden was the Soviets' largest trading partner, according to the Soviet embassy.

Already several days before, on 27 May, Johnson HAB signed its first contract with the Soviets--for 7 million kronor, and has since then retained its position as the Soviets' leading trading partner in Sweden.

Sweden had a deficit of 4.7 billion kronor in its eastern trade last year. The deficit with the Soviet Union was 2.8 billion kronor, with the German Democratic Republic almost 2.2 billion. We even had a small deficit with Rumania and Poland, while trade with Czechoslovakia, Hungary and above all Bulgaria had a surplus.

We imported from the German Democratic Republic raw materials, primarily different petroleum products, worth five times the Swedish exports to that country. Imports were worth 2,669 billion kronor, exports 495 million kronor.

#### Increased Exports

Up until now the DDR is the one among Sweden's trading partners that has been increasing its exports, here the most. During the first 2 months of this year the DDR increased its exports to Sweden by 76 percent compared with the same period last year.

The DDR is Sweden's 42nd largest export market, while it is the 14th largest supplier of goods to Sweden. Insignificantly ahead, the Soviet Union is the 12th, while it is Sweden's 15th largest export market. The imbalance in the trade with the East is thus significantly greater with the DDR than with the Soviet Union.

Sweden obtains 5.6 percent of its total imports from the East, while 3.1 percent of our exports go there. That is a reduction by almost one-half in our exports since the middle of the 1970s.

6893

CSO: 3650/206

## GREENLAND DISAPPOINTED IN TALKS OVER NEW EC STATUS

Copenhagen BERLINGSKE TIDENDE in Danish 26 May 83 p 5

[Article by Klaus Justesen: "Greenland Disappointed in Talks With EC"]

[Text] Brussels. Greenland wants to be out of EC by 1 January 1985 at the latest. This date was set by the chairman of the government, Jonathan Motzfeld, as absolutely the last deadline, when yesterday before the 10 foreign ministers he presented the island's case. Observers in Brussels, however, admit that it will be very difficult to reach a conclusion in the negotiations by then.

## German Impediments

Both Jonathan Motzfeld and Foreign Minister Uffe Ellemann-Jensen after the meeting talked of their disappointment at the attitude of the other EC countries. It is clear that, especially from the German side, there are impediments in the road to reaching a negotiated solution. But the plans are also meeting opposition from the Italians. They all recognize, however, Greenland's democratic right to withdraw from the association, which 10 years ago it was forced to enter.

One year ago the government presented its negotiating memorandum which would give Greenland OLT status. That is a strictly limited position which many developing countries have been given. For Greenland this would mean, among other things, that it would have duty-free access to the EC for its fish products in exchange for giving duty-free access to a number of EC goods.

West Germany has, however, made several sharp counterdemands. These demands include a 20-year agreement which guarantees large catches, and which was not presented yesterday. There is, however, no doubt that West Germany wants Greenland to pay for its withdrawal by giving fishing rights.

## Danish Refusal

From the Danish side this attitude was flatly rejected. Uffe Ellemann-Jensen pointed out that no other land has paid for an OLT status in this way. He anticipated very difficult negotiations if individual member countries do not stop linking things together.

On the other hand both Greenland and Denmark are ready to conduct fishing negotiations parallel with the withdrawal negotiations. It is acknowledged that West Germany especially has very large fishery interests with Greenland. Any idea of using fishing as payment is rejected, however. On the contrary, EC will pay to get permission to fish in Greenland waters.

Uffe Ellemann-Jensen said it would be an unfortunate solution if the result should be a unilateral Greenland withdrawal from EC. It was, however, clear that Jonathan Motzfeldt will not exclude that possibility if it becomes impossible to meet the deadline of 1 January 1985.

9287

CSO: 3613/120

## BRIEFS

ALASKA, CANADA, GREENLAND ESKIMOS IN UN--Godthaab, 13 May--The union of Eskimos in Alaska, Canada and Greenland--ICC--has been associated with the UN as a nongovernmental organization, that organization announced on Friday. The chairman of the UN Economic and Social Council, Emilia de Barish, said that the organization's application was accepted without problems because it came from a group of people which was not previously regularly represented in the UN. In all 200 other organizations in the world have the same association with the UN which ICC now has. Among the best known are Amnesty International, Socialist International and Save the Children. [Text]  
[Copenhagen INFORMATION in Danish 14 May 83 p 1] 9287

CSO: 3613/120

## KOHEN ON ROAD TO TURKISH-CYPRIOT INDEPENDENCE

Istanbul MILLIYET in Turkish 2 Jun 83 p 2

[Article by Sammy Cohen in the column "Glances at the World": "The First Step and Its Aftermath"]

[Text] NICOSIA - As has been repeated quite a number of times, the chief aim of Turkish foreign policy with regard to Cyprus, has been the foundation of a dual zone, dual population, independent and unattached federation. And at every opportunity it has been stressed that intercommunal talks were the only way to attain such a goal. This has also been the position of the Turkish Cypriots.

In recent days does the fact that the TFSC [Turkish Federated State of Cyprus] initiated some preparations towards a unilateral declaration of independence, that the possibility of a referendum is discussed and that a decision was made not to take part in the intercommunal talks mean that this goal has been abandoned and that it is now deemed preferable to follow a different path?

Any visitor arriving in the TFSC at this point, will see how far passion and nationalistic feelings have risen among Turkish Cypriots. It is now unrealistic not to feel that the great majority who currently call themselves a "people" instead of a "population", carry the conviction that independence is now the only way out. Even the most cautious observers are convinced that if the people were to vote on this question the result would be 85 percent "yes" votes.

It is not difficult to understand the reasons for this. This population which for years suffered hardships and oppression had also lately begun to lose hope of a solution. In fact, in the North of the island the Turkish Cypriots, under the protection of the Turkish army, were living under conditions of peace and security. the "Federated State" was even managing - itself - on its own. But this "Federated State" was unable to obtain international recognition of its citizens' rights (for instance the possibility for them to travel with their own passports or to establish without difficulty commercial ties with the rest of the world.)

Anger was also added to these pressures, caused by the question of Cyprus being carried to international forums by the Greek authorities, by the fact that the Turks are viewed as mere minorities, as it became apparent three weeks ago at the United Nations, and by the launching of a tough campaign against Turkey. Such behavior generated in the TFSC serious suspicions about the aims of the

Greeks and a general distrust about attaining the federation goal through such methods.

Was the draft resolution biased in favor of the Greeks, which was accepted at the UN General Assembly by a large majority, as bad as that to cause such a tough reaction? In some of its articles, in comparison to previous articles, there were harsher and more unjust statements. But, in practice, what would this resolution change?

Acting from this standpoint, it might be thought for a while that talks could proceed as if nothing had happened. However, the question is not all that simple. The question is that Turks have lost now all hope about negotiations which are endless, show no progress and are now subjected to an attempt to sidetrack them through the UN resolution. In fact, the truth of the matter is that part of the people have even lost their confidence and hope on the subject of the federation.

This should be viewed as the result of a series of occurrences. The fact that now independence is considered as an alternative is, on the one hand, a reaction to these occurrences and, on the other hand, the expression of a new hope given suddenly for the future.

The fact is that the Turkish Cypriots today have chosen the road leading to independence, they now have taken their first steps on it.

This gives the people morale and confidence and the authorities a new strength for negotiations.

However, before taking any further steps, it is necessary to make a very thorough and healthy "assessment of the situation" and to calculate very accurately what might be lost and what might be gained by the TFSC and Turkey. In spite of everything, rather a lot of ground has been gained lately in Northern Cyprus. The steps to follow must not endanger the gains already obtained. The Greek Cypriots must take seriously this step taken by the Turkish population on the road to the determination of their own fate, they must not look on it as a bluff and they must accordingly sit at the table without ulterior motives. Behavior to the contrary will force the Turks to take further steps on the new road to which they are committed.

Reciprocally, if the chief aims of the Cyprus policies which we have outlined above have not changed (and we believe that they did not) the first step that has been taken must not lead to a deviation from this aim. Giving a new chance for the intercommunal talks which have been "spaced" to develop, for an acceleration of the efforts to find a solution, can do no harm; on the contrary, it may be beneficial.

If it is perceived that this is not beneficial or that it is detrimental, it is always possible to take further steps on the path that has been opened. Undoubtedly, provided they are calculated and timed coolly and with a level head...

12278

CSO: 3554/317

## DENKTAS THREATENS INDEPENDENCE; RTP IN OPPOSITION

Istanbul CUMHURIYET in Turkish 24 May 83 pp 1, 11

[Article by Izzet Riza Yalin "Denktas Criticized America, RTP Opposed Independence"; passages enclosed in slantlines printed in boldface]

[Text] NICOSIA -- While the TFSC [Turkish Federated State of Cyprus] Council of Ministers decided not to participate in the intercommunal talks planned for the 31st of May, the RTP opposed independence. At the same time, President of the TFSC Rauf Denktas criticized the U.S.A.

TFSC Government spokesman /Kenan Atakol/ said that at the extraordinary meeting called yesterday, under the chairmanship of President /Rauf Denktas/ a decision was reached, in view of present conditions and in the light of events, not to attend the talks planned for the 31st of May. Atakol announced that the Cabinet's evaluations of the 17th of May were reviewed yesterday and that, following the Denktas talks, the Cabinet would evaluate the question again.

Atakol pointed out that it was believed the Assembly resolution dated 5 September 1976 had become obsolete and said that he had been appointed to meet with the parties represented in the Assembly and with other qualified authorities in order to have the resolution taken up again by the Assembly.

The 5 September 1976 resolution consists of 5 articles. The resolution foresaw that a solution to the Cyprus problem would be found through intercommunal talks and that this solution would be a dual population, dual zone federation.

TFSC President /Rauf Denktas/ met yesterday, at 11 a.m., with the Commander of the UN Peace Force /General Greind/ and let him know that /"The countries which contribute soldiers to the Peace Force, chiefly Austria, used their votes at the UN General Assembly in a manner which was incompatible with Denktas warned the commander of the Peace Force and while informing him of /"The Turkish people's reaction concerning this matter"/ he said that /"he wanted some measures taken."/ It is believed that the measures might be the removal from the TFSC zone of soldiers originating from countries which cast unfavorable votes. In an interview he gave to members of the Press Denktas criticized the United States.

Denktas who met with the Turkish Ambassador in Nicosia Inal Batu, before meeting with the commander of the Peace Force, requested from the Turkish Ambassador that he /"communicate to Turkey the justified reaction of the Turkish population in the face of the UN resolution."/

After Batu, the president met with /Mustafa Cagatay/ and visited the President of the Assembly /Nejat Konuk/.

Denktas who told /"his first reaction concerning the UN resolution"/ to the President and to the Vice-President of the Assembly, is beginning his talks with party leaders today.

What Does Ozker Ozgur Say?

RTP Chairman General Ozker Ozgur, who was a member of the TFSC commission to the Parliament and who returned to Cyprus the other day, said /"that the envoys who spoke at the General Assembly took into consideration what the TFSC parliamentarians had told them, in their speeches, and that it was essential to visit the capitals from which those envoys came in order to enlighten governments directly."/ Ozgur pointed that /"on the subject of the UN resolution, it would be beneficial to evaluate the situation coolly, without adopting a tough attitude."/

While TFSC President Denktas seeks opinions and support on a /"declaration of independence"/, distribution of written statements to villages has begun. The Central Executive Committee of the RTP points out that /"measures which would thoroughly arouse the reaction of the whole world and which would also put Turkey in a very difficult position"/ as well as "a proclamation of an independent Turkish nation"/ were contemplated and distributed statements to villages asking them to oppose any call for a /"declaration of independence"/. The RTP characterized such summons as /"fiery and dangerous"/ and described those who issued them as /"using the people to cover their mistakes and to carry out their own designs."/ In the statements it was said that /"To attempt a proclamation of an independent Turkish state at this stage could increase tension and the danger of war to the utmost degree."/

12278

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## PERFORMANCE, PROSPECTS OF SCHLUTER COALITION ANALYZED

Copenhagen BERLINGSKE TIDENDE in Danish 13 May 83 p 13

[Commentary by Victor Andersen: "Ingredients for Success"]

[Text] The Quartet Government has now reached the age of discretion, and it is reasonable to judge it on its results. This is the first article of three on the government's chances and ability now, and then an attempt at an insight into whether this nonsocialist coalition has learned from the errors made by its immediate predecessor, of which so many were committed. It also tells how the ministers deal with each other in their daily work--and whether in that connection there is a possibility of replacements.

While Anker Jorgensen looks more and more ashen in the face after having passed the power to Poul Schluter in the great swing to business recovery, Schluter and his 20 ministers are thriving better and better.

Is it not fundamentally unjust that it turned out like this?

Are we standing before a re-creation of the old Aladdin drama, only this time with Poul Schluter in the role of the one who gets everything without moving a finger himself?

No, Christiansborg is still itself, and has not become a castle in Isfahan. Certainly both the decline in oil prices and the declining international interest rates appear to be windfalls. But when the Schluter Government, after only 7 months gets a Gallup rating as the best government in 40 years, everything has not just happened by itself.

When we look for some of the ingredients of this formidable success story, it stands out clearly that the Quartet Government has taken the trouble to find out why things went so poorly for similar previous governments.

