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INTERNATIONAL AFFAIRS

PROGRESS NOTED IN HARMONIZING ECONOMIC LAWS IN EC

Duesseldorf HANDELSBLATT in German 7/8 Jan 77 p 10

[Text] Federal Minister of Justice Dr Hans-Jochen Vogel explained in the most recent issue of the SPD press service that the German Corporations Law served as the model for many points of the second guideline of the Council of Ministers of the European Community toward harmonizing corporate law. The second guideline, which was approved by the Council on 14 December 1976, establishes minimum conditions for the setting up of corporations as well as the preservation and altering of their capital. National regulations of the member states are to be fitted to the guideline within 2 years of its promulgation.

According to the minister, the significance of the guideline for the German economy consists primarily in the fact that corporations in the other EC states will now be subject to rules comparable to those which, for the most part, already apply to German corporations under existing law. This demonstrates, he continues, that legal regulations in the Federal Republic are already largely suited to European economic requirements.

The EC's second harmonization guideline for corporate law comes almost 9 years after the approval of the first. The first guideline concerned questions of disclosure, validity of previously incurred obligations, and dissolution of corporations. The corresponding law on carrying out the first guideline of the EC Council on coordination of corporate law went into effect on 1 September 1969.

The second guideline and the resulting increased convergence of legal arrangements in the member states represent, according to Minister Vogel, further progress on the long and difficult path to the establishment of a unified European legal and economic realm. The guideline complements the legal provisions for the activity of corporations on the community level. It offers greater opportunities for the establishment of a subsidiary anywhere in the EC internal market. It therefore approaches the protective measures prescribed primarily in the interest of the corporations as well as third parties which are already partially contained in the national laws of the member states.

The central principle for the founding of a German corporation (Aktiengesellschaft, corresponding roughly to a societe anonyme in France, a naamloze Vennotschap in the Netherlands, a public company limited by shares in the United Kingdom) is that the corporation is liable for its own debts, while the liability of the shareholders is limited to the value of the shares. For this purpose strict rules have been established governing the formation and preservation of corporate capital. Among other requirements was the introduction of a legal minimum basic capital in the amount of 25,000 European units of account (UA) which corresponds currently to about DM 75,000. In addition at least 25 percent of the nominal value of the shares must have been paid in by the time the corporation starts its business. More stringent collateral is required for shares not covered by cash. Deposits in kind which are promised at the time of founding or raising increased capital must henceforth be delivered in full within 5 years. It is thus no longer adequate simply to provide a legal claim against the delivery of the promised goods. This is one of three points in which German law will have to be changed, Minister Vogel explains in the SPD press service.

A further change in the law is required by new limitations on the right of members of the board of directors of a corporation to acquire shares. Such acquisition of shares, according to the new EC guidelines, is henceforth permissible primarily to prevent serious and immediate harm to the company. In addition such acquisitions may not cause the net capital of the company to fall below the amount of the basic capital plus unavailable reserves. The next stockholders meeting must be informed about any such acquisition.

There is an exception to this rule in the case of shares that are acquired by the company in order to be given to its own employees or employees of an allied company. On this point Minister Vogel emphasizes that the guideline does not limit national freedom of regulation regarding measures toward the encouragement of capital accumulation (in the hands of the workers). Thus all such plans already elaborated here should not encounter any difficulties from the point of view of corporate law.

The anticipated sanctions include compulsory sale of shares improperly acquired by the board as well as the requirement that the shares be declared void after a specified period. According to Vogel these sanctions are somewhat rigid. They actually correspond to the Roman legal system, but they must be accepted in the interest of standardization.

The third change that will be necessary in German corporate law concerns the regulations about compulsory inspection of deposits in kind when raising increased capital. Such inspection has been provided for under our law in the past only in exceptional cases. The proposed practice corresponds to the present German procedure in the case of establishing a new corporation. The Bundestag and the Bundesrat have already approved this tightening of the law in their statements on the proposed guideline.

Nevertheless a good deal of time will pass until there is a final accommodation and standardization of corporate law in all EC countries. Further guidelines toward harmonization are in preparation. At the moment the draft of the third guideline, which concerns the merger of corporations, is being discussed specifically. The fourth guideline, concerning standardized requirements for annual reports of capital companies, is right now being vigorously discussed, especially in the Federal Republic. The draft of the major fifth guideline, which is to bring the structures of the corporations into conformity, has not yet gotten past the European parliament. Standardized regulations about the powers and obligations of the organs of a corporation are encountering serious difficulties of accommodation, especially in those countries which do not have the so-called dual principle of Board of Directors and Board of Directors. The sixth guideline is to provide uniform regulations about the prospects for new securities admitted to the exchange. The seventh guideline will then be concerned with uniform accounting procedures. The EC guidelines should not be confused with the preparations of regulations for a specifically European form of company, the Europa-AG.

8994

CSO: 3103

ZINC, COPPER, SILVER TO BE MINED FROM RED SEA

Duesseldorf HANDELSBLATT in German 7/8 Jan 77 p 28

[Text] Worldwide plans for the mining of deep sea manganese deposits are likely to be overtaken by a single, spatially limited deep sea mining project for the extraction of zinc, copper, and silver-bearing mud from a depth of 2,200 meters in the Red Sea. The project should become a reality after the solution of technical and economic problems in the early 1980s. Next year there will already be a major attempt to remove 20,000 metric tons of ore-bearing mud from the site at the "Atlantis II" depression. Development work for this enterprise is proceeding at full speed at Preussag.

The question of mining rights in the Red Sea has been settled. Saudi Arabia and the Sudan will jointly exploit the zinc-copper-silver deposit in the central valley of the Red Sea. A commission has taken over the development tasks, which are being financed by Saudi Arabia.

In the summer of 1976 Preussag in Hannover got a 5-year contract for the task of technical development of deep sea mining at a depth of 2,200 meters. Since then, development has been moving quickly. The Red Sea Commission will invest an unnamed eight-digit DM-sum in this contract. A third of the development expenditures is to be devoted to environmental protection alone.

Preussag itself is working on the necessary pipes through which the material to be transported--the watery ore-bearing mud which fills the basin of the "Atlantis II" depression in the central valley of the Red Sea more than 2,000 meters below the surface--will be pumped to daylight. Details of construction remain to be solved, including protection against the corrosive effect of the hot salt-mud mixture on the pipes, flow capacity, and connecting pipes. In addition the preparatory technology for extracting the ore grains from the mud (for which a new process of "finest grain flotation" was developed) is being further improved.

In the second half of this year the new raw materials exploration ship of BMFT, which for the time being is still named "Sonne" (sun), will sail into the Red Sea to collect ore samples. And as early as 1978 it will be possible to conduct a first attempt to extract about 20,000 metric tons of ore-bearing mud.

A special place is occupied by the environmental protection problems that must be solved for this mining project. The watery and very fine ore-bearing mud is moved at a temperature of more than 60 degrees Celsius. The mud is treated in a processing installation which it is convenient to have on board a mining ship floating directly over the volcanic mud basin. But the waste mud must be disposed of. If this mud were simply pumped into the sea, it could mean an ecological catastrophe for fisheries, coral reefs, sharks, and coral fish--in short for all the fauna of this unique warm-water fisherman's and diver's paradise.

In order to prevent such a disaster, Preussag is planning a very expensive but presumably indispensable measure, namely the resinking of the demetalized mud through a second pipe (similar to the first) back into the deep sea, that is, into the volcanic central valley of the Red Sea, from one part of which ("Atlantis II") the ore was removed in the first place. This central valley is a relatively narrow ditch running along the length of the Red Sea. It is between 2,000 and 2,800 meters deep and largely devoid of life, so the mud can do no damage there.

After the completion of preliminary work it will be possible to develop a "mine" out of this deep sea basin with hot ore-bearing mud. Over a period of about 15 to 20 years it should yield about 100,000 metric tons of zinc and 20,000 metric tons of copper annually as well as larger (but not yet conclusively determined) quantities of silver.