## Raised Eyebrows

The last time Denmark had a multiparty government of nonsocialist parties was during the VKR Government of 1968-71. That time it was a strong nail in the government's rather rapidly-built coffin (it lost an election after only 3 years), that it had as an ideological goal strict state thrift, but as an actual policy it had an increase of tax pressure the equal of which has not been seen before or since.

The only member which the former and present nonsocialist coalitions had in common is Minister of Justice Erik Ninn-Hansen. He has been able to tell his new colleagues how fatal it is if every individual minister presses to get appropriations for his own area without considering the overall economies. He has, if he has been appropriately frank, also been able to instruct on how the VKR government's minister of social affairs, the Liberal Party's Nathalie Lind, approached it with an unrestrained demand for an open purse.

In any case the Quartet Government learned a lesson. As one of the ministers told BERLINGSKE TIDENDE, "We have given each other our promise that our loyalty is with the government, not with ourselves. We have actually re-defined the concept of minister in a new way."

When it nevertheless happened a couple of times in government meetings that an individual made a mistake by asking for more than the others, according to the same reliable source it was enough that the others around the table raised their eyebrows.

A professional observer and current historian, Professor Tage Kaarsted, PhD, has taken the temperature of all the ministers recently. What does he have to say about the Quartet? How does he explain its success?

## What the Eyewitness Saw

"In the first place it is because the Schluter Government, including Schluter himself, has learned from the VKR Government's failures and operates without some unfortunate psychological dispositions. In the second place it operates in a certain sense more easily. We are partly in a kind of nonsocialist wave, characterized by a little welfare allergy, partly there were boners which the VKR Government committed which are now being accepted. The population has come to terms with taxation at the source, and even if it hurts, people in West Zealand have learned to live with free abortion and close one eye to photographic pornography. In the third place Schluter does not have a government association with the Radical Liberals, but with three other parties, which I assume that the Conservatives operate better with, and which they do not need to give the same concessions as they found it necessary to give the Radical Liberals in the VKR Government. In the fourth place the leadership crisis, which arose in the Conservative Party because of giving Baunsgaard the power in the VKR, was solved by Schluter, which has given him personal power. He has not become less of a leader because the formation of the gov-

ernment has succeeded for him. One must therefore assume that Schluter has learned from the friction which existed between the Liberal Party and the Conservative Party in the VKR Government, and finally he has frankly also learned from what Hartlig did in 1975 when he issued writs for an election, whereby he doubled his small government's support, but only by stealing votes from friends, so the result was that he had to discontinue governing. One could also drop a little wormwood in the cup and add that the government also survived, because it came to terms with social democratic humiliation in national security policy. That can happen again, and this is presumably the greatest danger for the government, in any case in the short term."

The Quartet Government appears also to have learned from another nonsocialist government fiasco beside VKR, and that is the Swedish nonsocialist coalition from 1976-82. They wasted away from within, partly because of the individual participants' adherence to their fixed ideas, mostly on the tax and nuclear policy issues. The Christian People's Party appears to have noted just this point. In any case it has toned down its position toward third world aid which otherwise could have caused the Quartet unexpected inner difficulties.

Add to this that the Quartet has an eyewitness among its members who watched the Swedish nonsocialist government's rise and fall from a short distance. That is Minister of Greenland Affairs Tom Hoyem, who was an instructor and foreign correspondent in Stockholm in those years. The books which have come out on the Swedish nonsocialist fiasco he has been careful to give to his Quartet colleagues, and at the reception on the government's 6-month anniversary he passed around one of his book gifts. Therein he had placed a sheet of paper with a resume of what the Swedish leader of the Right, Conservative Party member Gosta Bohman, had told him of the reasons for the nonsocialist fiasco in Sweden.

The causes were, 1) that the three parties in the government could not agree, 2) that they were more social democratic than a Social Democratic Government would have been--mostly to please the civil servants, and 3) that they were not sufficiently crisis-conscious.

The Swedish incident is doubly meaningful in the sense that Gosta Bohman, before the election of the Swedish nonsocialist government, had confided in Hoyem that he had just read Erik Ninn-Hansen's "Syv ar for VKR" [Seven Years Before VKR] and asserted that in Sweden they would know how to avoid the mistakes of VKR.

Now, in the third historical delivery, so to speak, it is possible that the VKR blunders are being avoided. Through conversations with the ministers, including Prime Minister Schluter, one can learn by listening, that Hoyem's little resume has made an impression on them. Some even represent the ideas as observations that they themselves have made, and a higher complement for a viewpoint is difficult to obtain.

The Quartet Government also has the advantage over VKR that its ministers can much better manage party groups. In the groups then there were various stout and experienced characters with somewhat the same political weight as those who became ministers. They did not want to be kept out of events, and wanted the right to give the green light when something was to happen. The Liberal Party's minister of trade in the VKR Government, Poul Nyboe Andersen, has since stated that some of those most demanding to be ministers were members of the Folketing groups.

If Nyboe Andersen had been a radical VKR minister, he could have told still more delicate things from the group meetings. At that time there was a fractured surface inside the Liberal Party. "The Man for All," Hilmar Braunsgaard stood on the right wing of the group and often had difficulty conversing with the large left wing from the old Bertel Dahlgaard and Jorgen Jorgensen line. That gave VKR large and lengthy problems, and the prime minister was often without certain knowledge of where he stood.

Here the Quartet has it much easier. Things slide like butter through the groups, except for the Liberals, who have some old members who grunt a little. Therefore everything is delayed for one or two days with the Liberals.

In the daily work of the Quartet Government there is an excellent relationship between ministers. Poul Schluter describes it for BERLINGSKE TIDENDE as "characterized by confidence, consideration and helpfulness." It is not as we have seen examples of in a Social Democratic Government, where ministers have felt themselves almost frozen out.

Minister of Greenland Affairs Tom Hoyem can relate how he felt as though he had butterflies in his stomach when he was first exposed to the minister "storm." The two Folketing members from Greenland demanded his dismissal, no less. Then he ran into the seal affair. He received a friendly hand on the shoulder from several sides in the government with a comment that "before the year is over we will all be hunted." His gratitude was especially directed to Minister of Justice Ninn-Hansen, Minister of Economic Affairs Anders Andersen and Minister of Agriculture Niels Anker Kofoed.

His fellow party member, Minister of Cultural Affairs Mimi Stilling Jacobsen, who really does not appear frightened, has the support of Minister of Labor Grethe Fenger Moller in the Folketing Hall. They lean on the experience of each other. Her own group does not see much of Mimi Stilling Jacobsen. Time does not permit. She realizes that her new friends and basis group are now the government. But of friendship and helpfulness there is absolutely none. At a government breakfast meeting every Tuesday, "conversation is marked by good comradely advice and tips about everything."

For something new Minister of the Interior Britta Schall Holberg has introduced open house at her place in the ministry every 14 days for the ministers who are at home.

Are things going so well for the Quartet Government that it will hold together over the long term?

Poul Schluter answered BERLINGSKE TIDENDE's question with a new type of arithmetic:

"When the four parties' intellectual and political inheritances are brought together and divided by four, one does not get an unsightly compromise. One gets a result which is better than any of the individual programs, because the common denominator one gets contains thoughts and traditions which are typical of the Danish population. I see a mosaic which indicates that we can hold together for a long time."

Uffe the Spike

Before this article appears suitable for publication in the Christmas Almanac as the year's happy narrative, there is perhaps reason to insert that there also can be grating sounds in the Quartet cooperation.

That the public applause, such as results from the Gallup poll figures, goes almost undivided to the Conservatives, is disturbing to others. Liberal ministers admit to BERLINGSKE TIDENDE that it is a real problem. The Liberals feel that at one and the same time they have the heaviest load and have the most ministers on the firing line. The "storm" which broke on the minister for Greenland affairs was not easy, and Minister of Labor Grethe Fenger Moller has a very exposed area, but in a really painful affair like the waiting days for health insurance she has been able to seek shelter behind the minister of social affairs. With two ministers to shoot at on that issue, the fire from the opposition was dispersed and uncertain.

Better hits on the target are made when it is a Liberal minister getting shot at. It is said that Uffe Ellemann-Jensen was really shaken over what happened to him. He thought he had an almost friendly relationship with his predecessor as foreign minister, Kjeld Olesen. There was a happy and pleasant turnover ceremony in the Foreign Ministry on Asiatic Place, from which Kjeld Olesen with much laughter and waving departed on his bicycle. Later Uffe Ellemann-Jensen arranged from his personal representation account in the ministry to have a 50,000 kroner party for his predecessor, which was in accordance with custom, but nonetheless brought out embarrassing questions from the Progressive Party.

After Uffe had "withstood that" for his friend Kjeld's sake, then came the hard social democratic campaign against the same Uffe, during which Kjeld Olesen stood forth in the Folketing Hall and in very personal, almost malicious phrases, renounced his confidence in Uffe. Even if Kjeld Olesen perhaps was only acting on orders from his group, it was hard on Uffe. He was crestfallen for several days, and the unusual meekness in an otherwise polished politician did not escape the TV public. Now he has long since become himself again, and has earned the nickname "Uffe the Spike."

## The Christophersen Mafia

Also Minister of Interior Britta Schall Holberg with her block grants and property taxes has been in the front lines, and so has Bertel Haarder, with his class quotient, etc, while the other parties' ministers live much more pleasant lives.

From the other side of the government it is said that the Liberal Party can not complain over the workload because the party itself wanted the heavy economic ministries with the big influence. At the same time one believes that the Liberal Party leader, Henning Christophersen, could have been a little wiser in his choice of ministers. He has, they say, exclusively placed his friends in the ministerial posts--now called the Christophersen Mafia--while two very solid and reliable minister candidates such as Arne Christiansen and Mette Madsen were kept out. It would have been much wiser, they say, if Henning Christophersen had let the Ministry of Education go to the Center Democrat Mimi Stilling Jacobsen. Then Mette Madsen could be the minister of Cultural Affairs and Bertel Haarder the minister of church affairs. There he could expound all of his pioneering and controversial ideas without running into a string of middle-sized defeats and thereby invoking a defeatist attitude toward himself and the government. Elsebeth Koch-Petersen the government could well do without, mainly because she does not have the ability to be a minister.

It should be clearly stated that there are also observers of the government's merits who say: Notice that Haarder has defeats, but in the moment of defeat he is nonetheless winning something, so all in all he comes through with more than a little. He is making good progress in breaking down the tyranny of the organization. He also protects the master teacher concept successfully. And the high schools which do not want to yield to him, now sit back with the most discomfort. It was an ingenious trick to transfer the national high schools to the counties, so that the leading academics will now stand in line with the hospital directors, highway authorities and others, if they want funds for as much as a new garden.

But the otherwise happy and confident voting in the government was broken by one thing, which was considered not at all safe for government cooperation. That was tax minister Isi Foighel's compromise with Social Democrat Mogens Lykketoft on real interest taxation.

Concern in the government over that issue is not due to anyone recently remembering a feature article by Poul Schluter in BERLINGSKE TIDENDE on 13 November 1981. In that article he described Anker Jorgensen as "a government leader who is so void of political ability that he will now assault the private pension savings of a million wage-earners and independents." One has learned to live with that old boomerang statement.

The painful thing is the unusually hard criticism of the real interest compromise, which has come from banks, insurance companies, and other

commercial people--including a group which pays about 90 percent of the subscriptions to the Conservative Party. This reaction from outside--and from the donors--has made even the Conservative tax chairman Hagen Hagensen protest, also the Liberal Party's Emmert Andersen. This is the first time that real cracks have been visible between the Quartet parties and their groups and ministers.

#### Railwayman for the Krone Now Its Custodian

If one asks what things the government's patent public success depends on, the above-mentioned feature article by Poul Schluter of 1981 is thought-provoking. Not for what it informs, but rather for what is not in it. It tells of K's and V's so-called general plan under the not exactly bashful title "New Political Thoughts."

In this breaking of new political ground there was a national expenditure reform, which is one of the foundation stones for the present government, and reduction of bureaucracy can also be read between the lines. On the other hand it had none of the other foundation stones for the Quartet Government's rapid and stylish success: income policy, fixed krone exchange and private ownership.

These last clearly came hurriedly from the cloakroom, just before Poul Schluter and his team were on track. This is no mistake. But it reveals politics as it can be--a rapidly planned combination game. It was a rapid maneuver, when a bulls-eye in the Quartet's policies such as the fixed krone exchange (which is behind the new price stability and the dramatic fall of interest rates) was not mentioned in the new political thinking manifest of 1981.

Perhaps the parties should have time to take stock of their position on that--without a knife at their throats. And a knife was there when the Quartet Government came in, as the entire international speculation was waiting for a devaluation of the krone, as always happened in Anker Jorgensen's days. Here a rapid decision was made, and here they stood firm, after the stance was first chosen. And nobody in the government is better at standing firm than the Liberal Party's Anders Andersen, who was fortunately minister of economic affairs, and the closest guardian of the krone.

It does not make political life less colorful that Anders Andersen is one of the Danes who frequently has requested devaluation. But that was in the years when he was president of the Agricultural Council, and before Denmark entered the EC, where devaluation does not create advantages for agriculture in the participating countries.

The next question must be whether the government--in the middle of the roar of applause from the population for its initial decisions--has also had the time to think over what the future will bring. And what it will bring to the future. More about that in the following articles.

9287

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## CONSERVATIVE PARTY CONTINUES TO ADVANCE IN POLLS

Copenhagen INFORMATION in Danish 15 May 83 p 3

[Text] The Conservatives continue to go forward--  
the three other government parties are going backward,  
according to a new Observa poll.

The Conservative Party continues to go forward, while the three other government parties are going backward, resulting in a combined loss in voter support, according to a new poll which Observa conducted on Sunday for MORGENAVISEN JYLLANDS-POSTEN.

For the Christian People's Party that means that the party is now below the bottom limit of two percent, and would drop out of the Folketing if there were a Folketing election now.

In relation to the April poll, the Social Democratic, Conservative and Progressive Parties have each gone one percent forward, while the Center Democrats, Christian People's Party and Liberal Party have each gone one percent backward.

With the support of 26 percent of the voters the Conservatives are now about a dozen percent over the result of the Folketing election of 8 December 1981.

The numbers from the poll, with the numbers from the election of 8 December in parentheses, follow:

|                          |           |
|--------------------------|-----------|
| Social Democratic Party  | 35 (32.9) |
| Radical Liberal Party    | 3 ( 5.1)  |
| Conservative Party       | 26 (14.5) |
| Single-Tax Party         | 1 ( 1.4)  |
| Socialist People's Party | 11 (11.3) |
| Communist Party          | 1 ( 1.1)  |
| Center Democratic Party  | 4 ( 8.3)  |
| Christian People's Party | 1 ( 2.3)  |

|                      |          |
|----------------------|----------|
| Liberal Party        | 9 (11.3) |
| Left Socialist Party | 2 ( 2.7) |
| Progressive Party    | 7 ( 8.9) |
| Others               | 0 ( 0.2) |

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## LOCAL FINANCE MINISTER REPORTS ON 1982 FISCAL YEAR RESULTS

Godthaab GRONLANDSPOSTEN in Danish 11 May 83 p 12

[Text] Government member Moses Olsen, who has now taken over the responsibility for economic affairs, opened his review of the economics of the provincial treasury by confirming that planning and control of the economy is complicated and made more difficult because no country any longer has sovereign influence over its own economic conditions and possibilities.

"It is generally known that economic relations go across national boundaries, and that the economy of the world is strongly influenced by changes in the individual components which are of importance in this connection," he said.

Moses Olsen referred to the economic crisis which was the worldwide result of oil price increases in 1973. "We are all aware of the importance that had for employment, social expenses and much more," he said further, and emphasized the importance of economic planning and control, which also in Greenland will be entirely decisive for what possibilities there are for realizing political goals.

#### New Activities Must Be Carefully Evaluated

"The economic situation in Denmark and the current government's definite savings measures have not made it less important that we carefully evaluate and assign priorities to new activities before they are put into effect," he said, and said that home rule continues to have as its purpose to take over fields of responsibility from the Danish state so that our influence over our own affairs can grow in the future.

"Ahead lies the takeover of some large and risky areas, of which I will especially mention the takeover of KGH [expansion unknown] production and export sector. It has been essential for the outgoing government, that through the last 4 years there has been a certain growth in the reserves of the provincial treasury. Home rule is thus well equipped to finance the further expansion of Greenland's competence and the resulting responsibility,"

continued Moses Olsen, who reported that there is expected to be a surplus of about 31.7 million kroner for 1982. The working capital of the provincial treasury on 31 December 1982 consisted of about 215.1 million kroner, which should be seen in relation to the business of the provincial treasury and the new tasks which home rule plans to take over from the state.

#### Satisfaction

The chairman of Siumut [moderate leftist party favoring greater local autonomy], Bendt Frederiksen, expressed satisfaction with the good balance sheet and gave the previous government glowing praise for the compatibility between the budget and the balance sheet. "A deviation of only 0.1 percent between the expected result and the balance itself is very good, when one considers that the activities of home rule have grown and the provincial treasury's business has been almost 1 billion," he said.

Bendt Frederiksen recommended to the government that it continue to work for a balance between income and expenses, and he recommended that the takeover of areas from the Danish state continue. "We have noticed that the government estimates that the special receipts, which withdrawal from the EC will be a basis for, will at least be of the same size as the refunds which we receive today from the EC fund. We understand well that the government during the current negotiations does not want to stabilize the special income further, and we would only recommend that withdrawal negotiations be carried further in such a way that they ensure Greenland society a special income of the size which has been mentioned," said Bendt Frederiksen.

#### Large Problems

The chairman of Atassut [centerist party favoring close ties to Denmark], Lars Chemnitz, found that there was a certain satisfaction for Atassut to read the introduction to the balance sheet in which it was said, "No country any longer has sovereign influence on its own economic conditions and possibilities..." Atassut has for a long time preached that, and their opponents have always minimized it, said Lars Chimnitz. "Atassut especially notes that the improved situation as far as the budget surplus years is concerned, is blamed on postponement of the expected withdrawal from EC and postponement of the expected takeover of KGH production and export sector. These conditions harmonize well with Atassut's viewpoints. We have on several occasions said that the most important thing is for this to happen in the most satisfactory way for the country," he said.

Lars Chemnitz then pointed out that Atassut had several misgivings about the provincial treasury's economic situation. "Look at citizens' economic situation, which is very precarious. Look at the local authorities, many of which have tight economies. The hunters have problems and the fishermen have had large losses. It is not good to boast about the good economic situation in the provincial treasury when there are such large problems among the population," he said.

Lars Chemnitz recommended that hereafter funds be set aside under the supplementary appropriations law to cope with such problems.

#### Business

Aqqaluk Lynge of the Inuit Ataqatigiit [Marxist-Leninist party favoring total independence from Denmark] found when he looked at the accounts that the country was being run like a business. He was not satisfied with that. He pointed to the many savings which the local authorities put into effect. "The people also have to save," he said, and recommended that funds be set aside for use in case of hard winters, so hunters and fishermen can be supported.

"Even if the economy is influenced by the outside world, we know that prices are set by the state without Greenland influence. Therefore we will recommend and work for that area to be taken over by home rule. We believe that with the introduction of legislation on submitting tenders, prices and profits, possibilities can be created for real economic control in Greenland," he said and promised that his party would work for that.

9287

CSO: 3613/120

## PAPER SEES HOME RULE CONTINUITY IN ELECTION RESULTS

Godthaab GRONLANDSPOSTEN in Danish 4 May 83 p 2

[Editorial: "No Revolution"]

[Text] The guesswork was good. As early as election night political observers predicted that it would surely end by Siumut [moderate leftist party favoring greater local autonomy] forming a minority government with IA [Inuit Ataqatit--Marxist-Leninist party favoring total independence from Denmark] as a "little helper." But there were long and at times exciting negotiations before things got to the point where Siumut could form a government and hold a total of six government posts.

But that was not the outcome that Arqaluk Lyngé had dreamed of. Certain of victory and convinced that Jonathan Motzfeldt was completely in IA's pocket, Arqaluk Lyngé gambled big. He wanted two government posts but was rejected. He came very close, and at the end there was a real danger that there would be an irreparable breach between the parties on the left.

It was a very disappointed Arqaluk who came to the microphone on 1 May and stated that negotiations between the two parties were now broken off. It was sad, said Arqaluk, that the forces of the left split from each other on Labor Day. Otherwise there was unity and cooperation during the election campaign. But although that really was true, Siumut's lust for power showed to such an extent that the party set aside all consideration for their friends in IA. Arqaluk moderated his demands at the end to only one government post. But that was also rejected. Siumut only offered three committee posts, said a disappointed Arqaluk.

But Arqaluk had misunderstood Jonathan. The offer included not three but eleven committee posts, including the chairmanship of the Tax Committee. That mollified the IA chairman. And immediately he explained that he wanted to be sure that the result of the voting for this Landsting will be 14-12. And all was joy and merriment.

Atassut [centerist party favoring close ties to Denmark] was thereby out in the cold. The party had to be satisfied with taking up the role of the

opposition. But Atassut also made an honest attempt to create a coalition government and moderated its demands in the hope of reaching unity. The party thus renounced the chairman post in the Landsting, which it wanted at first, and adapted its demands to opposition viewpoints. But that was not enough. Siumut explained clearly: Cooperation with Atassut is excluded.

One can hardly expect revolution when Siumut forms a minority government. One can be happy that there will not be a violent turn to the left in the party's policies. Jonathan Motzfeldt will hardly make real property rights into a cardinal question between Greenland and Denmark, and we can be sure that ordinary people will retain their right to vote, and thereby also their duty to pay taxes. On the other hand it can be expected that progressive taxation will be put into effect during this election period. That also applies to the right to vote of the young citizens of Greenland in Denmark.

Now the development of Greenland's premises and home rule will continue, still with Danish manpower.

9287

CSO: 3613/120

## FOREIGN MINISTER IN THORODDSEN CABINET URGES TERMINAL PLAN

Reykjavik MORGUNBLADID in Icelandic 1 May 83 p 2

[Article: "Foreign Minister Olafur Johannesson: The Terminal Issue Will Be My Successor's Affairs"]

[Text] "It is obvious that it will be the task of the incoming foreign minister to handle this issue. This is my opinion, and I am paving the road," said Foreign Minister Olafur Johannesson when MORGUNBLADID asked him whether he had started on the new terminal project, as was understood from what he said, before the election and whether it would be his first job after the resignation of the government of Gunnar Thoroddsen was accepted.

Before the election there was much public discussion about whether the government's coalition agreement would be in effect after the government's resignation acceptance and whether it would remain as a working government as is currently the case. At that time, Johannesson said, among other things, that he felt it would be the decision of the prime minister whether that would happen and implied that he could start talks with the Americans about their appropriation for the terminal building.

MORGUNBLADID asked Johannesson whether he had taken this aforementioned step in the terminal case after the president of Iceland accepted the resignation of Thoroddsen's government. He responded: "That is just the beginning, but it might take time for us to get through what we most requested." In conclusion, he was asked when some results could be expected from the discussions he had initiated. "I cannot elaborate on that at this stage. This is just the beginning stage," he answered.

9583

CSO: 3626/32

## BRIEFS

FOREIGN MINISTRY PERSONNEL CHANGES--Decisions have been made on the following changes of foreign service personnel during the coming Summer. Thorleifur Thorlacius, ambassador to Denmark, will take over the post of protocol chief in the Ministry of Foreign Affairs. Ambassador Birgin Moller will become ambassador to Denmark. Ambassadaor Helgi Agustsson will become ambassador to the United States. Sverrir H. Gunnlaugsson, ambassador to the United States, will take over the post of division chief of the Foreign Ministry Defense Division. Ambassador Sveinn Bjornsson will become ambassador to the United Kingdom. Halla Bergs, ambassador to the United Kingdom, will receive a position in the Ministry of Foreign Affairs. Ambassador Petur Gunnar Thorsteinsson will serve on the Icelandic United Nations delegation. The following changes will take place within the Ministry of Foreign Affairs: ambassador Tomas Karlsson, who has been in charge of the Information and Education Division, will take a position in the International Division of the Ministry of Foreign Affairs. Ambassador Sigridur Snaevarr will take charge of the Information and Education Division. Benedikt Jonsson MA was promoted to ambassadorial secretary and has a post in the Ministry of Foreign Affairs. [Text] [Reykjavik MORGUNBLAD ID in Icelandic 15 May 83 p 34] 9857

CSO: 3626/36

## ZANGHERI SAID TO BE 'NATURAL CANDIDATE' TO SUCCEED BERLINGUER

Rome L'ESPRESSO in Italian 24 Apr 83 pp 19-20

[Article by Paolo Mieli: "The Viceroy of PCI Headquarters"]

[Text] The hubbub from within the PCI points to Zangheri as one of the "natural candidates" to succeed Berlinguer. But a long road still lies ahead. So how did he get to the top?

Rome--A month ago, he became a member of the PCI Secretariat. A great event for Bologna and the communists of Emilia-Romagna: although they account for one-fourth of registered party members throughout the country and are the party's stronghold, they had not managed to get one of their own admitted to the communist Olympus since the postwar years. There was, it is true, the leader of the Bolognese communists, Arturo Colombi, who held a seat on the Secretariat from January 1955 to December 1956. But Togliatti had appointed him in order to rebalance the party's top echelon with a member of the old guard, following the expulsion of Pietro Secchia and the admission of Giorgio Amendalo and Giancarlo Pajetta, then young men, and not as an expression of the FCI of Emilia-Romagna. Moreover, Colombi was born in Tuscany, in Massa-Carrara.

Twenty days ago, Renato Zangheri acted as master of ceremonies for the meeting between communists and socialists at Frattocchie. Upon leaving that summit, Bettino Craxi, Rino Formica, Claudio Martelli and Valdo Spini said of him: "This man will support the policy of rapprochement between our two parties."

Two weeks ago, he held the reins of the communist Central Committee and outlined the party's political campaign for next June's partial elections. And last week, he began to tour Italy frantically: one day in Rome, one in Bologna, two in Palermo....