8994

CSO: 3103

INTERNATIONAL AFFAIRS

BRIEFS

TUNISIAN FOREIGN MINISTER, FRENCH PREMIER--Foreign Minister Habib Chatti held talks today in Paris with French Premier Raymond Barre, in the presence of the Tunisian ambassador to Paris and the French ambassador to Tunisia. After the meeting, Chatti said that they discussed bilateral relations and major international issues, including the Arab-European dialog, the north-south dialog and the Middle East issue and France's role in reaching a settlement there. The French premier asked Chatti to extend an invitation to Prime Minister Nourma to visit France, and Chatti extended an invitation from Nourma to the French premier to visit Tunisia. Chatti added that France is willing to assist Tunisia in its economic development. Tunis Domestic Service in Arabic 1600 GMT 16 Feb 77 LD

YAR FOREIGN MINISTER, FRENCH PRESIDENT--Foreign Affairs Minister Brother 'Abdallah al-Asnaj met today with French president his excellency Valery Giscard d'Estaing in the Elysee Palace. He conveyed to the president a message from brother chairman of the command council Ibrahim al-Hamadi. The SABA news agency has learned that French President Valery Giscard d'Estaing has accepted an invitation from the brother chairman of the command council to visit the YAR. The date of the visit will be set later. During the meeting, the French president confirmed his invitation to brother Lt Col Ibrahim al-Hamadi to visit France. The visit will be made during the first half of 1977. Foreign affairs minister brother 'Abdallah al-Asnaj left Paris for London this evening to convey to Saudi king his majesty King Khalid ibn 'Abd al-'Aziz the wishes of the brother chairman of the command council and the Yemeni Government for a quick recovery. Excerpts San'a' Domestic Service in Arabic 2000 GMT 16 Feb 77 JN

FRENCH/GREEK VISITS--The commander of the French Air Force, General Crique, left by air for France today at the conclusion of his official visit to our country. Prior to departure he said he was happy to visit Greece and expressed satisfaction at the preparedness of the Greek Air Force. General Crique invited the commander of the Greek Air Force, General Ikononou, to visit Paris. [Text] [Athens Domestic Service in Greek 1930 GMT 18 Feb 77 AT]

FRENCH RELEASE 12 BASQUES--The French interior minister has ordered the release of the 12 Basques confined to the Ile d'Yeu. The French authorities have merely stipulated that the Basques should not live in the vicinity of the border with Spain or in the French Basque country. The Basques were released 2 days after Spanish Vice Premier for Defense Lt Gen Gutierrez Mellado had talks with French Interior Minister Michel Poniowski. [Text] [Madrid Radio in Spanish to Europe 1255 GMT 19 Feb 77 LD]

FRENCH/SPANISH MEET--The official visit to France by Spanish First Vice Prime Minister for Defense Matters Lt Gen Gutierrez Mellado has ended. This morning the vice prime minister had a second meeting with French Defense Minister Yvon Bourges and later was received by the premier in the Hotel Matignon. Following this a press conference was held in the Spanish Embassy in Paris, during which the vice prime minister answered the questions asked by French and Spanish journalists. With regard to his meeting with Premier Raymond Barre, Gutierrez Mellado said it was only a courtesy visit, during which relations between Spain and France in general were discussed. The vice prime minister denied that the release of the Basques from the Ile d'Yeu was connected with his visit, because this had already been planned. Asked if he could announce the date of the elections in Spain, he stated that he did not know it, but he thought the elections would be held in spring. [Excerpts] [Madrid Domestic Service in Spanish 1330 GMT 19 Feb 77 LD]

CSO: 3110

BELGIUM

BELGIANS PASSIVE TOWARD EUROPEAN COMMUNITY

Brussels LE SOIR in French 25/27 Dec 76 p 3

[Article by Francis Wilkin: "Belgians Are Impassive About Europe"]

[Text] The European Commission semiannually conducts a public opinion survey of attitudes toward the European Community in its nine member countries. A review of the published results of successive surveys, known as Eurobarometers, discloses a relative disinterest in Europe among the Belgians questioned in those surveys.

Bernard Francq, a sociologist who heads the European Cooperation Service for Youth, has studied this phenomenon by analyzing Eurobarometer No 3 conducted in May 1975, the results of which were published and discussed in LE SOIR on 8, 9, and 10 July 1975. Every survey of this kind since the first one conducted in 1970 has constantly revealed this same attitude on the part of Belgians. In Francq's view, this attitude is not evidence of any actual indifference but rather of the fact that Belgians are "underinformed," a situation he attributes to their misappreciation of the stakes involved in the building of Europe, misappreciation resulting from their degree of politicization: the less a person is politicized, the less he understands what is at stake in a given issue. Francq's analysis consisted in identifying those elements in the building of Europe, and not in explaining the underlying reasons for the political "passivity" of our fellow countrymen. This passivity is evidenced by the fact that one of every three Belgians surveyed refused to identify himself with any political party or philosophy while the average for such refusal in the Europe of the Nine was only one out of ten. Furthermore, while it is estimated that 20 percent of our Dutch and German neighbors, for example, can be qualified as leaders--persons constantly absorbed in politics and who seek to win others over to their ideas--, this proportion drops to 8 percent in Belgium.

Are we to attribute this relatively apolitical attitude of Belgians to a more down-to-earth temperament, to the older average age of the population, to a larger number of undereducated women, small shopkeepers and craftsmen than in other countries of the Community?

We may possibly find the answer to this question by classifying the persons surveyed by age, region, occupation and political affiliation.

Generally speaking, nearly half of the Belgians interviewed in this survey said they were not at all interested in the problems of the EEC. Two-thirds of these persons, or 30 percent of the total, did not appear to be at all prepared to make any personal sacrifices for the EEC. Likewise a majority of those persons not interested in Europe took no definite position on Belgium's membership in the EEC. Either they considered such membership to be neither good nor bad, or they did not answer the question. In contrast, persons indicating an interest in these matters were instead prepared to make sacrifices and more than three-fourths of them viewed this membership favorably.

If we follow Bernard Francq's reasoning that this apparent Belgian disinterest in Europe merely reflects "underinformation" which is itself linked to a low degree of politicization, then an aroused political awareness would produce an attitude favorable to Europe among the majority of Belgians. Actually this is what his analysis of the public opinion survey tends to demonstrate. (Unfortunately, we cannot here go into the statistical details of this analysis. Readers interested in these details may obtain them from the Belgian Information Office of the European Communities, 73 rue Archimede, 1040 Brussels, Tel: 735-00-40, extension 2615.

In addition to those survey answers indicating a lack of interest in the Community, Francq also paid special attention to the "no answers." Such refusal to answer may conceal indifference as well as hostility or irresolution on the part of the persons questioned. Nearly four of every ten Belgians did not answer when asked the following two questions: Do you favor election of a European parliament by universal suffrage? Do you favor a European political union?

These "no answers" were more frequent in Wallonia (46 percent)--particularly among persons in the 30 to 55 age group--than in Flanders (40 percent) and Brabant (34 percent). They were also more frequent among retirees, housewives, the unemployed, and to a lesser extent among manual workers and farmers. On the other hand, liberal professions, managerial and supervisory personnel, and students proved to have the most favorable opinion of the EEC.

In considering answers indicating intention to vote for this or that party in the future European elections, we note that:

1. Nearly 52 percent of the persons who could not answer questions on Europe also did not state how they intended to vote. (This once again confirms the principle that cognizance of what is at stake in the building of Europe depends on the interest shown in politics).
2. Voters of certain Belgian community-oriented [pro-Walloon or pro-Flemish] political parties were more definitely favorable to Europe--do they see a solution to their community problems in a hypothetical Europe of regions?--than voters of the two large traditional political families in which there was the

largest proportion of "no answers" to the question on election of the European parliament. This question received 30 "no answers" out of every 100 persons who had revealed how they intended to vote.

On the other hand, the number of "no answers"--again among those who indicated how they intended to vote--dropped to below 19 percent on the following question: What approach would you prefer for solving the major problems facing Belgium: national independence or intergovernmental cooperation and coordination, or political unification of Europe (with an elected parliament and government)? Intergovernmental cooperation and coordination--an increasingly frequent substitute for the integration (or unification) provided for by European treaties--received more votes than any of the other proposed approaches. This led Bernard Francq to wonder whether this preference reflected the strategy of the parties or a realistic identification with what is happening on the European political scene.

In the conclusion to his study, Francq suggests that a conference be organized to bring together those various bodies--political parties, consumer committees and labor unions--capable of politicizing Belgians, in other words capable of making them aware of Europe's importance and what is at stake. Such a confrontation would give our fellow countrymen ways and means of participating in the European elections with full knowledge of the facts, and of "judging Europe as it really is."

8041

CSO: 3100

BELGIUM

1976 INFLATION RATE ANALYZED

Brussels LE SOIR in French 25-27 Dec 76 p 1

[Article by C. F.: "An Inflation Rate of 7.57 Percent in 1976"]

[Text] The definitive inflation rate for the entire year of 1976 was 7.57 percent. That is the rate which can be established from the firm December index figures released Friday morning. The retail price index for December reached 117.8 points versus 117.16 points for November. This increase of 0.64 is greater than the 0.5 rise calculated on the basis of initial reports. In the meantime however, the price of bread and coffee has increased and these increases are reflected in the latest price figures obtained in the large cities.

At the end of November, the 12-month inflation rate was 7.56 percent. It can be said, therefore, that the rate has remained virtually unchanged since last month. Yet there will no doubt be regrets that Belgium's rising prices did not hold the line at 7.5 percent.

In its most recent analysis of the economic situation, the Central Economic Council noted that our country is faring better on the inflation front than some of its European neighbors, particularly France and the Netherlands. It seems that Germany alone has succeeded in fully curbing its prices: it has an inflation rate of about 3 percent.

Nevertheless, Belgium did make some gains over last year when the inflation rate, based on the consumer price index, rose to 11.1 percent for the entire year. It was chiefly after this summer's sharp surge in fruit and vegetable prices that the rise in Belgian prices slackened. This fall, monthly increases in the index generally remained below one-half point. It is feared, however, that this lull may not last all winter. The January index will fully reflect increases in bread and coffee prices, and possibly in cigarette prices, unless the latter are withdrawn from the index. But that's another story.