Thus at 58 years old, Renato Zangheri is establishing himself as the new face of the Italian Communist Party. He is not a "number two" like Ugo Pecchioli and Alfredo Reichlin, who rank highest, as Secretariat coordinators, after Berlinguer. But the department that Zangheri heads at the PCI's summit (local entities and problems of state, until yesterday separate and directed respectively by Armando Cossutta and Ugo Pecchioli) is considered the most important. And the hubbub coming from PCI Headquarters already points to him as the "natural candidate" to succeed Berlinguer. So how did he get to the top?

He started out by putting his university career before his political career. Zangheri became a registered member of the PCI in 1944, but kept out of sight during the Resistance and in the passionate postwar years he frequented university classrooms more than party meetings. He took a degree with a thesis on the history of Italian socialism and majored in economic history. In the party and in his studies, his guiding light was Emilio Sereni; at the university, he was one of the three favorite students of Luigi Dal Pane (the other two were Carlo Poni and Giorgio Porisini) and the first to obtain a professorship in 1961. The title page of the book that earned him recognition, "La proprietà terriera e le origini del Risorgimento nel bolognese" [Landed Property and the Origins of the Risorgimento in the Bologna Area], bore the words "Volume One". But the second volume has never been written. In the early 1960's, in fact, Zangheri turned to politics and gradually reduced the amount of time devoted to his studies.

At the same time, he was earning the respect of the party's main leaders, who openly gambled on him and Guido Fanti to modernize the Bolognese PCI when, in the mid-1960's, the long reign of Giuseppe Dozza (mayor of the regional capital of Emilia-Romagna from 1945 to 1966) came to an end, as did that of leftist intellectuals, even outside the PCI. This latter point was to be a basic building block in constructing his image, first as adviser to the Department of Culture during the years that Fanti was mayor (1966-70) and then (when Fanti became president of the region) as mayor.

Intellectual prestige became Zangheri's true political strength. And not only because it helped him to emerge undamaged from the virulent controversial campaign to which he was subjected by the "Resto del Carlino" [Remains of Carlin] by Girolamo Modesti (who rebaptized him Tangheri), but also because it enabled him to put together around "his" committee a consensus which the PCI of Emilia-Romagna had started losing about the mid-1960's.

But then Zangheri enlisted city planners such as Campos Venuti and Cervellati and devised a Bolognese-style welfare state which included free bus service, activities for the elderly, dining halls, an increase in the number of kindergartens, schools and sports facilities. With adequate coverage by the media, this quickly became a model. Journalists from LE MONDE, THE TIMES and the major U.S. networks and weeklies rushed to Bologna to observe the miracles of this red mayor and the entire PCI began to point to Bologna to show how it intended to administer Italy.

Although he had not given up his university professorship, Zangheri was now predominantly a politician and behaved as such. In September 1974, in the aftermath of the proposed historic compromise, he called on the DC to participate without any compensation putting then Secretary Amintore Fanfani in the embarrassing position of having to say no, stirring up indecision among local Christian Democrats. In 1975, Zangheri guided the PCI, a party "polished with his own hands," to win an absolute majority in the regional capital of Emilia-Romagna. The extraparlimentary left rallied to his side immediately. He went smoothly from one success to another, until....

At half-past noon on 11 March 1977 in Mascarella Street, a policeman shot and killed Francesco Lorusso, a student who was taking part in a demonstration to prevent a Communion and Liberation rally. The PCI's Bolognese federation accused Autonomy, "small groups of well-placed provocateurs." The student movement turned against the PCI and against Zangheri in particular. "Zangheri, Zangheri, we will burn the city down" was their slogan. And Bologna was turned upside down by crowds of young people. Tanks had to be used to stop them. The press of the far Left trained its sights on Zangheri, revealing that even Bologna experienced discontent at the student quarters and some other isolated pockets. A group of leftist intellectuals from Central Europe signed a petition calling for a special congress, which was held in September and took place without incident. But the image of the city and its mayor had suffered a severe blow.

Zangheri was not discouraged. Little by little, he tried to put his image and Bologna's back together again: twinships with a dozen foreign cities, a UNITA celebration exported to the United States, some self-criticism for the conduct of 1977, and new attempts, partly successful, to mobilize intellectuals. Nevertheless, when votes were cast in June 1980, the PCI lost its absolute majority and Zangheri's preferential votes tumbled from 20,000 to 14,000. At the very same time, the other red mayors, Novelli, Petroselli and Valenzi, repeated their successes of 1975.

But Zangheri is not a has-been. Indeed, following the massacre at the Bologna railroad station in early August, he was the only politician, besides Sandro Pertini, who was not booed by the crowd and who was applauded. Even if he continues to tell his friends over and over that he considers his mayoral experience at the end and expects to return to his studies, he is actually starting to take action on all fronts. He is holding meetings and organizing conferences. His books and essays (the most recent in the fourth volume of the History of Einaudi Marxism) are starting to come out again and that intellectual consensus which is his lifeblood is reforming around him. At this stage, he is conveying to the party's Roman leadership that he would not mind being appointed to the cultural division. Does he want to come to Rome? To travel the new alternative path, Berlinguer is looking for someone new, who is not involved with the pro-DC, antisocialist policy of past years and at the same time is more mature than doctrinaire young men such as Antonio Bassolino. Thus he is receptive to Zangheri's message. He has the task of repeating "Operation Bologna" on a national scale. Will he succeed?

11915

CSO: 3528/137

## POLLS MEASURE SUPPORT FOR DEFENSE BUDGET, ECONOMIC POLICIES

Oslo AFTENPOSTEN in Norwegian 18 May 83 p 11

/Text/ AFTENPOSTEN, a West German radio station, and nine foreign newspapers financed this international opinion poll, of which AFTENPOSTEN printed a short summary Monday. Today we are releasing more detailed results from the poll, which was coordinated by the Louis Harris Institute. Besides Norway, the following nations were involved: Japan, Great Britain, Italy, France, The Netherlands, West Germany, Spain and the United States.

## Christian Democratic Party Says Norwegians Living Beyond Their Means

It is particularly the Christian Democratic Party voters who think that current economic difficulties are due in large degree to our living beyond our means, according to the Norwegian portion of the international opinion poll released by the Louis Harris Institute last Monday. A full 72 percent of Christian Democratic Party supporters named this factor when they were asked to indicate the most important domestic reasons for our current economic problems. A short summary of the international portion of the material was printed in AFTENPOSTEN's Monday morning edition.

Fifty-two percent of Norwegians as a whole saw living beyond our means as the most important factor in our economic problems--a much higher figure than those from the eight other industrial nations covered by the poll.

Labor Party supporters blamed inadequate economic policy as the most important factor. Thirty-nine percent of them mentioned this. Six percent of the Labor Party sympathizers blamed "irresponsible union organizations." The latter reply was named as the most significant factor by 35 percent of Progress Party voters.

The factor named by the fewest interviewees was "faulty industrial modernization."

Unions and faulty industrial modernization topped the list in the British results from the opinion poll, however. Forty-one percent blamed the unions, 28 percent blamed the government's economic policies, and 25 percent complained about the level of modernization.

As far as the Norwegian results go, the material distributed itself as follows:

|              | Labor<br>market<br>not<br>dynamic<br>enough | Inade-<br>quate<br>economic<br>policies | Social<br>legisla-<br>tion &<br>labor<br>costs | Irrespon-<br>sible<br>unions | Living<br>beyond<br>means | Outdated<br>industry | Don't<br>know |
|--------------|---------------------------------------------|-----------------------------------------|------------------------------------------------|------------------------------|---------------------------|----------------------|---------------|
| Labor        | 31                                          | 39                                      | 15                                             | 16                           | 45                        | 5                    | 6             |
| Progress     | 29                                          | 5                                       | 43                                             | 35                           | 48                        | 3                    | 1             |
| Conservative | 22                                          | 11                                      | 34                                             | 26                           | 55                        | 5                    | 2             |
| Chr. Demo.   | 16                                          | 6                                       | 19                                             | 24                           | 72                        | 0                    | 3             |
| Center       | 19                                          | 30                                      | 25                                             | 17                           | 63                        | 2                    | 4             |
| Liberal      | 30                                          | 44                                      | 21                                             | 15                           | 54                        | 0                    | 1             |
| Total        | 25                                          | 26                                      | 23                                             | 15                           | 52                        | 4                    | 4             |

Question: Which of the following domestic causes would you name as the source of our current economic difficulties?

A surprisingly high percentage of all parties revealed that they supported government intervention as a stimulus to increased production. As mentioned on Monday Norway, at 82 percent, was much higher than any of the other eight nations covered by the opinion poll. Similarly, there are fewer persons in Norway than in any of the other nations who are concerned about high government spending.

Among Liberal voters, 96 percent supported government intervention; 86 percent of Labor voters supported it. Even 68 percent of the Progress Party's supporters approved of such measures, and the Conservative voters were just under the national average, at 79 percent. In Norway there was little difference among the various age groups relative to this question.

Assisting domestic industry by introducing import restrictions was approved by 51 percent in Norway, with 42 percent opposed to the idea. Support for such measures was clearly highest among Labor Party voters--61 percent in favor, 32 percent against. Among Progress Party voters, support of restrictions ran at 42 percent, among the Conservatives at 41 percent.

The Progress Party and the Liberals were the two parties which were most supportive of increased trade with the Soviet Union, and more Progress Party voters than Labor Party voters supported such trade as a crisis-preventing measure. Opposition was strongest among Center Party voters.

There were particularly large variations both among the individual voting groups and among the various age groups when the following question was asked:

Which of the following sacrifices would you personally be able to make if it would be beneficial in establishing thousands of new employment opportunities?

Willingness to accept a lower pension age and a somewhat lower pension decreased almost mathematically in proportion to increasing age. The table showing responses broken down by party loyalty is as follows:

|              | Lower<br>pension<br>age/<br>lower<br>pension | No salary<br>raises<br>for next<br>two years | Reduction<br>in social<br>benefits | Shorter<br>work time, with<br>corresponding<br>salary<br>reduction | Not willing<br>to make any<br>sacrifices | Don't<br>know |
|--------------|----------------------------------------------|----------------------------------------------|------------------------------------|--------------------------------------------------------------------|------------------------------------------|---------------|
| Labor        | 36                                           | 43                                           | 2                                  | 19                                                                 | 20                                       | 1             |
| Progress     | 41                                           | 58                                           | 5                                  | 22                                                                 | 12                                       | 0             |
| Conservative | 25                                           | 63                                           | 3                                  | 26                                                                 | 10                                       | 2             |
| Chr. Demo.   | 28                                           | 70                                           | 0                                  | 30                                                                 | 2                                        | 2             |
| Center       | 28                                           | 53                                           | 0                                  | 17                                                                 | 17                                       | 9             |
| Liberal      | 28                                           | 61                                           | 0                                  | 45                                                                 | 7                                        | 2             |
| Total        | 31                                           | 52                                           | 2                                  | 25                                                                 | 14                                       | 2             |

It was the Christian Democrats who showed the most widespread willingness to abstain from salary increases. This fits well with the fact that it was the same party which also clearly expressed that living "too high on the hog" was one of the main causes domestically of our economic difficulties.

#### Women Favor Reduced Defense Budget

The material for Norway showed that attitudes towards defense spending were clearly different for the two sexes. As a whole, 54 percent of those polled favored a reduction in defense expenditures and the application of some of the saved funds to increased social services and education. Forty-one percent did not favor the idea--the highest percentage for all of the nine countries covered by the opinion poll.

A majority of the men polled, 50 percent (as opposed to 46), did not agree that money should be taken from defense and given to education and public health services. But almost twice as many women were supportive of such an action--61 percent, as opposed to 32 percent.

For the different age groups, the divisions were less obvious, hovering in the vicinity of 54 versus 41 percent. The least support for the idea of taking defense funds and applying them to health services was shown among persons 65 years old and above. But even in that bracket, the idea was favored by a majority; 49 versus 42 percent.

The answers varied greatly according to party loyalty. The following table shows the results:

Would you personally favor reducing defense expenditures and using some of the surplus funds for social services, health and education:

|              | <u>Yes</u> | <u>No</u> | <u>Don't Know</u> |
|--------------|------------|-----------|-------------------|
| Labor        | 68         | 28        | 4                 |
| Progress     | 46         | 54        | 0                 |
| Conservative | 40         | 57        | 3                 |
| Chr. Demo.   | 49         | 40        | 11                |
| Center       | 33         | 55        | 12                |
| Liberal      | 65         | 34        | 1                 |

## Progress Party Shows Less Concern Over Unemployment

In Norway, only the Liberal voters thought that nuclear weapons were a more serious threat than unemployment, according to the Norwegian material from the international opinion poll conducted by the Louis Harris Institute in nine industrial nations. The field work in Norway was conducted by the Norwegian Opinion Institute in the second half of March of this year.

It was the Progress Party supporters who were least worried about unemployment. But even in their case, unemployment tops the list, since 38 percent mentioned unemployment when they were asked to indicate the condition which concerned them the most. Two out of three Labor Party voters indicated unemployment as their area of highest concern. Conservative voters were not far behind, at 59 percent.

As far as "the threat of war" went, the Center Party's voters were the highest in the table, at 39 percent, while the Progress Party's supporters were lowest, at 22 percent. Progress Party members showed the same percentage, again at the bottom, among those who mentioned nuclear weapons as one of the most significant causes of concern.