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CSO: 3100

BELGIUM

OECD PREDICTS DECLINE IN 1977 PRODUCTION GROWTH RATE

Brussels LE SOIR in French 25-27 Dec 76 p 7

[Article: "OECD Forecasts Slowdown in Growth Rate of Belgian Industrial Production and Domestic Demand in 1977"]

[Text] In its report on economic prospects for 1977, the Organization for Economic Cooperation and Development (OECD) indicates Belgian industrial production is expected to have an appreciably slower annual growth rate in 1977.

It predicts the annual growth index of industrial production will actually skip from 11 percent in 1976 to 6.5 percent in 1977.

Domestic demand which went up 2.5 percent for the entire year 1976 is also expected to dip slightly to an annual growth rate of 2.25 percent. There will be a similar trend in the gross national product whose annual growth rate will decline from 3 percent in 1976 to 2.5 percent in 1977.

In the introduction to its report on the general economic prospects for 1977, OECD--an organization of 24 noncommunist industrialized countries--states: "The most serious of the postwar recessions will probably be followed by the slowest postwar recovery in all large countries except the United States and Canada."

At a press conference, OECD experts emphasized that these forecasts do not allow for the very recent oil-price rise. The forecasts are based on the assumption that the price of crude oil in 1977 would be 5 percent higher than the average 1976 price. The effects of the latest OPEC decisions have not yet been calculated but if they translate into a real increase of more than 5 percent, 8 percent for example, the OECD area's balance of payments deficit will increase by approximately 3 billion dollars--1 billion dollars for each additional 1 percent oil-price rise--over the 17 billion dollar deficit forecast for 1977 in this report.

Thus these forecasts could still be scaled down. As they now stand, however, growth in the real GNP is expected to be 3.34 percent in 1977 versus 5 percent in 1976. This figure is based on some economic recovery in the United States, Japan and Germany during the first 6 months of the year followed by a slowdown in the last 6 months, assuming no change in economic policies.

Under these conditions, growth would drop from an annual rate of 4 percent in the first half of the year to 3.25 percent in the second.

The report indicates that as a result of this drop, "unemployment in 1977 might exceed the most recent--October 1975--record level it has attained since the end of the war." The trend in rates of activity differs very considerably from what it was during earlier phases of recovery. Despite the gain in production, the outlook for 1977 is that rates of activity will apparently not vary much in most countries, in other words, will be at the same level as in 1975, if not below that level.

The OECD thus predicts an unemployment rate of some 6 percent in the FRG during the second half of 1977 compared with the July 1975 high of 5.2 percent. Only the United States and Japan might reduce their unemployment rate: the United States down to 7.25 percent by the end of 1977 compared with 8.1 percent last November, and Japan to 1.75 percent compared with 2.1 percent.

The OECD is more optimistic about inflation, however. Its report explains: "There seems to be rather good reasons to expect a further slight deceleration in inflation. The relative weakness of demand should have a moderating influence on prices of staple commodities other than raw materials and oil. Changes in retail food prices are expected to remain moderate." The OECD estimates that under these conditions consumer prices should advance about 7.5 percent for the OECD area as a whole.

But, according to the OECD, this relative improvement has to be tempered by the pronounced disparities that exist between countries. Although the United States, Germany and Switzerland have obtained significant results, inflation in other countries is still worrisome. The OECD points out that price increases in France had even had a tendency to accelerate before the recent stabilization program could become operative.

Foreign trade in the OECD area could decline sharply in 1977. The growth in imports and exports could drop back to 6 percent in 1977, in other words, to half of this year's growth rate.

Given the anticipated slowing of expansion, the balance of payments deficit could dip to about 17 billion dollars in 1977 versus 22.5 billion in 1976.

Yet, as with inflation, the most disturbing aspect of changes in the balance of payments picture is, according to OECD experts, the magnitude of disparities between different countries.

The positions of the three largest countries were remarkably strong, and it is estimated they will remain so. Italy, the United Kingdom and France will be able to reduce their deficit and the Federal Republic of Germany's current surplus will further increase.

The report underscores that "even though current payments by countries whose balance shows a deficit are tending to return slowly to a position closer to equilibrium, the cumulative indebtedness of these countries will continue to increase. Since early 1974, the cumulative deficit of OECD countries has been some 60 billion dollars and one group of these countries representing only about 30 percent of the area's GNP has accumulated a deficit of 75 billion dollars. Hence it is necessary, for deficits to move from countries whose credit is in danger of becoming exhausted to other countries whose reputation for solvency is intact."

On the basis of these forecasts, the OECD's secretariat general considers the major economic policy problem to be one of "finding a way to successfully reduce the gap between the performance of countries who obtain the best results and the performance of countries who obtain less satisfactory results, and to do so without jeopardizing the performance of the former."

The secretariat stresses, in this connection, the necessity of not resorting to protectionism. "When a country in a weak position takes special trade measures, this complicates the task of other equally weak countries and then makes it difficult to avoid retaliatory measures."

The report emphasizes that "extension of protectionism is a totally negative proposition in a world divided into multiple countries."

8041

CSO: 3100

CANADA

LEGAL ASPECTS OF FLIGHT CONTROL LANGUAGE ISSUE ANALYZED

Montreal LA PRESSE in French 17 Jan 77 p A4

[Editorial by Marcel Adam: "Facing Two Interpretations of One Law"]

[Text] Disappointed with the judgment rendered by Judge Marceau, the executive of the Quebec Airmen (gens de l'air) has decided to recommend to its administrative council that it not appeal the judgment maintaining the ordinance of the federal minister of transport which temporarily limits the use of French in Quebec's aerial communications.

Frustrated and out of financial resources, the spokesmen of the Airmen see in the Marceau judgment an evident demonstration of the weakness of federal legislation on official languages and the proof that it "is not worth the trouble" of pursuing in this way.

However, Liberal Deputy Serge Joyal, after having gratuitously declared that it was a matter of "an additional decision to add to the prize-list of Ottawa's snubs with regard to the Francophones," believes that the AGAQ should appeal this decision.

Deputy Joyal has chosen to defend the rights of the French on the judicial level rather than confine himself to the political field only. As this strategy had produced a positive result in the case of the ruling on Air Canada reversed by Judge Deschenes by virtue of the Official Languages Law, one understands his disappointment with the Marceau decision which seems to contradict the former. But one understands less well that he interprets politically a judicial decision which does not please him. Thus, the contradictions are not all in the magistrature.

The commissioner of languages, Keith Spicer, was said to also wish that the Marceau decision be contested in the Supreme Court, for it could have "extremely important consequences on the scope of the Official Languages Law."

In order to understand this justified preoccupation of Commissioner Spicer, it is necessary to establish in what way the Deschenes and Marceau decisions differ.

The divergence concerns Article 2, considered to be the cornerstone of the Official Languages Law and which reads as follows:

"English and French are the official languages of Canada for everything which issues from Parliament and the Government of Canada; they have a status of equal rights and privileges as for their usage in all institutions of Parliament and the Canadian Government."

In his decision relative to the ruling of Air Canada last September, Judge Deschenes says that this disposition of equality in the Official Languages Law "already instills the principle of official languages in the soil of our country and gives it its ratification in deeds."

This interpretation had led Judge Deschenes to favor the claimants and to reverse the ruling of Air Canada prohibiting the use of French in the piloting cabins.

Judge Marceau interprets this article in light of the entirety of the law, notably in light of Article 9 which specifies that the dispositions of the law must be applied "insofar as it (...) is possible to do it." This means, for Judge Marceau, that the statute is proclaimed, the irrevocable objective is defined, the obligation of taking the measures to reach this objective is imposed, "but the tempo of reaching this objective is measured by the possibilities." To further support his interpretation Judge Marceau adds: "It is there, moreover, that one sees where the idea of the 'Commissioner of Official Languages' is born."

These are the two interpretations, diametrically opposed, of the main article of the Official Languages Law which render the arbitration of the Supreme Court necessary and urgent.

As the Quebec Airmen no longer have the means nor, perhaps, the desire to pursue this affair, it would be good if the government of Quebec, which has already given it financial support and will continue to sustain the AGAQ, would take charge of this important cause.

The diverging interpretations of two magistrates whose seriousness and credit cannot be doubted by anyone are based in the two cases on valid argumentation, but one certainly does not express the intention of the legislator. It is for a court of higher instance to decide.

Unless the legislator decides to go ahead and put an end to the matter in dispute by clarifying the law. But I doubt that he finds it politically wise to do today what he will be able to do later.

8965

CSO: 3100

CANADA

ISSUE OF BILINGUALISM IN FLIGHT CONTROL DISCUSSED

Montreal LA PRESSE in French 6 Jan 77 p A4

[Editorial by Jean-Guy Dubuc: "There Is Stubbornness in the Air"]

[Text] There is no nationalist cause in Quebec which could rally so many people behind it and also unanimously unite the Francophones as the question of bilingualism in the air. Rapidly, and much before Minister Otto Lang, the least nationalistic Quebecers realized that Anglophone pilots and air controllers were conducting a colonizers blackmail.

Unfortunately, what had to happen happened because everything ends like this in our land. The debate which was to be technical became political. And the Quebec Airmen (gens de l'air) who had the most noble and best dossier expected, strongly risk spoiling everything because of an increasingly less rational stubbornness.

We have reached the point where we must ask ourselves if the AGAQ [expansion unknown] want to reach a ruling or if they are not maintaining a battle in which the imbroglio would be useful to them but harmful for those who want to reestablish justice.

The AGAQ again refuses to participate in flight simulation experiments in French. According to the authorities of this program, tests alone will be able to prove to the Anglophones that the usage of French can bring only new elements of safety. But this requires the participation of Francophone controllers. Response of the AGAQ president to the invitation from the minister of transport: "These are nice words which do not prove that the minister will apply them in deed, if the conclusions of the simulator are found to be in our favor...."

How can you negotiate when you reject any motive of trust in the opposing negotiator?

It is understood that Mr Demers wants the pilots who fly without instruments to be able to land at Mirabel, Dorval and Saint-Hubert. It is easily understood because it is precisely the wish of all the Quebecers. But it is the tests which can bring the irrefutable response, not emotivity.

From the beginning of this conflict Mr Lang could be accused of a lack of judgment and of maladroitness on some occasions. He could especially be reproached for not knowing or understanding a situation of primary importance in Canada. One may recall that Mr Lang was totally astonished to discover, a long time after the beginning of the debate, that two languages were spoken in the majority of the world's international airports. In spite of that, the minister cannot be accused of dishonesty. One can even suppose that he ardently desires to prove once and for all the validity of the Quebecers' request. To say that he is not acting in good faith can be tossed back at those using such an argument in the current negotiations.

It was learned yesterday that the directors of the Canadian Administration of Transportation had the intention of addressing themselves directly to the controllers to ask them for their collaboration. The process was deplorable. But it perhaps enabled finding out if the majority of controllers are behind Mr Demers.

Another possibility, to complete the tests, would be to have foreign Francophone controllers come to prove to the Francophones here that they are right in spite of themselves. The process would then be bothersome for everyone.

The Airmen have obtained several favorable responses to their requests. None had the importance of this one--the technical response will have priority over all the rest.

This type of attitude is frequent in Canada. Questions of rational, professional or technical nature are radicalized into nationalist positions.

The Anglophones tossed the first ball. They used professional pretexts to state that French had no place in the air while they wanted to protect their status of privileged Anglophones. Just like many Anglophones of the business world or various professions where they never accepted the existence of equal partners.

In view of these various walls set up before them, the Francophones have only two solutions. One consists of fighting the war of words and structures, the other consists of gaining credence through competence and reason. The first breeds hatred, the second, respect.

It is time that we make ourselves respected in the world of aerial communications. For it is a great pity that the Quebecer pilots and controllers have taken up speaking to each other in English and that they have discovered French only recently.

But it is now also a shame that we are still influenced by the Anglophones to the point of adopting their means of combat which essentially comprise insults, ultimatums and hatred. Whereas it would be possible for us to show ourselves superior by reason, competence and the respect of others.

The Airmen represent all of us in this difficult negotiation. No one among us wants to lose it. But we must agree on the way in which to proceed.

CANADA

HOW FRENCH SPEAKERS OUTSIDE QUEBEC VIEW FEDERALISM

Montreal LA PRESSE in French 6 Jan 77 p A4

[Editorial by Vincent Prince: "The Attitude of the Minorities"]

[Text] It is interesting to learn that the Federation of Francophones outside of Quebec does not intend to serve as hostage to the government of Ottawa in the negotiations which the latter will have to conduct with the "pequiste" administration of Quebec. The federation tells Trudeau, in short, that the Francophone minorities of the various Anglophone provinces must not be considered to be definitively devoted to Canadian federalism such as we currently know it.

This point is interesting, for Prime Minister Trudeau likes to invoke as an argument in favor of federalism the support of his government to the survival of the French identity throughout the country by means of his law of official languages. Ordinarily these Francophone minorities would have to fear any break in the federal bond which would deprive them of this assistance.

But, justly, the minorities again question this assistance. At first the federal policy in this domain was welcomed as a veritable blessing. It was the bearer of great hopes.

Today, however, it would be realized that many problems continue to be posed. One is less certain of Ottawa's real desire to make first-class citizens of the Francophones outside of Quebec.

In any case it would have been decided to draw up a realistic balance sheet of the situation and, from there, to submit to the central administration the requirements which will have to be satisfied before acceding a blank signature to Canadian federalism.

This reaction is not only interesting but also illuminating. Indeed, there are many Quebecers who think perhaps too readily that federalism constitutes the last hope assured for their brothers of the diaspora. They should know that this assurance is disputed by those who are concerned.

On the other hand, the same position of the Federation of Francophones outside Quebec is somewhat surprising when the federation states that those for whom it is the spokesman respect the decision of the Quebecers last 15 November, "and even want to show their solidarity."

Do they join together with the 59 percent of the Quebecers who voted against independence or with the 41 percent of those who proclaimed themselves to be for the Quebecer Party?

This federation could also be asked what it expects from an independent Quebec with regard to its own survival or its own development as a Francophone group.

There is, in any case, an ambiguity there which the authors of the position will surely want to dispel.

For the rest, it is simply normal to benefit from the constitutional debate which the pequisite victory is going to provoke in order to place the cards on the table and bear witness to the fact that one can be opposed to the independence of Quebec without automatically accepting Canadian federalism in its current form. Between two extremes, one has the right to look for a middle ground.

8965

CSO: 3100

CYPRUS

'MILLIYET' INTERVIEWS DENKTAS ON LAND OWNERSHIP, OTHER ISSUES

Istanbul MILLIYET in Turkish 18 Feb 77 p 7 NC

[Interview with Rauf Denktas by Sami Kohen, MILLIYET's special correspondent in Cyprus--date of interview not specified]

[Text] [Question] On what you base your figures regarding the land ownership of the Turkish Cypriots?

[Answer] After studying the records of VAKF [the Turkish religious trust directorate], the land registration records, the work done based on these records, and after taking into account the doctoring of these records by the Greek Cypriots, we arrived at the 32.8 percent. Our work goes back to the years 1955-58. By consulting the Turkish employees, who had been working with the land registry department, we have obtained the necessary information and have established how the Greek Cypriots were attempting to grab Turkish lands. The present figures of the Greek Cypriots do not include the area of the 103 Turkish villages from which they forced us to flee during the attacks in 1963.

The land purchased by the Turks from the Greek Cypriots during the years 1963-74 were not registered. Both the money and the land remained in the hands of the Greek Cypriots. We have lodged complaints to the United Nations on this issue. We have also informed Kliridhis in writing. There are also lands which they [Greek Cypriots] have bought secretly from the Turks during this period in violation of communal laws. They have seized certain lands, the sale of which was banned by EVKAF. We cannot accept Makarios' claim on land ownership and percentages. The territorial issue cannot be settled through this kind of statistics.

In addition, the territorial issue will not be solved on the basis of the principle of ownership. As we have agreed during [our] summit meeting, the criteria are going to be land ownership and economic viability as well as security.

[Question] According to the Greek Cypriot authorities 26 percent of the land is "state-owned." You say that the Turkish ownership is 32.8 percent. Does this also include "state-owned" land?

[Answer] We have decided to take as a basis, the criteria agreed upon at the summit, and not to act on the basis of percentages. We shall go to Vienna with this view. Undoubtedly, Turks too must have a share in the "state-owned" land. The percentage of this share will be determined at the negotiations to be held. It is not right to begin to dwell on percentages starting now. The percentages and figures (46.3 percent) attributed to me and published in the press are fabrications. At this stage we are acting according to criteria agreed upon and not percentages. The real percentages will surface during the negotiations.

[Questions] You referred to the question of security but, as far as we know, in the document agreed upon at the summit there is no word about security. Have you referred to it during the meeting? What was the reaction?

[Answer] Security is the foundation stone of the agreement we will conclude with the Greek Cypriots. I have stated this, in the presence of Waldheim, in very firm terms and had it recorded in the minutes.

Any agreement which will not meet our security will be suicidal for us. With the agreement [we will conclude] we want to guarantee our security and at the same time save Turkey from the burden of running to our aid every 3 or 5 years.

[Question] The statements you made during your press conference after the second summit have become targets of criticism by the Greek Cypriot press and Makarios, who described them as very hard. What are the reasons for you using such expressions?

[Answer] We are used to being accused of being hard. Putting forward the Turkish views is seen as a crime. However, this time I had been informed of the misleading atmosphere which Makarios tried to create in the press conference he gave prior to me. Makarios spoke about the "unitary" state, whereas there was no such thing in the document, in our agreement. We said that we are ready to discuss certain principles which he [Makarios] was considering important. He, on the other hand, tried to present these principles as if they were accepted. He tried to create the impression that the Greek Cypriot refugees would return. Our meetings were given the appearance of an American umbrella [as published]. In addition to these, the provocative and in some instances insolent questions put by the Greek Cypriot journalists have spoiled the atmosphere. We have only given the necessary replies.

[Question] Makarios said that bicomunal federation does not necessarily mean biregional federation. In the light of the discussions which took place during the second summit, how do you interpret this term?

[Answer] Bicomunal federation and biregional federation cannot have different meanings. I told Makarios so, in the presence of Waldheim, in a most firm and clear way.