Concern over unemployment was highest in the age group 35-49, at 75 percent. The age group 18-24 came next, at 71 percent. It was also the youngest group which expressed the most worry over nuclear weapons.

Conditions which cause concern, broken down by party allegiance, are shown in the following table:

|              | Threat of war | Energy crisis | Inflation | Insufficient defense program | Unemployment | Social injustice | Crime | Nuclear weapons | Too much government spending | Inadequate political leadership | Other answers/Don't know |
|--------------|---------------|---------------|-----------|------------------------------|--------------|------------------|-------|-----------------|------------------------------|---------------------------------|--------------------------|
| Labor        | 33            | 2             | 9         | 1                            | 67           | 14               | 7     | 47              | 5                            | 7                               | 1                        |
| Progress     | 22            | 14            | 9         | 3                            | 38           | 13               | 18    | 22              | 24                           | 13                              | ---                      |
| Conservative | 28            | 2             | 16        | 8                            | 59           | 6                | 14    | 33              | 14                           | 3                               | ---                      |
| Chr. Demo.   | 24            | 6             | 15        | 6                            | 61           | 17               | 30    | 40              | 7                            | ---                             | ---                      |
| Center       | 39            | 3             | 14        | 5                            | 63           | 8                | 14    | 44              | 8                            | 5                               | 4                        |
| Liberal      | 32            | 3             | 5         | ---                          | 63           | 11               | 14    | 66              | 1                            | 11                              | ---                      |

## CENTER PARTY LEADER JAKOBSEN PROFILED; MAY DECIDE COALITION

Oslo AFTEN POSTEN in Norwegian 20 May 83 p 3

/Article by Kjell Harberg: "The Center Party's Level-Headed Nonconformist"/

/Text/ Party chairman Johan J. Jakobsen is a big man in the Center Party. No one challenges his position as party leader. He is the Center Party, people like to say. Now he is also playing the role of a kind of consultant in the government question. This is a new role for Jakobsen. It hasn't been long since he was in exactly the same situation as the leaders of the Christian Democratic Party: having to consider all of the multiple factions within his own party--and then to do nothing.

"We wanted a stronger Center Party; we wanted a change of government; and we wanted an active, majority government which included the Center Party." This is what the party chairman said in early October 2 years ago, just a few weeks after the electoral victory of the nonsocialist parties, when he met with his party's national committee to explain the collapse in government negotiations. It was a relieved party chairman who spoke those words. Not because the party would have to play a supporting role instead of a participatory one, but because the Christian Democratic Party had taken over the burden which had been borne by the Center Party for some years: the opposition party in the coalition.

He was treading carefully, that Center Party chairman, who rose to the top so fast in what only 10 years ago was on its way to becoming a party of considerable size. Who doesn't remember that impressive 12 percent popularity figure? But it sank down again fast, and Jakobsen took over a little party.

Jakobsen had been a chairman of the Center Party's youth organization, though it had not exactly made his name a household word. The departmental administrator of the Namsos Cooperative made his first serious plunge into national politics as a political secretary in the Ministry of Transport and Communications--under John Austrheim--in 1972. (He had actually been a vice-representative to the Storting for some years.) Then came the 1973 elections, and he rose to a sure place on the Storting slate for the Center Party's North Trondelag district.

Jakobsen hasn't often been one to voice opinions which might offend anyone, either in the party or out of it. He has been approved by everyone, even all through the troubled times when the Center Party was racked in the worst way by inner strife. The result of this was that, when factionalism was at its worst, and elections for new party chairman were held between Per Borten and Gunnar Stalsett at the national convention in Lellehammer, to determine who would succeed Dagfinn Varvik, Jakobsen was brought in as a compromise candidate. He refused flatly; Borten withdrew; and Stalsett was left to take over the leadership of a Center Party whose ranks of supporters were already in the process of disbanding.

But in 1979 Jakobsen did become party chairman. Suddenly the coalition issue came to the surface. Jakobsen found himself with a mini-party and a steadily declining inner opposition. The party had to be built up again laboriously. It was not a success, because a "ghost" kept haunting the party the whole time: every time anyone mentioned a coalition with the Conservatives, an answer would come in from the party's "no" quarter. And, truth to tell, the new party chairman didn't find much support among his colleagues for coalition with the nonsocialist parties. Ola O. Rossum was one of the vice-chairmen, Anna Kristine Jahr was the other; both at bottom were opponents of coalition with the largest nonsocialist party. Jakobsen trod carefully. He refused to challenge--and found that the party kept on dwindling as a politically significant element. At the same time, he was the only one left who could effectively represent the party to others.

The Center Party chairman didn't exactly storm the battlements to campaign for new party growth. Building the party up slowly and laboriously was his method, as uncertain as its results might be. He maneuvered the party into a coalition situation before the 1981 election. And then came relief: the Christian Democratic Party took over the opposition role, which had haunted the Center Party like a nightmare all through the second half of the 1970's. Jakobsen could stand up and proclaim his wish that the Center Party should be involved in the government. But the party didn't make it there. That was the Christian Democratic Party's mistake.

But Jakobsen--and the Center Party--continued to opt for lying low. A supporting role, okay, but no involvement in the commitments implicit in coalition. He got a new set of colleagues in party leadership: Johan Buttedahl and Anne Enger Lahnstein. Both were much more active than he, and positively inclined towards coalition. And then Jakobsen suddenly comes up with his Pentecost speech, "hammering home" the idea of participation in the government for all three parties. Again it is the Christian Democratic Party which--at the moment--is playing the problematic role. Only time will tell if the "hammerer" stays this active-minded when coalition wishes become reality.

9584  
CSO: 3639/121

## POLL MEASURES WILLOCH FAVOR WITH VOTERS

Oslo AFTENPOSTEN in Norwegian 27 May 83 p 3

[Article by Knut Falchenberg]

/Text/ Half of the population of Norway is satisfied with the Willoch government's performance record. Men are, on the average, more satisfied than women. The government was rated highest by members of the three nonsocialist cooperation parties, but satisfaction is more widespread among supporters of the Christian Democratic Party than among Center Party voters. These were the conclusions of an opinion poll on the popularity of the government. The conclusions of a series of similar polls, conducted by the Norwegian Opinion Institute for AFTENPOSTEN, will be published every other month from here on out.

The purpose behind this new series of polls is to follow trends in the popularity of whatever government is currently in power. The most important indicators of which way the wind is blowing will be the changes occurring from one poll to the next. The question which will be asked each time is short and to the point, and is worded as follows: "Are you satisfied or dissatisfied with what the government has accomplished up to now?"

In this, the first poll of the series, 49 percent of the people polled answered that they were satisfied, whereas 43 percent announced that they were dissatisfied, and nine percent replied "don't know." Among men, 52 percent were satisfied and 39 percent dissatisfied; among women, the "satisfied" replies were down to 46 percent, with a somewhat higher "dissatisfied" figure--47 percent.

Divided according to age, it became apparent that age groups up to 59 years of age showed rather consistent results, with 47 percent satisfied and 45 percent dissatisfied throughout, whereas the portion of the population which were over 60 showed up as more satisfied. Among this latter group, Willoch was rated to the tune of 53 percent satisfied, 39 percent dissatisfied and 10 percent "don't know."

As might be expected, it was the Conservative sympathizers who were the most satisfied with the government's performance up to now, with 87 percent satisfied, 11 percent dissatisfied, and only 2 percent who "didn't know." Christian

Democrats were next, with 67 percent satisfied, 21 percent dissatisfied and 13 percent "don't know." Center Party members gave the government a somewhat cooler reception, but they did show 60 percent satisfied nevertheless. They also showed 29 percent dissatisfied and 11 percent "don't know." Progress Party members showed similar results, with 56 percent satisfied, 37 percent dissatisfied and 9 percent "don't know." The Liberals fell together with the socialist parties in the category of those who were more dissatisfied than satisfied with Kare Willoch and his government. Among the Liberals, 49 percent were dissatisfied and 42 percent satisfied. Opposition was even stronger in the Labor Party, with 71 percent dissatisfied, but with a surprisingly high "satisfied" figure of 21 percent. Socialist Left Party members showed 81 percent dissatisfied and 14 percent satisfied.

It became apparent in the NOI poll that the degree of satisfaction rose directly in proportion with family income and educational level. Among people with family incomes under 100,000 kroner, only 42 percent were satisfied; among people with incomes over 160,000 kroner, 58 percent expressed satisfaction. Geographical location was also a factor; people in large cities were most satisfied with the government, followed by people living in other densely populated areas, while people living in sparsely populated areas were least satisfied.

Among labor union members, those who belonged to the National Federation of Labor were the least satisfied, with 59 percent dissatisfied against 32 percent satisfied. Members of other labor union organizations showed themselves as much more positive, with 56 percent satisfied. Of those not belonging to labor unions, 51 percent replied that they were satisfied and 40 percent dissatisfied. The "don't know" group in this case wavered between 8 and 10 percent.

9584

CSO: 3639/121

## SOARES STRATEGY DESCRIBED AS 'BLACKMAIL'

Lisbon A TARDE in Portuguese 11 May 83 p 6

[Commentary by Carlos Gaspar]

[Text] Mario Soares is using the country's difficult economic situation as "blackmail" to demand everything from everybody. First he threatened in a veiled manner, then his threats became insolent, and what is about to happen now is going to be a masterpiece of brazenness.

1) Soares saw from the public opinion polls that he was going to win the elections but not a majority. He saw (finally) that the country's economic situation was important for the success of any political plan: he was something to behold during the campaign--reciting figures, talking about statistics, and using words that had never been heard from his mouth before.

He probably learned his lesson from "my friend" Mitterrand, who has been crushed in the eyes of French public opinion several times because of his inaptitude for economic matters and who has made a noteworthy effort to learn the kind of politicoeconomic talk that is now in vogue. He has learned to say the words, but he has not been able to put them into practice.

2) But Soares saw more than that.

He also saw that the country's economic situation was so serious that unless there was an extremely restrictive policy (and one based inevitably on a new agreement with the IMF), the current system might be doomed.

What to do?

3) Mario Soares began by learning to talk about economics. He warned the Portuguese constantly that if the PS [Socialist Party] formed the government, everything would not be a bed of roses and that we would have to tighten our belts. He promised to take a number of steps to achieve stability in the area which he presented in the disguise of a "social" market economy.

And he waited.

He waited until the election results confirmed what the polls had predicted and then began applying pressure.

He exerted pressure on public opinion, the president of the republic, and the political parties and then, just recently, sent a final message to his victims.

He threatened that if he was not able to form a majority government with the PSD [Social Democratic Party], there would have to be new elections, and "that would be very serious, considering the Portuguese economic situation."

4) The fact is that Soares, knowing that the PS would not win a majority, that it would be forced to govern "toward the right" (as Vitor Constancio told NEWSWEEK and then denied saying), and that its voters would be displeased as a result, is trying, "in the name of democracy," to tar his chief adversaries and allies--the PSD and the president of the republic--with the same brush.

5) Soares' strategy, executed through his balladeers and transmitted by the mass media committed to him, is logical, and it is clear.

It starts from a position of strength, compromises his political adversaries (the PSD only, since the president of the republic has placed himself on the sidelines as usual), and will eventually push them to the wall--still in the name of democracy--provided that they are not able in the meantime to get beyond the reach of that kind of blackmail.

Last Sunday, the PSD showed that it was prepared to pay the ransom. For that matter, it would have been difficult for it to reject dialogue with the PS.

It will find it even more difficult to justify its action to its voters if the negotiations with the PS do not result unequivocally in fulfillment of the promises made during the campaign.

11798

CSO: 3542/136

## PAPER SAYS YES TO MOTA PINTO, NO TO PS-PSD GOVERNMENT

Lisbon A TARDE in Portuguese 12 May 83 p 1

[Editorial: "The Wheat and the Tares"]

[Text] It is obvious that those in the PSD [Social Democratic Party] who support the government alliance with the PS [Socialist Party] cannot all be tarred with the same brush. As has been said here repeatedly, such a "solution" for government does not have and will not have our support. It is simply that we are able to distinguish between those acting from serious and patriotic motives in accordance with their conception of the national interest and those who are letting themselves be guided by reasons of political opportunism.

In our opinion, certain commentators have been guilty of a serious injustice by mixing the wheat and the tares in an attempt to get at the person of Mota Pinto.

The fact that we do not applaud--indeed, we oppose--the policy of alliances established by the appropriate organ of the Social Democratic Party--a policy which Mota Pinto is assuredly carrying out--does not prevent us from acknowledging the high moral and political stature of the PSD leader, who is undeniably to thank for the recent election victory won by his party.

In fact, we have not the slightest doubt that without Mota Pinto, the PSD would have been shipwrecked last 25 April, just as we also feel that there is currently no one in the Social Democratic ranks who would be able, in case of his departure, to replace him as head of the party without serious danger of the party's being destroyed or its being absorbed by the PS.

The so-called center bloc does not deserve our confidence. It is obvious, however, that the critical attitude we have adopted toward the PS-PSD alliance is substantially different from the one we would adopt if the alliance were being made without Mota Pinto or against his will. Because in our opinion, he is the guarantee that the agreement will not be simply a Social Democratic surrender to the Socialists.

It is in the certainty of that fact that we will conduct our opposition as a newspaper to the government to come.