The foreign powers and authority of the central government constitute an important problem. We cannot allow the Greek Cypriots to be in a position to dominate us again.

[Question] After many years, you have met Makarios at the same table. Do you find his stance more soft and different compared with the past?

[Answer] It is Makarios who severed relations with the Turkish community. When Dr Fazil Kucuk was vice president Makarios refused to meet him. He branded Kucuk as the leader of the rebel community. In 1973, when I was elected vice president, I informed Makarios that I was ready to meet him to discuss the future of Cyprus. His reply was again negative. He also rejected our proposal for the establishment of a provisional government.

We have always been of the opinion that the men at the top should meet each other, no matter if they like each other or not. We made our proposal to meet Makarios with this belief. This time he accepted it. His acceptance is a step forward. In this way it has become possible for me to meet the person who is responsible for the Greek Cypriot community. I consider this a good start. If the two communities have to live together in peace, their leaders must be tolerant enough to meet each other.

CSO: 4807

DENMARK

INVESTMENT FUND FOR TRADE WITH SAUDI ARABIA PROPOSED

Copenhagen BERLINGSKE TIDENDE in Danish 25 Jan 77 p 7

[Article by Frank Dahlgaard: "Million-Fund Behind Export to Saudi Arabia Proposed"]

[Text] Minister of Foreign Economic Affairs Ivar Norgaard will at the Cabinet meeting today present a proposal to the government for establishment of an investment fund which will contribute to securing more orders in Saudi Arabia for Danish enterprises.

Ivar Norgaard has informed BERLINGSKE TIDENDE that he has had private discussions with the National Bank, which takes a positive attitude to the idea.

Ivar Norgaard's proposal is a direct result of the recent official Danish visit to Saudi Arabia. During the visit it was made clear that Saudi Arabia demands a capital investment of 5 to 15 percent in the projects in the country by the foreign enterprises which receive Saudi Arabian orders.

This demand for capital is a significant obstacle to the capital-poor Danish enterprises being able to compete for orders in the millions from Saudi Arabia.

Ivar Norgaard's proposal calls for establishment of a state-guaranteed fund which will take up loans in Saudi Arabia and lend this money to the Danish enterprises which receive orders from Saudi Arabia and are therefore faced with the demand for capital investment in Saudi Arabia.

Ivar Norgaard: "If the government agrees to the idea, I propose establishment of a quickly acting committee of four members which within 3 months will prepare a concrete proposal for establishment of the fund. The committee will consist of one representative of the Ministry of Foreign Economic Affairs, one from the Ministry of Trade, one from the Ministry of Finance, and one representative of the National Bank. We should like to see a proposal worked out as soon as possible because we now must work very fast if we are to be able to compete in the large Saudi Arabian market."

Concerning the size of the contemplated fund Ivar Norgaard says: "An amount of 5 to 10 percent of 5 billion kroner would be the approximate size. Five billion kroner is the amount estimated for which Danish firms now have the opportunity to obtain orders in Saudi Arabia."

The fund will thus amount to close to 500 million Danish kroner.

Norgaard states that at first it will only be a question of a fund that will negotiate the distribution of Saudi Arabian capital to Danish enterprises, but this could possibly furnish a pattern for similar arrangements between Denmark and other countries.

Private Danish financial institutions do not wish to participate in the planned fund. Norgaard has conducted informal discussions on this with the financial institutions.

Erik Hoffmeyer, head of the National Bank, says that he finds the idea of a special Danish-Saudi Arabian investment fund good if it will secure for Danish enterprises larger export orders than otherwise would be the case:

"Only to the extent that we obtain more orders will Denmark have a net increase in foreign exchange. For the fact that the planned fund borrows money in Saudi Arabia does not mean in itself that Denmark will obtain more foreign exchange, because the money will be reinvested by Danish enterprises in projects in Saudi Arabia."

When Minister of Foreign Economic Affairs Ivar Norgaard today presents his proposal to the regular Cabinet meeting it will be done on the basis of the argument that the investment fund can pave the road for more export orders for Denmark, thereby increasing Danish employment and exports.

The idea of establishment of a fund that would use Saudi Arabian oil money for capital contributions by Danish enterprises to Saudi Arabian projects arose during the official Danish visit to Saudi Arabia 2 weeks ago.

11,256
CSO: 3106

DANISH POWER PLANTS TO BE FUELED BY COAL

Copenhagen BERLINGSKE TIDENDE in Danish 25 Jan 77 pp 1, 16

[Article by Erik Sandager: "Danish Power Plants Turn to Coal"]

[Text] The Jutland-Fuenen electric power cooperation (ELSAM) is about to turn to coal as the energy source of the future following postponement of the decision on nuclear power plants, BERLINGSKE TIDENDE has learned.

Experts expect up to a doubling of coal consumption by Danish power plants in the course of 3 years.

ELSAM has already begun. In December the management decided to invest 90 to 100 million kroner in reconstruction for coal of Vestkraft in Esbjerg. The combined coal-oil installation is expected to be completed in 1979.

Power production by means of coal is also anticipated at the Ensted plant in Abenra when it is put into production in the same year. Behind construction of the 600 megawatt plant is the South Jutland High Tension plant and the North German Power plant. The plant will cost about 1 billion kroner.

The Asnes plant in northwestern Zealand also has plans for reconstruction for coal.

The board of ELSAM will at a meeting on 31 March of this year engage in what is called a general debate on how a stable output of electric power is to be assured without nuclear power plants.

At the meeting, plans will be made for turning to coal as a source of energy, in that the board will take a position on converting the Skaerbaek plant at Kolding Fjord to coal. Unlike Vestkraft, the Skaerbaek plant does not have central heating plants as a customer base. The estimated cost of the project is about 100 million kroner.

Three reasons are given for the return to coal by the power plants: When heat values are compared, coal is found to be only half as expensive as oil. Coal mining has increased since the time of the oil crisis, and

coal has therefore not even approximately followed oil in the price explosion. The Energy Committee of the Ministry of Trade has, following postponement of construction of Danish nuclear power plants, urged the power plants to pay attention to coal.

The last reason is the supply situation itself. ELSAM had counted on having nuclear power plants as a third source of energy. To assure the energy supply without being too dependent upon oil, coal is now being depended upon.

The chairman of ELSAM, Mayor Willy Sorensen, on a leave of absence at the present time, says: "We shall in the near future engage in a general debate on the supply situation following [the postponement of] nuclear power. We have completed changing the standing rules and they have been approved by the Ministry of Trade. The debate will take place with the standing rules as the point of departure. Technical matters must also be examined in ELSAM, about which more can be said, perhaps, later."

"These are times when expansions are discussed, and it is true that we are now rapidly approaching decisions," says Thorvald Jensen, Vojens, acting chairman of ELSAM. "You must not ask me to mention locations or plants; I do not wish to anticipate the discussion and the democratic decision."

"The whole thing is on the table, and these plans are being worked on intensively and persistently, aimed at saving oil," Thorvald Jensen continued. "At the present time production with coal is very favorable compared to oil."

Thorvald Jensen went on to say that ELSAM feels an obligation not only to assure the population a stable supply of electricity, but responsibility toward the entire energy supply as well. Twenty-four percent of imported fuel goes toward production of electricity, while 50 percent goes toward heating.

"Personally, I believe that the fuel left over from electric power production can be used for central heating plants. I foresee concentration upon reconstruction and expansion of the 300-megawatt plant and building of counter-pressure plants. I think that a number of small 25-megawatt plants can be built in cities of suitable size--30,000 inhabitants, for example--and according to the plan these plants will supply both electricity and heat."

[Question] Is coal the energy source of the future?

[Answer] We know that of all energy raw materials, coal is the one of which most is left in the world. The countries in which the coal deposits are found need foreign exchange; in other words, they would like to sell coal to obtain foreign exchange.

It should not be forgotten that we wanted nuclear power primarily to have a third source of energy; a third backup if the oil supply fails, which we have experienced," the ELSAM chairman continued. "During the next few years we can only develop the traditional power plants and strive for a more equitable distribution of oil and coal consumption."

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FINLAND

FINNISH-NORWEGIAN NEGOTIATIONS ON ENERGY COOPERATION DISCUSSED

Helsinki HELSINGIN SANOMAT in Finnish 25 Jan 77 p 19

[Article by Mikko Eronen from Oslo: "Finland and Norway Seeking Forms of Cooperation"]

[Text] Finnish-Norwegian negotiations on every cooperation will begin today in Helsinki. "During the opening negotiations it is our purpose to chart possible future areas and forms of cooperation," says the Norwegian minister of industry Bjartmar Gjerde.

Norwegians are thinking about a timetable according to which preliminary stages would lead to actual cooperation projects in August-September.

These negotiations will mainly deal with energy, but the study of possibilities for industrial cooperation will also be included in the agenda. However, officials at the Norwegian Ministry of Industry seem to think that oil will take the center stage in the negotiations. The fact that the ministry has not prepared, at least not yet, to talk about much else seems to bear on this speculation.