11798

CSO: 3542/136

## PCP: PS-PSD GOVERNMENT BETRAYS VOTERS' WILL

Lisbon AVANTE! in Portuguese 12 May 83 p 3

[Statement by Alvaro Cunhal, PCP secretary general, to reporters]

[Excerpts] Today, 10 May, the Political Committee of the PCP Central Committee held a meeting devoted to an analysis of the political situation and, in particular, of the problems relative to the formation of the new government.

The Political Committee found that events are totally corroborating the analyses and predictions made by the PCP.

The formation of a PS-PSD [Socialist Party-Social Democratic Party] government is a direct betrayal of the political will expressed by the voters in the elections of 25 April.

It is true that at least at the start, such a government will have a majority of deputies in the Assembly of the Republic, a situation that provides an institutional basis for its formation.

It is indisputable, however, that the overwhelming majority of the voters voted against the AD [Democratic Alliance] and its policy.

The PS itself conducted its campaign by proclaiming that it was combating the AD.

The formation by the PS of a government coalition that keeps at least the principal party in the AD in power shows total disrespect for the meaning of the vote in the latest elections, in particular the meaning of the vote for the PS.

It is a gross manipulation of public opinion to state that in the elections of 25 April, the majority voted for the so-called center bloc.

It should be recalled that neither the PS nor the PPD-PSD [Popular Democratic Party--the former name of the PSD] conducted its campaign on the basis that such a bloc--that is, an alliance between the PS and the PPD-PSD--would be formed.

It is a fact that as the PCP persistently warned, the leaders of the PS were already preparing and negotiating for the alliance with the PPD-PSD.

But to deceive their voters and keep their votes, the leaders of the PS stressed their opposition to the parties in the AD and their condemnation of its policy.

So there was no majority vote in favor of the center bloc--the coalition between the PS and the PPD.

On this subject, it is necessary to make the national political vocabulary more precise.

If such a government is established, a PS-PPD coalition will be neither in the center left nor in the center. It will be a government constituted by agreement between the leaders of a democratic party and a reactionary party so that they can pursue a rightwing policy in the current economic situation.

The Political Committee emphasizes once again that the policy which a PS government intends to carry out in coalition with the PPD-PSD will mean the continuation, in its essentials, of the disastrous policy pursued by the AD governments in recent years.

If such a government is established, the Portuguese people can be sure that not only will all the major national problems not be solved--they will be made worse.

If such a government is established, it will not be many months before the PCP's predictions and warnings will once again be fully corroborated.

The economic, social, and political crisis will not be overcome but made worse.

The Political Committee draws attention once again to the big demagogic operation being prepared in connection with the so-called social pact.

By means of a masquerade of negotiations between a future government and the so-called social partners, the intention is to force the workers to agree to pay the cost of the crisis (through the worsening of their working and living conditions) so that the big capitalists can rapidly increase their profits, speed up the process of accumulating and centralizing capital, and open the door to the restoration of the monopolies.

The PCP firmly opposes a swindle as gigantic as the one being prepared by the PS, the reactionary parties, and the big employers (through the UGT).

The Political Committee also draws attention to certain ideas that are beginning to be tossed about by reactionary sectors concerning another revision of the Constitution. That revision would be made through a consensus by the PS with all those forces with a view to creating a new "legality" that would cloak an even more violent offensive against the great democratic gains of the April Revolution, specifically the nationalizations, agrarian reform, and the rights of the workers.

The struggle in defense of constitutional legality is again taking center stage in Portuguese political life.

The Political Committee emphasizes that neither the coalition between the PS and the PPD nor the policy they are preparing is a matter of fate or an inevitable event.

By reducing the CDS [Social Democratic Center Party] and the PSD to a minority and giving a numerical majority to PS and PCP deputies, the election results themselves show the existence of objective institutional conditions for keeping the PPD and the CDS out of a new government and setting up a democratic government.

The PCP has also already demonstrated (specifically in the program presented in the election campaign) that there exists a policy capable of getting the country out of the crisis while simultaneously ensuring improvement in the people's living conditions, defending the democratic gains and democratic legality, and guaranteeing national independence.

Life will also confirm in the near future that the national problems will not be solved without the workers and without the PCP.

11798  
CSO: 3542/136

## COMMUNIST PARTIES CONGRATULATE PCP ON ELECTION RESULTS

Lisbon AVANTE! in Portuguese 12 May 83 p 3

[Text] In connection with the election results obtained by the PCP and the APU [United People's Alliance], the PCP Central Committee has received the following messages in addition to those published in our previous editions:

From the CPSU Central Committee

"The Central Committee of the Communist Party of the Soviet Union warmly congratulates the Central Committee of the Portuguese Communist Party and all Portuguese communists on the success achieved by the forces of the left in Portugal during the recent parliamentary elections. Of particular importance is the fact that the success of the Communist Party and its allies was achieved in conditions of cruel anticommunist propaganda unleashed by the imperialist circles. We wish our brother Portuguese Communist Party new successes in the struggle for the interests of Portugal's workers, for its country's independent foreign policy, and for peace throughout the world."

From the Bulgarian Communist Party Central Committee

"On behalf of all Bulgarian communists, we salute you most cordially on the occasion of the successes achieved in the recent elections for the Assembly of the Republic.

"We take advantage of this opportunity to confirm our solidarity with Portuguese communists in their struggle in defense of the country's democratic gains and for peace and social progress."

From the Cyprus Restorative Party of the Working People

"The Central Committee of the AKEL presents warm congratulations on your success in the recent parliamentary elections and expresses its wishes for greater successes."

From the Central Committee of the Communist Party of Cuba

"We received with great delight the news of the successes achieved by the United People's Alliance (APU) in the recent elections.

"The 44 deputies elected by that electoral alliance represent what is most genuine in the ideals that inspired 25 April [1974] and the best guarantee that the gains made will be consolidated.

"We congratulate your party, the forces of the left, and the Portuguese people on this victory, and we reiterate our feelings of friendship and solidarity."

From the Secretariat of the PSE

"Having learned the results obtained by your party in the elections of last 25 April, we wish to express our delight at the victory won. We are certain that in the face of those whose objective was to cancel the gains of the Revolution of 25 April, the result of the general elections will be reflected in a strengthening of the forces for democracy and peace, consolidate the victories won in 1974, and increase the influence of the Portuguese Communist Party among the workers and the people's masses.

"The results are strengthening the forces struggling for peace in Europe, for the disappearance of the military blocs, and against the warmongering policy of the United States. Those forces, united with the forces that are combating the dangers of war in the world, will be able to ensure the peaceful coexistence of all peoples and defeat Reagan's aggressive plans and his plans for nuclear war in Europe."

Also received were congratulations from the Central Committee of the Czechoslovak Communist Party and the Central Committee of the Socialist Unity Party of Germany (GDR).

11798

CSO: 3542/136

## BRIEFS

POLL ON SOCIAL PACT--Agreement between the various social partners and the government is desired by 87 percent of the Portuguese, according to a poll conducted by Euroexpansion at the request of RDP [Portuguese Broadcasting Company] Program 1. Of those polled, 34 percent feel that there must be general consensus between the CGTP [General Federation of Portuguese Workers], the UGT, the CIP [Portuguese Industry Confederation], and the government, while 2 percent reject such a consensus, and 50 percent feel that such a general consensus is possible. As far as the "social pact" is concerned, 40 percent say they do not know exactly what it is. The poll, which covered persons over 18 years of age, was conducted using a random sample of 709 individuals and took place between 6 and 9 May in 93 localities throughout the regions of continental Portugal. The maximum margin of error was 3 percent. [Text] [Lisbon DIARIO DE LISBOA in Portuguese 11 May 83 p 3] 11798

MADEIRA OFFICIAL ON PRESENT CONSTITUTION--The chairman of the Madeira Regional Government said yesterday in Porto that he doubts whether the country "will be able to function" under the present Constitution. Alberto Joao Jardim made his remarks during a press conference. After saying that he does not believe "that regionalization can be accomplished by decree," Alberto Joao Jardim emphasized that "Madeira's autonomy was not established in opposition to the continent but for the country." He noted: "To save the democratic system, I support a presidential system, but when I talk about a presidential system, I am not thinking of Eanes. I am thinking only of a system." After saying that autonomy does not mean independence, Alberto Joao Jardim said that "if Madeira's inhabitants had chosen the adventure of independence, the result would have been tragic for the Madeirans." He added: "It would have meant breaking with the foundations of the mother country, and it would have been a false independence making us a banana republic." Alberto Joao Jardim said that the experience with autonomy has been positive, and he emphasized that "1978 was the only year in which there was a strike, and it affected only one sector. And even that strike, which was supposed to last 3 days, lasted only 6 hours." [Excerpts] [Lisbon DIARIO DE NOTICIAS in Portuguese 14 May 83 p 3] 11798

'199' DENY PARTY CREATION--The group sponsoring the meeting "for a deeper study of democracy" (the "Manifesto of the 199") explained yesterday that the meeting "is not a congress, nor is it aimed at the establishment of any party organization." After taking note of the news report published in some of the media, members of the so-called Group of 199 issued a communique "protesting vehemently

against the media manipulation" that has surrounded this announced meeting, which will be held this weekend in Lisbon. The communique says that "the connection established between this meeting and the statements quoted as being made by the president of the republic to a Finnish newspaper is no more than journalistic speculation, and it has no basis in fact." The text emphasizes: "It is absolutely false that any spokesman for the group sponsoring the meeting has made statements which might have provided a basis for the news report in question." According to the sponsors, "the meeting is being held as the result of meetings by groups, and it is aimed at seeking paths toward the concretization, interconnection, and continuity of the objectives" which the document proposes to achieve "for a deeper study of democracy." [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 14 May 83 p 3] 11798

CSO: 3542/136

## OZAL ON MOTHERLAND PARTY, POLITICAL PERSPECTIVES

Istanbul CUMHURIYET in Turkish 26 May 83 p 7

[Passages enclosed in slantlines printed in boldface]

[Text] NEWSCENTER - According to his disclosure of assets, Turgut Ozal has 4 apartments, 2 of them summer residences, 1 house, gold to the value of 1 million Turkish Liras and 5.5 million Turkish Liras in cash. It has been revealed that Ozal's residences are a house in a 210 square meter garden in Mecidiyekoy, a 175 square meter apartment in Yenikoy, a 130 square meter apartment in Erenkoy and 2 75 square meter summer residences in Bodrum and Manavgat respectively.

The Chairman General of the Motherland Party returned yesterday to Ankara. Ozel answered newspapermen's questions in the headquarters building and said that /"citizens showed a great deal of interest in them."/ Ozel said /"As a party, we are striving to gain the strength to solve the citizens' economic and social problems without strife, within the social framework of Turkey's new era."/ Ozel spoke as follows:

/"Within this framework, we are trying to have as few traces as possible left of the old habits. Because, if old habits take root again, there is a strong probability that the pattern of conflict will emerge again. It is not all that hard to go back to the old, painful days. Erecting a structure requires time but it can be demolished within two hours."/

To the journalists' question /"Could the discharge of banker Castelli affect your political life"/ he replied /"It might affect him. What connection is there between Castelli and political life?"/

While answering another question to the effect /"You are considered responsible for the disclosure which rocked the banking world. What do you have to say on this subject?"/ Ozel said /"We are blameless. The complaints came from the far left and from those who make money without any effort."/

Ozel also answered questions concerning his election prospects as follows:

/"I am going to use the 24th of January image during the elections. We have chances in this respect. There are no disadvantages. If we can explain this well to the people, there will be no problem. If we only had in Turkey the

kind of TV they have in America, explanations would be very easy. We are going to test new methods during the elections.

In Turkey there are between 25 to 30 percent undecided votes. That means there is a likely potential of 4 million votes. Those are not localized.

Among those who joined us formerly, there were those who favored 3 or 4 parties. We have a broad range. In any case we want to address ourselves to a broad range.

These elections will be different, beyond any previons. We have gone through a period which left its mark. To guess who will win the elections is particuarly difficult."/

Yesterday, old parliamentarians Resat Aksemsettinoglu and Naci Gaciroglu became members of the Motherland Party.

12278

CSO: 3554/308

POLITICAL

TURKEY

LEFTIST EXTREMISTS CLASH WITH FRG POLICE

Istanbul TERCUMAN in Turkish 25 May 83 p 4

[Passages enclosed in slantlines printed in boldface]

[Text] HANOVER (AKAJANS) - Far leftist Turks who cooperate with German communists attacked in the Stadthalle Turks who wanted to take part in the planned /"Cultural Day."/

The far leftists, who attacked compatriots of ours who joined the meeting, with iron pipes, knives and guns, also fought with the police. In the course of these incidents, 27 far leftists were taken into custody. However, 25 of them were released later.

As for a father and son who remain in custody on a charge of /"attempted murder"/, they have been referred to a court.

The incidents began before the meeting with provocations from the leftists. First, lawyer Eckard Klatvitter who is known to defend far leftists contacted Chief of Security Gottfried Walzer and asked that the Turkish Culture Day be forbidden. However, when this request was turned down, member of the Council of Provinces, parliamentarian Ludwig List who is in the position of spokesman for the Greens, asked his followers to stage a protest. Upon which, over 200 far leftists, most of them Turks, armed themselves with iron pipes, knives and guns and stationed themselves in the neighborhood of the hall where the meeting was taking place and attacked those who were arriving, to prevent them from entering. At that point the police intervened. The far leftists opposed the police and started to fight them as well. In the course of events, 20 people, 8 of them policemen, suffered a variety of wounds.