Norway is blaming the lack of sufficient negotiating capacity at the Ministry of Industry for her difficulties during the preliminary stages (currently negotiations are being carried on with Sweden and Denmark, among others). The other reason is, quoting Minister Gjerde: "The first meeting will be merely mutual orientation in regard to possible areas of interest."

Besides energy cooperation Finns are interested in Norwegian investments in Finland, either directly or through the Scandinavian Investment Bank.

According to Minister Gjerde one principal condition for entering into negotiations with Finland was including the possibilities of the Scandinavian Investment Bank in the negotiations.

Engell Olsen, Secretary of the Ministry of Industry, who is leading Norway's delegation, thinks that the first stage of cooperation negotiations could include, in addition to oil and natural gas, cooperation in oil refining and distribution as well as petro-chemical industry. At this stage he will not venture to say anything about other areas.

Olsen does not consider the possible emergence of the Scandinavian Investment Bank as one form of cooperation as anything negative. "If these negotiations bring forth concrete projects, I do not see any reason why the Investment Bank could not be used for financing them if other ways of financing cannot be found."

Norway's interest in energy cooperation is based on simple principles. In a recent lecture Minister Gjerde said the following:

"The starting point is the fact that Norway has oil and gas as a valuable exchange commodity, and that, in addition to oil and gas, we will be able to offer capital in the future as well. We want technology and know-how, markets and raw-materials, or other prerequisites for the expansion of Norway's industries."

Norway Hopes for Economic Packages

In other words, by selling oil and gas Norway plans to change the country's economic and industrial structure so that it can retain its high economic and material standard even after the gas and oil have run out. For this purpose Norway needs long-term agreements, economic packages.

Norway is putting emphasis on long-term foreign investments. It is the opinion of Minister Gjerde that Norway should pursue investments that, in one way or another, can strengthen the base of Norwegian industries by securing raw materials, technical know-how and opportunities to enter large markets.

In this respect it might be difficult to find broad areas of cooperation with Finland because Finland's margin of offers is limited and because Finland as such is too small as an oil market area for Norway. Also Sweden by itself is considered too small a market for Norway's oil.

Income From Oil Growing

The production of North Sea oil and gas fields will be enormous in the near future. Markets must be found. Norway's own consumption was 8 million tons of oil last year and production was twice that amount. At the end of the decade it is estimated that production will reach 50 million tons, in other words, 5 to 7 times Norway's current consumption. The area of current oil finds comprises only 5 percent of Norway's continental shelf but it could produce enough oil for Norway's domestic consumption for 160 years. Last year oil exports accounted for 11 percent of all export revenues, and in a couple of years the share of oil exports will be over 20 percent.

There are no clear plans at the Ministry of Industry as to what other areas of industrial cooperation Norway would be interested in. Olsen mentions aluminum industry and cooperation in the northern Calotte area as examples.

Prime Minister Odvar Nordli of Norway has given a clear signal of the fact that Norway is ready to use her natural resources to develop the Calotte area. These negotiations will be a matter of the future, however, and they will involve three countries, Finland, Sweden and Norway.

Secretary Olsen stresses the long-term aspect of the nature of the plans and negotiations. "In negotiations with Sweden the preparatory stage was stretched up to 1985. It is difficult to say if we will be able to apply a corresponding estimate as far as Finland is concerned. The fact that the utilization of the riches in the continental shelf of Norway has been delayed has to be taken into consideration. Gas and oil deliveries can be viewed as events that will take place early in the next decade, and the other forms of industrial activities as taking place even later."

Difficulties Expected

It is difficult to forecast possible problems in these negotiations at this stage of the game.

The Norwegians know that two different camps of opinions are awaiting them in Finland. One camp wants oil from Norway, the other one does not. For example, Uolevi Raade, who is a member of the Finnish negotiating team, is said not to be particularly interested in Norway's oil.

His motivations are technical in nature; Norwegian crude oil is low in sulphur and does not adapt in the best possible way to Neste Oy's technology. In other words, Norwegian oil is too pure.

Norway would like to sell Finland refined oil products; Norway has plenty of refining capacity, which it would like to develop and expand further. Finland, again, would like to refine the oil it buys.

In negotiations with Sweden, Norway has persuaded the Swedes not to go ahead and build the giant refinery Statsraff in Brofjorden for the time being. Instead, the two countries will cooperate in building a Norwegian refinery in Mongstad. Main reasons for this are economical, the Mongstad alternative is cheaper. The Norwegian oil would be too pure for Statsraff also. Neste Oy has been involved in the planning of Statsraff, but at the moment the planning work is in a standstill.

Secretary Olsen stresses, however, over and over again, that Norway does not have any preconceived demands and that all options are open. "The delegation which arrives in Helsinki on Tuesday is more of a fact finding

delegation than a negotiating team." And Norway cannot keep any doors closed: in spite of everything, it is the buyer's market as far as oil is concerned. There is plenty of oil even if prices are high, and Norway must market her oil, otherwise the big plans for the future will simply not materialize.

8200

CSO: 3107

FRANCE

DE GUIRINGAUD MIDEAST TOUR HINTS AT HOPES FOR SETTLEMENT

Paris Domestic Service in French 1800 GMT 20 Feb 77 LD

[Text] Peace in the Middle East--There has been talk about it for years and now it seems that a solution is near. This seems to transpire from the tour of Arab capitals which Louis de Guiringaud, our minister of foreign affairs, is currently making. Gen Hafiz al-Asad, the Syrian head of state, told Mr de Guiringaud yesterday that the chances for a settlement in the Middle East have never been better than this year. The French foreign minister again talked about peace with King Husayn of Jordan in Amman today. Ralph Pinto reports from Amman:

The private conversation between King Husayn of Jordan and Louis de Guiringaud --and also the conversation between the French Foreign Minister and his Jordanian counterpart--have almost wholly been devoted to the means of achieving peace in the Middle East. As we said this morning even before the arrival of the French foreign minister in Amman, quite a lot was being said about the Palestinians. Therefore, Louis de Guiringaud now knows the Jordanian point of view. Let us not forget--and he has had several opportunities to explain it to us since his arrival in the Arab Middle East--let us not forget that the French minister has undertaken this tour to sound out opinion in each of the capitals visited. Jordan, as a matter of fact, reasons as follows: To attain peace it is necessary that the Israelis withdraw from all territory they have occupied since 1967, that the Palestinians should regain their legitimate rights, and that international guarantees should support the conclusion of peace.

Regarding the Geneva Conference, the French foreign minister has been told once again that the year 1977 offers the best opportunity, but it will not last forever. As far as the conference itself is concerned, Amman is ready to attend it, either on its own or by making room for a Palestinian delegation too. At any rate, however, the PLO will have to be invited as the sole and legitimate representative of the Palestinian people. The Jordanians, it is to be noted, are honoring in this respect an undertaking they made at the Arab summit in Rabat in October 1974 according to which they will no longer represent the rights of these Palestinians.

As far as Palestinian nationhood is concerned, there has also been comment by Louis de Guiringaud, who insists on the international guarantees which must be given. Since his stop in Beirut the French minister has been affirming the Palestinians' right to a homeland, although he refuses to specify whether it should be a state, or a federation, or a confederation with Jordan. Here mention ought to be made of the comments by Egyptian President al-Sadat and Yasir 'Arafat yesterday on the organic ties which must exist between Jordan and the Palestinians. Mere logical reasoning is sufficient to see here a new Arab strategy to promote the convocation of this peace conference in Geneva. And at the same time the Arabs would present to Israel an acceptable formula.

CSO: 3100

FRANCE

BRIEFS

DE GUIRINGAUD PAYS TRIBUTE TO SYRIAN PEACE EFFORTS--French Foreign Minister Louis de Guiringaud, who is on a briefing mission in the Middle East, is in Damascus. He will be meeting with President Hafiz al-Asad today. He had talks with his Syrian counterpart and the chairman of the Palestinian National Council yesterday. In an interview with our special correspondent Ralph Pinto, De Guiringaud made a point of paying tribute to the efforts made by Syria both in Lebanon and in the Middle East in general. [De Guiringaud --recording] While in Beirut during the past 2 days I noted the positive contribution that the Syrian Government had made to the Lebanese authorities to help them to reestablish security with respect for the independence, the unity and the territorial integrity of Lebanon. Today our conversations have shown me once again in what a positive spirit the Syrian Government is joining in efforts for peace now underway in order to reach a negotiated settlement of the Middle East conflict. France, like Syria, considers that the search for an overall settlement is urgent, for the region may experience further tensions, thus threatening balance and stability here. [End recording] [Paris Domestic Service in French 0900 GMT 19 Feb 77 LD]

DE GUIRINGAUD RELAYS SYRIAN ASSURANCE ON WITHDRAWAL--U.S. Secretary of State Cyrus Vance and French Foreign Minister Louis de Guiringaud, who are touring the Middle East, are both confident. The French foreign minister is more confident because the Syrian head of state made him a promise: Syrian troops will not stay in Lebanon. Louis de Guiringaud granted an interview to our special correspondent Ralph Pinto: [Begin Guiringaud recording] President al-Asad confirmed to me that the Syrian forces which are part of the Arab deterrent force will withdraw concurrently with the reestablishment of security of Lebanon. Syria wants President Sarkis and the legitimate authorities of Lebanon to be able to reestablish or maintain security in this country themselves as soon as possible. It wants them to proceed with restoring the state, with the construction of the country and with national reconciliation. Syria put a fairly substantial force at the disposal of President Sarkis within the framework of the Arab deterrent force to help in attaining these objectives. This force will be withdrawn as soon as it can be replaced by Lebanese security forces. [end recording] [Paris Domestic Service in French 1200 GMT 20 Feb 77 LD]

DE GUIRINGAUD DEPARTS FOR CAIRO--French Foreign Minister Louis de Guiringaud has left Amman for Cairo. Before his departure, he said that his talks with the Jordanians were frank, friendly and fruitful. Louis de Guiringaud also stressed that he was very moved by the welcome accorded to him in Amman. Concerning the possible participation of France in the Geneva Conference on the Middle East, the foreign minister said that France has not yet been invited but if it should be invited it will study the possibility of participation. Finally, the French Foreign Minister warned against excessive optimism. He said: It is not very likely that a solution to the Middle East problem can be found in a few weeks. [Text] [Paris Domestic Service in French 1000 GMT 21 Feb 77 LD]

ISRAELI TALKS END IN PARIS--French-Israeli talks in Paris have ended. After leaving the meeting, the Israelis hinted that they were not displeased. On the other hand, Egypt has officially indicated that it wanted France to be present at the Geneva Conference on the Middle East. [Text] [Paris Domestic Service in French 0700 GMT 22 Feb 77 LD]

CSQ; 3100

GREECE

SED ORGAN INTERVIEWS GREEK CP LEADER

East Berlin NEUES DEUTSCHLAND in German 11 Feb 77 p 6 AU

[Second talk with Grigoris Farakos, member of the Politburo of the Greek Communist Party Central Committee: "Hopes and Trust in the Communists of Greece"]

[Summary] During a recent visit to Athens our correspondent Heinz Stern was received by Grigoris Farakos, member of the Politburo and director of the paper RIZOSPASTIS of the Greek Communist Party [KKE] [Exterior], who outlined the current situation in Greece and the development of the party. Farakos explained that the great hopes which the Greeks had in 1974 when the junta fell and Karamanlis took over the government have been disappointed, particularly regarding severing the links with NATO and the United States, and that Greece, like all capitalist countries, is in the throes of a deep economic crisis. The government responds to this by trying to preserve the profits of the monopolies and to shift the burden on the working people while increasing the country's economic and political dependence.

Farakos then dwelled on the adoption of the 1975 constitution and other laws and measures which even exceed the antidemocratic framework of the constitution including a law which actually deprives the workers of the right to strike.

"Recently a broad campaign of anticommunism can be observed. Its specific feature is that official circles act as propagators of this campaign which is being conducted with various means and methods up to provocations.

"It is the goal of these circles to stop the resistance of the democratic, progressive forces against the policy of the government; thus it is at the same time aimed at stopping the development of the Communist Party.

"However, this goal has not been achieved. The people are defending their rights. They demand national independence, actual democracy and the opening of the path toward further social changes, stressed Grigoris Farakos.

Our party has become a decisive factor in the struggle for implementation of these demands." During the past two years we have made good progress in the rapid development of our party, which has become stronger, having organizations in all centers of the workers class. On the other hand we cannot overlook the fact that police terror and measures of the entrepreneurs make our organizations in enterprises practically illegal despite our official legal status. This hampers rapid growth but steels our comrades, makes our growth more solid, and we have also won important successes in local elections.

"Another difficulty results from the fact that our party was banned for 10 years, 1958-68, noted Grigoris Farakos. The result is that we have a generation gap. The task emanating from it, namely to renew the membership and the composition of the leading organs, has been fulfilled by us to a high degree. The new party leadership consists predominantly of young comrades as, on the whole, we enjoy great trust among the youth. Now our comrades are confronted with a further special task. The Central Committee has announced the convocation of our 10th Party Congress for the end of 1977/the beginning of 1978. This decision evoked great enthusiasm among the communists of Greece and has led to intensified activity of the party organizations all over the country." The campaign to strengthen the financial situation of the KKE, for example, led despite a government ban to true mass participation. "The elan in preparing the party congress will lead us to further successes in the struggle."

CSO: 4803

NEW TAX BILL EVOKES LENGTHY DEBATES

Athens HELLENEWS-EXPRESS in English 3 Feb 77 pp 3-4

[Text] HELLENEWS--The bill for reforming the system of taxation, which began to be debated in parliament last week, had been subjected to 31 amendments even before the first discussion on it was heard in the House. Then, rather unexpectedly, it came under attack from a government deputy (and former deputy minister of finance) Mr. G. Lianopoulos, who called it a handicap on economic development, superficially drawn up, lacking in internal solidarity and containing a number of clauses which, to him, seemed utterly incomprehensible. Mr Lianopoulos maintained that, under present circumstances of lack of new investment, stagnant GNP and signs of increasing unemployment, a budget deficit was preferable to piling on more taxes.

Mr I. Pesmazoglou, backed by two more deputies from other opposition parties, called for a 30 percent increase in the present level of tax-free income. Replying, the Minister of Finance Mr E. Devletoglou said that such an adjustment would only benefit the higher income brackets. (Editor's comment: It depends on what His Excellency means when referring to "higher income brackets." Under present law, any individual earning exclusively from wages or salary not more than Drs 100,000 per annum and, provided he possesses no other source of income, does not have to put in an income tax declaration. This is equivalent to approximately \$2,750 per annum. If all incomes in Greece above \$2,750 per annum can be justly classified as "higher income brackets," then undoubtedly the minister is right.) Meanwhile, as the debate proceeds, the Ministry of Finance has agreed to a further set of amendments and the debate, clause by clause, is still far from complete. There are, therefore, possibilities that material compromises may be agreed before it becomes law.

CSO: 4820

PRICE CONTROLS BY POLICE SUPERVISION

Athens HELLENEWS-EXPRESS in English 3 Feb 77 pp 1-2

[Text] HELLENEWS--The government has decided to impose price control over a wide range of products and the Central Market Police Committee (which comes under the Ministry of Trade) has been holding successive meetings this week in order to discuss the matter. Categories of goods likely to be affected will include ready-mades generally, underwear, linen articles in general, blankets, yarn of all kinds, cotton and synthetic fabrics, leather, timber, electric household appliances, sanitary fittings, floor and wall tiles, carpets generally, hydraulic fittings and plumbing generally, central heating equipment, electric installations, aluminium and articles made of aluminium, electric lighting bulbs, articles made of asbestos-cement, bricks and roof tiles, ready-mixed concrete, quicklime, paints, tin cans, plastic containers, flexible tubing, soap, industrial gases and their containers, motorcars, motorcycles, agricultural machines and hand-tools, lubricants and garage fees.

The country's business world, backed by the Athens Chamber of Commerce and Industry and by the Merchants Association, has come out in opposition to the policing of prices, saying that any attempt to impose such controls will, finally, bring about exactly the contrary results to those being sought. (Editor's comment: The implication is that any arbitrary fixing of retail prices will do nothing other than help the creation of a black market, with far worse consequences for the consumer.) It is pointed out, at the same time, that the staff which would be required to carry out effective control of the retail prices at which literally thousands of articles were being sold all over the country simply does not exist and to build it up and train it would cost many times what it is hoped to save by introducing the measures.

Producers, manufacturers, artisans and merchants are all in agreement with the principle of trying to keep prices down but they maintain that action in this direction must stem from close consultation and cooperation between government and productive classes, if sound and lasting results are to be attained.

CSO: 4820

GREECE

GREEK-EGYPTIAN TALKS PROCEEDING

Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 5

[Text] HELLENEWS--When the formal addresses and protocol connected with the recent visit of the Egyptian Chamber of Commerce mission under Mr Essat Guidan are set aside, the actual talks themselves do not appear to have led very far, although a Greek mission is to pay Egypt a reciprocal visit next month.

Greece is excluded from those countries whose goods, up to a value of £E 5,000 per consignment, can be imported into Egypt freely. When the matter was raised, the Egyptian side explained that all countries whose trade with Egypt is based on bilateral barter trade (clearing accounts) received equal treatment. Thus, in the effort to conserve gold and foreign currency reserves, Egypt prohibited importation of certain goods from certain countries.

When the question was then put as to whether there were prospects of changing the present Greek-Egyptian clearing account system to one of transactions in free convertible currency, the answer was given that it was a matter which could only be resolved on government level and that, in any case, the barter system was thought to benefit both parties in the present case.

In answer to the third question as to why the Egyptian side did not appear, so far, to have made a comparative price check on the articles it imports, in order to mark down those which would be imported to the best advantage from Greece, the reply was given that, for the moment, Egyptian interest focussed upon covering the country's immediate needs in basic products. This explained why, on paper, importation was free but in actual fact, import licenses were not being granted for less important consumer goods and luxury articles. Mr Guidan, himself is the person responsible for authorizing the granting of import licenses.

There remains the possibility of Greek engineer contracting firms undertaking some of the reconstruction work in the war-ravaged canal zone areas

but this presupposes extensive and long-term financing on the part of the contractors. This is a very different situation from that in oil-producing Arab countries with ample budget surpluses where Greek contracting firms are engaged on a large scale but face minimum financing problems.