Hanover Security Chief Gottfried Walzer made a statement after the clash, saying that numerous weapons were taken from the attacking group which called itself the /"Antifascist Committee"/, whereas no weapons were found on the Turks who attempted to join the meeting.

12278

CSO: 3554/308

## OFFICIAL CITES SHORTCOMINGS IN CIVIL DEFENSE PREPAREDNESS

Copenhagen BERLINGSKE TIDENDE in Danish 25 May 83 p 8

[Article by Bertel Thomsen, Chairman of Civil Defense Reserve Officers Corps: "The Wretched Status of Civil Defense"]

[Text] Danish Civil Defense is in a wretched situation. That comes from a report that the civil defense has just delivered to the minister of the interior.

The question is now if the report will become a debate in the population, a debate which can make the politicians act on it. Otherwise the politicians will just stand there, as they usually do, because--strangely enough--there is silence on the civil defense issue.

Politicians and the population do not understand the seriousness of the report, it says further in the report, if a war comes.

The central theme of the report is this: Danish Civil Defense is in an enervated situation. The civil defense authorities, during many years of pressure from Social Democratic Governments, have been forced to save drastically. This in spite of the politicians' knowledge that the development of war technology has increased. The result is that civil defense today is hopelessly obsolete, antiquated and worn out.

The warning service--sirens--can hardly function. There are few shelter possibilities against modern means of warfare: atomic weapons, but none against the most dangerous, and with an invasion of Denmark the most probable: war gases.

Civil defense authorities say clearly in the report: Readiness to protect the civil population against war gas is in reality zero.

Danish society spends 1716 kroner per citizen in establishing a military defense. The individual taxpayer spends 1706 kroner for accident insurance. So here are the grotesque figures:

Society spends 68 kroner per citizen on civil defense. That is a cry for help. In civil defense language, we are hopelessly underinsured.

The leadership of the Ministry of the Interior and the Civil Defense Administration have their own responsibility for the absence of debate. Over many years both parties have been able to create an image which says that Denmark has the world's best civil defense.

Despite knowing the opposite the politicians have accepted the situation, because that was the cheapest thing to do. Together they have lulled the population to sleep, confident that it was true. Internal criticism was not wanted, and was suppressed.

Two years ago the politicians, however, received from a deeply concerned Civil Defense Administration the first alarm signal, a memorandum which emphasized that the Danish Civil Defense was the best for protection against a type of warfare--from 1939-1945:

For the type of warfare which weapon technology now makes possible, it is hopelessly small. This is alarmingly confirmed in the latest alarm signal, "CF-redegorelse 82" [CD Report '82] which was released the other day.

There are insufficient shelter rooms. And those that exist are not properly equipped. Only 129 of the country's 275 municipalities have a duty to provide shelter rooms. The rest can only do without.

And they all are still doing just that.

There is no means of protection against the form of warfare which at the moment is being tested by the Soviet Union in Afghanistan: gas warfare.

There are no gastight shelters. There are no gas masks, and no gas clothing for the people.

It is alarming that there is no gas clothing for the protective crews: rescue forces, which will be sent into gas contaminated areas to save people, animals and valuables.

How any responsible chief of a group in the national CD Corps, or commando leaders in local civil defense, can get conscripts and volunteers to carry out rescue work under those conditions, is very uncertain.

It is especially difficult to understand, when the society is now buying ABC protective clothing for the military for over 100 million kroner, but none for the civil defense rescue forces.

As these clothes for the military will be produced in Denmark, it would perhaps be possible to make a few thousand more, for the benefit of the employment and the direct protection of the rescue forces of the civilian population.

Since 1975 the reserve officers of the Civil Defense Corps, who are responsible warning officers, have known of the hopeless situation of the warning sirens. The truth is:

In Denmark we have 637 sirens, all mounted during World War II in the numbers then available. Only a few sirens have been replaced, and the system is scantily built. Large new city areas have no sirens. There is still no possibility of siren warning in the smaller towns or rural districts. And because the sirens must have electrical power, the warning system does not operate when the electricity fails.

The telecommunication system which the civil defense warning system is based on is antiquated, worn out and will soon be out of service. In order to establish the least bit of reliability, significant investments are necessary in this area.

Radioactive waves can be measured, and there is a capability to arrange a warning. But it is not worth much, if the sirens can not warn the population because of power failure. No material has been procured to detect a gas attack. Consequently, there can obviously not be a warning against that.

The reserve officers who have called attention to the circumstances since 1975--and long ago worked out projects for improvement--were unwelcome for many years by the civil defense leadership, because they put question marks on the quality of the establishment.

Now for the first time a project group is established in the Civil Defense Administration to improve the condition of the warning service.

Denmark's Radio will be used for orienting the population. But agreements on that have not yet been completed.

The national ambulance service is expanded--but the civil vehicles which will carry the stretchers for transport of the wounded are of a type that is no longer produced.

Medical preparedness is not in order. Many county readiness plans for hospitals have not been prepared. How the doctors will be distributed has not been worked out.

Most of these shortages are based on one single thing: a starved budget. The desire to correct these things exists in the workers of the Civil Defense Administration. Where the money for improvements will come from is the responsibility of the politicians.

The annual reduced budget of the Civil Defense Administration--less than that of the Ministry of Culture--is now again ordered to be cut, this time by Minister of the Interior Britta Schall Holberg, even though previously the budget did not have room for even the most meager improvement.

It is as though she speaks with two tongues, when she so charmingly in an article in BERLINGSKE TIDENDE offers to debate about civil defense and especially emphasizes the contributions of volunteers. There are volunteers. And believe me, the minister is attached to them, because politicians can convince the people that it is free.

But not even volunteers can do anything without warning, shelter possibilities and material, set up by responsible authorities and led by professionals, at a price.

The civil defense share in the state expenses a few years ago was 0.65 percent, but today, mainly because of orders from the Social Democratic ministers of the interior during the last 10 years, it is cut down to 0.17 percent.

It is totally necessary that the population now pressure the politicians in national and local office to give a higher priority to protection of the civil population.

One could begin by showing the minister of the interior how Social Democratic Governments also went wrong here.

The words that the minister wrote in BERLINGSKE TIDENDE sounded good, elegant, but are empty words. The minister crept away from her own political responsibility for the protection of the civil population. She did not give the least assurance. Not even to those who will be the volunteers.

That makes her words, as well-meaning as they might be, have a cheap and empty sound.

9287

CSO: 3613/123

## BRIEFS

PEACE RESEARCH FUNDS RECOMMENDED--Peace and conflict research in Denmark should be advanced, according to a majority in the Folketing outside the government--and the Social Democrat, Radical Liberal and Socialist People's Parties want to use 9 million kroner over the next 3 years for increasing the possibilities for research in that area. The three parties maintain in a recommendation from the Folketing Education Committee that in the next 3 fiscal years there be set aside 2.5 million, 3 million and 3.5 million kroner respectively to advance peace and conflict research. According to the recommendation an expert preliminary committee should be created which will, before the end of the year, prepare recommendations for how the money should be used. The committee would have two members from the Research Planning Council and two members from the Nordic Cooperation Committee for International Policy. "Research in the peaceful solution of conflict does not have an especially high priority in Denmark, and this will be seen as a call for peaceful solution to conflicts internationally," said the Social Democratic spokesman. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 20 May 83 p 7] 9287

CSO: 3613/123

## VAN HOUWELINGEN ON MILITARY PROCUREMENT, MAINTENANCE

Amsterdam ELSEVIERS WEEKBLAD in Dutch 14 May 83 p 9

[Interview with Secretary of Defense Jan van Houwelingen by Piet de Wit: "Expensive Defense Materiel Not Entirely Exploitable . . . . But Not Everything Needs to Cost Money."; date and place not specified.]

[Text] In the 1974 Defense Note the decision was made to put more emphasis on the acquisition of materiel, less on exploitation. But meanwhile the exploitation has fallen painfully behind. Thus a lot of brand-new materiel costing ~~billions~~ remains inoperative due to a lack of spare parts, technicians and money to sail, fly, drive, practice and fire.

A discussion about this area of tension with Secretary of Defense Van Houwelingen who is responsible for the materiel policy.

ELSEVIERS WEEKBLAD: Imagine that an airline company buys airplanes for ~~billions~~ of guilders and subsequently you read in the annual report that due to a lack of spare parts and maintenance personnel 40 to 50 percent of the machines are grounded. What would your opinion be of the management?

Secretary of Defense Jan van Houwelingen: "They could certainly be criticized. Clearly something would have to change."

[Question] Fewer airplanes?

[Van Houwelingen] "Making sure that the planes which exist are fully exploitable."

[Question] Doesn't this economic logic hold true for the armed forces?

[Van Houwelingen] "Yes and no. Even including the additional demand that the arms system must be fully utilizable in case of war. But I also said 'no' because in our country our income is determined politically; we cannot increase it by flying, sailing, or driving more."

[Question] Recently you said that the lower limits of preparedness and serviceability had been reached by the armed forces.

[Van Houwelingen] "Those limits naturally can never be determined absolutely. You measure them by the problems which occur. At this moment the people should be able to achieve their utmost."

[Question] What is the use of preparedness if there is a lack of exploitable material?

[Van Houwelingen] "Preparedness and exploitability go together, of course. Moreover, what is the use of a highly trained pilot with an entirely exploitable airplane if there is a lack of munition?"

[Question] I quote from the 1983 Defense Budget: "Munition supplies were further depleted and spare parts supplies could not be adequately replenished." That was the army; one reads the same for the navy and air force. What is the use of all those items that we spent so much for?

[Van Houwelingen] "Of course I don't agree with the claim that all those items are hardly exploitable; that is a very exaggerated picture. And it is not true that we do not have munition. There are NATO standards and we do not meet them, but no country whatsoever meets them, not even the United States."

[Question] That story that Defense is up against the wall has been told repeatedly in the past years. Thus it is an elastic limit, of a political elastic, actually.

[Van Houwelingen] "But it is real now. Our biggest problem at this moment is that by reducing the growth of the defense budget from 3 to 2 percent we have in essence too high an investment percentage. Investments in large, new arms systems will have to be delayed in favor of more money for exploitation, munition and spare parts."

[Question] Canceling current orders is practically impossible.

[Van Houwelingen] "That is true. Moreover, Defense is increasingly being charged with the aspect of job opportunity. For the sake of job opportunity 13 billion guilders will be invested in new ships with De Schelde and RDM [Rotterdam Dock Company]. Possibly those will include the replacements for the Van Speijk category, even though they are among the very best ships we have at this moment. If I would have been free, without those job opportunity problems, I would have postponed that replacement and certainly not accelerated it."

Improved

[Question] Let's return to that limit momentarily. In my opinion Defense fell below that long ago. What can be more important than the serviceability of the items one already has?

[Van Houwelingen] "Yes, but you must not create a general picture from just one example. The quality and serviceability of our arms systems have improved enormously compared to 10 years ago. Our situation is also all right compared to that of allies such as the United States, the United Kingdom and the Federal Republic of Germany."

[Question] But let's return to where we started: the KLM buys airplanes and when they land at Schiphol it is suddenly discovered that maintenance technicians and spare parts are also needed.

[Van Houwelingen] "I don't think one can find an example from industry in which entirely new machinery was imported without it causing starting difficulties."

[Question] In 1960 and 1970 Defense purchased six prototypes of the pruttel (PRTL, armored anti-aircraft vehicles with tracks), after which delivery of 98 vehicles took place between 1978 and April 1980. Your predecessor Van Eekelen determined in August 1981 that those things were only moderately exploitable. "Child diseases," he said. From your tank report it is clear that they still are not too well exploitable. How long do child diseases last in Defense, from 1969 to 1980?

[Van Houwelingen] "The pruttel was introduced too rapidly. That is what happened. The only thing relevant to me is what I must do to solve the problems. Emphasis must now be on taking care that the documentation, spare parts and training of personnel is taken up so that the arms system can operate with a reasonable serviceability."

[Question] Now I am utterly amazed. We are living in 1983; the first prototype arrived in 1971 and now you simply tell me that one will work hard to train the people in order to maintain those things?

[Van Houwelingen] "Certainly."

[Question] But what in heaven's name has been done all those years. That business cost 1.2 billion guilders.

[Van Houwelingen] "Look, it is of course not as if the pruttel thus far has not operated at all. Only, the serviceability was at an inadmissibly low level. You may say that the first one was delivered already in 1971, but I could refer to a few examples of problems with an arms system which lasted more or less the entire life span. That can happen."

[Question] How coldly you say: "That can happen." Who would spend over a billion guilders for something that doesn't function?

[Van Houwelingen] "I did not make that statement. But it can happen. The Land-rover is such an example."

[Question] I was just about to mention that. We bought 5000 of those, all with problems in the gear-box, which really doesn't involve any high technology.

[Van Houwelingen] "I have sometimes bought a car which gave me nothing but problems. Once it even was the 'car of the year.'"

[Question] A car one buys merely on sight. Defense materiel is bought after hundreds of experts have made studies of it for years.

[Van Houwelingen] "Indeed, but only after many years of use does it become clear to which particular structural problems a piece of materiel is prone."

#### Management

[Question] Maintenance personnel. Defense does not have enough of them. When they are available their hours are not used effectively; when they are occupied effectively, the spare parts are often lacking. To solve that problem costs money. Where does it come from in the current situation?

[Van Houwelingen] "In the Defense Note which will appear in September we will explain our new policy. But not everything has to cost money. Much can be improved with respect to spare parts and the maintenance system by changing the organization, through better management."

[Question] You found, for example, that there are warehouses full of steering columns, which never go bad, while there is a shortage of rear axles, which break regularly?

[Van Houwelingen] "You exaggerate tremendously, of course, but basically that is the case."

[Question] Let's have another quote from the 1983 budget: "Just as in 1982, for financial reasons the need for conscripted personnel cannot be completely met in 1983 either." Thus there are too few people, and moreover you are going to have delays. What are the consequences of that?

[Van Houwelingen] "That will be discussed in the Defense Note. But what can one do? Economize even more in the area of exploitation? In view of my preceding commentary that is not likely. One could decide to delay considerably the further modernization program. And one could try to do the same work within the defense organization with fewer people. Or ultimately you go to NATO and tell them that we have to drop a number of chores. That will automatically lead to a smaller military force."

#### Compulsory Service

[Question] It seems to me that more regular personnel is not among the possibilities; that would only burden the exploitation even more.

[Van Houwelingen] "Indeed, we will have to go in the direction of doing more with fewer people. In that respect I am a very strong supporter of our current system of compulsory service. That includes very worthwhile aspects."

[Question] In the coming years the supply of potential conscripts will decrease considerably. What will be the answer to that?

[Van Houwelingen] "I won't suggest that the service should be introduced for women. I think that the compulsory service law will be changed, whereby the number of exempt categories will decrease. And one should not in advance disregard the possibility of lengthening the term of service in the future."

[Question] Has the current technology gone beyond the capacity of the conscript?

[Van Houwelingen] "In a number of cases that is true. Then one needs people with more training and more specialization than is possible in the 14 months the conscripts now have to serve."

[Question] In conclusion: the frictions which have originated over the new materiel imported by the armed forces are countered with the utilization of more and better trained people in vital functions. And that will have to be "paid for" by means of canceling, or in any event delaying, new materiel, together with giving up some NATO chores.

[Van Houwelingen] "We want to prevent giving up chores as long as possible. The room which still exists structurally can be used before one gets to fighting strength."

[Question] Thus much more than simply going through everything with a fine-tooth comb?

[Van Houwelingen] "Oh, certainly. The organization offers very real structural possibilities for that."

[Question] To put it somewhat provocatively: an expansion of nuclear chores would unburden us from conventional handwork.

[Van Houwelingen] "Yes, indeed; just look at the French defense policy at this moment. Well, I can assure you that we won't opt for that."

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## ENGINEERS GROUP TO CONSIDER CUTTING BACK USSR EXCHANGES

Stockholm SVENSKA DAGBLADET in Sweden 24 May 83 p 9

[Article by Lars Hellerstedt: "Technical Exchange with the Soviets to be Retested"]

[Text] The Soviet submarine violations can lead to limitations on scientific and technical exchanges between Sweden and the Soviet Union.

The submarine violations will be discussed by the executive board of the Academy of Engineering Sciences this summer. Before this the Academy will be host for a top scientific meeting in Stockholm with representatives from the U.S.A., China and the Soviet Union.

This is apparent from a Press Service Wire Inc interview with the Academy's international press ambassador Professor Gunnar Hambraeus.

Nine of the Academy's sister organizations will come to the international conference in Stockholm. For 4 days from 29 May delegates from 17 countries will discuss airplanes, bio-technology, robots and computers.

Before the meeting Hambraeus wants to caution against the increasing secrecy manipulations concerning technical developments. He regards this kind of development more dangerous than the tendencies towards reduced free trade. Instead Hambraeus wants to promote increased technological and scientific exchange but warns Swedish concerns and designers from becoming too dependent upon the U.S.A. in the development of new products.

No Boats

The international meeting will not discuss submarines.

"The eventual consequences of the Soviet submarine violations will be discussed later this summer in the executive board of the Academy. The open question is whether the Academy will be more restrictive or not in cooperation and exchanges with Soviet researchers," Hambraeus says.

"The question is very difficult. Personally, I am split, I want to work to see that science and politics are not mixed. In principle I want the Academy to have contact with both the Soviet Union and South Africa, for example. We don't have any exchange with the latter country today," Hambraeus says.

"It would not profit Sweden if we cut off contacts with the Soviets because of the submarine violations. But the problem is that the Soviets do not keep politics and science separate.

"If we, like the Soviets, should make political issues out of scientific relations, it would be significantly indicative. But we have to consult the ministry of foreign affairs and the government before we decide," Hambraeus says.

Hambraeus regards a free exchange of experiences and results between scientists and technicians as necessary for the progress of the whole world.

The development in bio-technology, computers and chemistry is disturbing. Secretiveness increases, with industrial espionage a consequence.

International technical cooperation is vital for Sweden, but it is awful how dependent we are on the U.S.A. in regard to components and licenses. American parts are found in most Swedish export products, and the U.S.A. has on several occasions through its influence stopped Swedish exports.

"Swedish firms must try to buy from countries other than the U.S.A. if it is not possible to develop their own components in Sweden."

#### Against Weapon Technology

Professor Gunnar Hambraeus very strongly opposes new technology and research leading to new weapons.

"All development of the new space weapons is completely idiotic. I welcome all actions against weapons, and I sympathize with the peace movements even if their ways of working are naive and shortsighted. It is very unfortunate that the peace movements are exploited in international party politics and great power politics," Hambraeus says.

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## ARMED FORCES COMMANDER DISCUSSES MATERIEL NEEDS

Stockholm SVENSKA DAGBLADET in Swedish 20 May 83 p 6

[Article by Erik Liden]

[Text] Even if Commander-in-Chief Lennart Ljung obtains on 9 July 100 million kronor for new resources to hunt submarines, the defense budget for the next 2 years will be deficient by 200-500 million kronor. This means that the purchase of new water materiel and the retraining of reserves must be postponed to the future.

Defense Minister Anders Thunborg has promised the commander-in-chief to let him know by 9 June or at the latest by 16 June concerning the monies for hunting submarines. If there is no extra money, the commander-in-chief must ask the chief of the navy, Per Rudberg, to reallocate money within the navy's economic budget, and by calling off reserve retraining in the army and reducing construction and material orders, to make money available for the submarine hunt.

The commander-in-chief showed on Thursday the needs of the defense establishment in regard to hunting submarines after evaluating the report of the submarine commission. This took place before the military command advisory board, in which the four largest parliamentary parties are represented, except for the Left Party--Communists.

The commander-in-chief is demanding 450 million kronor, that is, 200 million more than Sven Andersson's commission unanimously proposed. The commander-in-chief wants 250 million kronor up to the turn of the year 1984/85 and then a further 200 million kronor up to 1988/89.

The different proposals regarding how the defense against submarines will be financed are put together in the defense department, and the main thought is to add 100 million kronor through price regulation, after which the commander-in-chief will have to make plans regarding the additional 100-250 million kronor he wants next year.

This replanning together with a strained liquidity, particularly in the air force, will lead to a reduction in the 1982 defense resolution.

#### Cancelled Reserve Training

One hundred sixteen thousand reserves will be called up for retraining 1983/84, and the majority this fall when the third defense maneuver "East Coast," among others, will be conducted in central Sweden. Since the majority of call-ups take place 6 months before reporting in, 40,000-50,000 reserves have been notified in regard to reporting before 1 December this year. These can only be cancelled with difficulty.

On the other hand, the winter and spring maneuvers in 1984, involving 50,000-60,000 reserves, can be cancelled or shortened.

The large gains due to retraining cancellations will occur first in 1984/85 when the budget for the entire year can be changed. Preliminarily 112,000 reserves will be called up, 95,000 into the army. A cancelled retraining program will save about 8,000-10,000 kronor per soldier, which means, for example, that a reduction by 25,000 will yield 200-250 million kronor to be allocated to other pertinent defense tasks, for example the submarine hunt.

#### New Mine Fields

The navy has already planned new mine fields and sea bottom installations in smaller sounds and bays which before the mini-submarine were unimportant for submarine detection. The mine-laying will begin in the spring and summer.

What disturbs the defense leaders most is that the effects of the savings, which the defense decision involves, in addition to the effect of eliminating peacetime units, are postponed. About 5 billion kronor will be saved by 1992; and several significant projects, such as coordinated food preparation, transportation cooperation, and every-day work simplification will not have the impact which the chiefs of the defense branches and the politicians regarded as the basis for the 1982 defense decision.

The defense establishment faces difficult years. A moratorium on materiel and delayed payment for other things, Viggen, are planned in addition to the cancelled retraining.

#### Within Current Framework

The commander-in-chief has been assigned by the government the task of improving anti-submarine defenses within the economic framework currently in force regarding materiel acquisition. He will consequently have to rearrange priorities regarding materiel and training by postponing previous decisions to the future. He will investigate the continued acquisition of the mini pursuit vessel M 80 which is equipped with hydrophones at the cost of further orders of the robotboat 80.

The chief of the army, Nils Skold, opposes the cancellations of retaining and marks time regarding the investigations concerning the future economy of the defense establishment which the commander-in-chief must now put into operation.

MILITARY

SWEDEN

BRIEFS

WEAPONS EXPORTS DECLINE--The Swedish exports of war materiel have declined from 1.59 percent in 1980 to 0.95 percent. That corresponds to the average for the war materiel exports in the last 10 years. The exports have gone mostly to Western Europe. "In order to be as self-sufficient as possible, we must also export war materiel," the minister for foreign trade, Mats Hellstrom, says. [Text] [Stockholm DAGENS NYHETER in Swedish 1 June 83 p 8] 6893

CSO: 3650/206

## FRG REQUESTS 20-YEAR FISHING RIGHT OFF GREENLAND

Copenhagen BERLINGSKE TIDENDE in Danish 21 May 83 p 1

[Article by Klaus Justesen and Michael Ehrenreich: "West Germans Want to Fish for 20 Years Off Greenland"]

[Text] West Germany has put a bomb under Greenland's negotiations on withdrawal from the EC. Only a few days before the first discussion of points of fact among the 10 foreign ministers, West Germany has made such a far-reaching request for fishing rights that experts in Brussels fear a breakdown of negotiations.

Diplomatic sources say that during discussions by experts, West Germany has made a number of surprisingly sharp conditions for giving Greenland a favored position in relation to the EC. The Government of Greenland and the Danish Government have asked for a so-called OLT arrangement.

West Germany, however, has made it a condition that they get a 20-year fishing agreement which guarantees access to Greenland waters. In the agreement the EC, which primarily means the West German high sea fleet, is guaranteed a minimum catch. But besides there is to be given a fixed quota, so that the catch can go far over the minimum.

Still more controversial is the German demand that the total amounts of the catches will be established by international experts, and not by Greenland. Furthermore they will guarantee to limit the size of the catch with biological advice and control by all technical means. How large amounts of catch are involved, West Germany still has not determined. In 1982 the West Germans caught about 15,000 tons of cod and about 40,000 tons of Norway haddock off Greenland.

Foreign Minister Uffe Ellemann-Jensen has still not heard officially from the West Germans, but he calls rumors of the West German conditions "entirely unreasonable demands."

"It can only make the negotiations more difficult, if such demands are pressed. The Danish position on the negotiations is that discussions on

fishing arrangements should move parallel with the withdrawal discussions-- but the two things should not be linked together. It is not the intention that Greenland should pay with fish to get an agreement with EC for withdrawal," said Foreign Minister Uffe Ellemann-Jensen.

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GENERAL

TURKEY

NSC ENDORSES ABORTION, STERILIZATION LEGISLATION

Istanbul CUMHURIYET in Turkish 24 May 83 pp 1,11

[Text] ANKARA (ANKA) - The National Security Council, by making some changes in the population planning law, has passed a draft law which, subject to some conditions, endorses abortion.

According to the bill, up to the end of a 10-week pregnancy period, provided there are no medical disadvantages from the standpoint of the mother's health, it will be possible to have abortions performed on request. If the pregnancy has advanced beyond the 10 week period and it threatens the mother's life, a health report will ensure permission to perform an abortion.

The bill also foresees heavy penalties for those who perform or have abortions performed which are against the law. According to this, a woman who wilfully aborts a child beyond the 10 week pregnancy period, is subject to a prison term of 1 to 4 years. Also any individual who forces a woman to abort against her wishes will be liable to a prison term of 7 to 12 years.

If this act has caused the death of the woman, the penalty may vary from 15 to 20 years in prison. A person who aborts a woman with her consent, past the 10 week pregnancy period, as well as the woman who consents, will be subject to a prison term of 1 to 4 years. If, as a result of this act the woman dies, a heavy prison sentence ranging from 5 to 12 years may be handed down.

According to the bill, if unqualified persons perform an abortion, they are liable to a prison term of 1 to 4 years.

The draft law also rules that should a man or a woman express the wish to be temporarily or permanently sterilized, such a procedure is legal.

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END