Meanwhile, Professor A. Angelopoulos, governor of the National Bank of Greece, left for Egypt yesterday at the invitation of the Egyptian Government. He will use the occasion to examine questions concerning the organization of the bank's branch in Cairo and possibly Port Said also. There are also certain matters still in suspense concerning the operation of the bank's former branches in Cairo and Alexandria and the fate of deposits which had been made with those branches by members of the Greek communities living in those and other Egyptian cities.

CSO: 4820

GREEK-SYRIAN FERRY LINK AGREED

Athens HELLENEWS-EXPRESS in English 27 Jan 77 pp 1-2

[Text] HELLENEWS--An announcement made on the 24th of this month by the Ministry of Foreign Affairs appeared in most of the Greek daily press only on inside pages but may well turn out eventually to be one of the more important forward steps in Greece's economic development, made in the last 2 years.

After 10 days in Damascus, a Greek mission led by Professor I. Georgakis, has come home having signed a maritime agreement with the Syrian Government covering the establishment of a "Ro-Ro" and ferry-boat service between Greek and Syrian ports to carry rail and motor traffic to destinations in and beyond Syria.

HELLENEWS has written previously about difficulties in getting overland freight across to the countries of the Near and Middle East on account of the inability (some go so far as to say "unwillingness") of the Turkish railway system to handle more than a few hundred tons of such cargo per day and the delay of anything up to 4 months in moving it across Asia Minor. At the same time, Greek lorry operators and drivers are becoming more and more reluctant to work the Asia Minor routes because of alleged lack of public security along several of the more remote stretches of the hinterland, in addition to the exorbitant road tolls charged.

Greece's trade with Arab countries of the Middle East has been expanding rapidly in recent years (e.g. Syria: exports to that country valued Drs 41,053,000 in 1970 and Drs 1,112,097,000 in 1975), the difficulties experienced in forwarding cargo overland across Asia Minor having prevented still more rapid expansion. At the moment, there is a 3,000,000 ton-per-annum overland traffic potential for the Middle East which common sense tells could expand appreciably as soon as the time and cost of transit are sliced by the facility of ferrying across to a Syrian port and thence railing or road hauling as far as Iran or even further. Apart from Greece's own exports, the new route will make it lucrative for several European countries to send to Greece by rail or road their exports to the Middle East. Catering for such transit traffic and the

freight to be earned therefrom alone can account for substantial annual earnings in terms of foreign currencies.

It remains to be seen if the original idea of using Volos as the Greek sea terminal (presumably on the Syrian side it will be Tartous or Lattakia) will finally prevail. Volos seems the more obvious choice with its ample quay and warehousing space and good access by road, although the railway branch line will have to be seen to. Until this Larissa-Volos rail branch line is improved, it could be that the Thessaloniki Free Zone Port area could be used but it is already busy almost to capacity.

CSO: 4820

KNITWEAR EXPORTERS CHARGE FRENCH OBSTRUCTION

Athens HELLENEWS-EXPRESS in English 3 Feb 77 pp 2-3

[Text] HELLENEWS--The Knitwear Exporters Association feels it has produced evidence to the effect that assurances on the part of EEC countries that they are treating Greece on terms of equality are a myth. It is maintained that, as far as the knitwear branch of Greek industry is concerned, the French authorities have continued into 1977 the practice of obstructing imports of Greek knitwear by delaying the issue of certain quality certificates necessary for the corresponding import licenses. These affect orders already placed by French importers. By the time the licenses are finally granted, the season is so far advanced that the orders have to be cancelled by the purchasers. An open telegram to this effect has been addressed by the Association to Deputy Minister of Coordination G. Kondogiorgis.

Another headache regarding current dealings with the EEC has come from the imposition of a Drs 0.80 per kilo corrective tariff on imports of oranges into EEC member-states.

These issues are already providing material for debate in the Greek parliament and the first suggestions have been heard (still outside parliament) that it is high time Greece were to invent some similar obstructive procedures at the expense of imports of selected products from offending EEC member-states. It is felt in several quarters that it would be a gift from the gods, under present conditions of an adverse balance of trade, if the competent Greek authorities could be able to pin the blame on EEC member-states for the imposition by the Greek Government of retaliatory restrictive measures. Quarters which had been opposed to Greece's accession to the EEC ever since, its application was first filed in mid-1975, (i.e. the PASOK Socialists and other political parties to the left of PASOK) believe that the longer it can be made to appear that discussions in Brussels will drag on before any material progress towards accession is achieved, the less hesitation there is likely to be about adopting retaliatory measures for incidents such as those presently affecting knitwear and oranges, especially if, in the short term, these measures

can alleviate the pressure exerted upon the country's foreign currency reserves by the adverse trade figures. Meanwhile, the Greek Government has prohibited exports of oranges to EEC countries because stocks of Greek oranges on the Munich market are still quoted below the marginal price and are therefore still being made subject to the corrective tariff. Fortunately, exports to other destinations are doing well (e.g. the countries of the COMECON) and prospects for disposal of the rest of this year's crop are encouraging, pricewise, for the growers. (Editor's comment: In this context it must be borne in mind that there was the coincidence of some 90,000 tons of the crop having been damaged by frost in certain districts, recently.)

CSO: 4820

BOOST IN CONSTRUCTION OF PREFABRICATED BUILDINGS

Athens HELLENEWS-EXPRESS in English 3 Feb 77 pp 6-7

[Text] HELLENEWS--Prefabrication of buildings of every description in Greece appears to have received an abrupt boost in the last 18 months. The industry got off to a very slow start more than 10 years ago because of a good supply of building firms of the conventional ferro-concrete style throughout Greece, a flexible and experienced labor force, home-produced cement, steel reinforcement rods and mesh and home quarried auxiliary materials, all at reasonable prices. This gave pre-fabs only a minimum chance of winning business. Towards the end of 1973, intensification in building activity sent builders wage scales soaring and this was quickly followed by the jump in prices of conventional building materials which accompanied the world increases in oil prices. That gave prefabs their chance and they took it. With rapid inflation rates, the time factor in constructional work became of prime importance because all calculations began to be upset. The labor factor also assumed major importance and on both scores prefabs had the answer. The most recent example, a unique and difficult job, was that of the Mt Parnassus ski-center which at an altitude of 1,900 M was completed in four late autumn and winter months and has gone into operation (volume of building 10,000 M3). It was estimated to cost Drs 15 million and was completed within that estimate, despite intermittent days of blizzard conditions, dense cloud and hard frost. A conventional structure of that size would have taken 2-3 years to complete. Prefabrication has also branched out in Greece to a different sector. Shortage of timber has always made necessary importation of railway ties. From pre-World War II days, concrete ties were made in Greece and used as substitutes with a fair measure of success. They have now been perfected and are supplied, it is understood, in ready-made sets instead of single units with full success to the point where the State Railways (OSE) have placed orders worth Drs 500,000,000. The industry has penetrated export markets and one firm alone is supplying ARABIAN-VIOKAT in Jiddah with 100 prefabricated 4-room bungalows and a hotel, requiring nothing more than assembly on the spot. Prefabricated school buildings have now been accepted by the Breck educational authorities and new schools during 1977 will be coming into operation at a much accelerated rate.

CSO: 4820

GREECE

BRIEFS

GREEK-ALBANIAN TRADE TALKS--Mr N. Hoxha, Albania's Minister of Trade, is expected in Athens at the end of March, as a follow-up to talks initiated in Tirana a few months ago by his Greek opposite number. Meanwhile, plans are in hand for a Greek trade mission to visit Tirana earlier. It will certainly include representatives from the Salonika and Ioannina Chambers of Commerce and Industry, whose areas border on Albania. It is felt desirable that this trade mission should have completed its visit and rendered its report prior to Mr Hoxha's arrival in Athens so that the results of the mission's talks may already be known and serve as a partial guide to negotiations for the drafting of a new protocol to be appended to the existing Greek-Albanian trade agreement. [Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 p 5]

UNEMPLOYMENT DOWN--Employment figures just released strike an encouraging note. The employment index in manufacture for the January-July 1976 7-month period was 5.6 percent above the level for the same period in 1975. This expansion in industrial employment fell short of the increase in industrial output recorded for the same period. This shows that one of two things or, perhaps, a combination of both factors has taken place; (a) better use of the available labor force, (b) retention on the payroll of some surplus labor during the recession period in order not to lose skilled workers when their services would be needed at the first signs of market recovery. Overall figures show that, during the first half year in 1976, 292,700 persons found employment (266,800 in 1975), and 62,500 were laid off (68,100 in 1975). On 30 June 1976, registered unemployed were 16,700 (26,400 in 1975). This fall in unemployment in Greece is also remarkable for the fact that it coincides with a continuation of excess of repatriation over emigration in the country's labor force the figures for the 1976 half year under review having been 14,000 and 7,500 respectively. There is no reason to suppose that the same satisfactory trend did not continue through the second half of 1976. [Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 p 6]

PUBLIC WORKS PROJECTS--The Ministry of Public Works has been allocated credits worth Drs 12,500,000,000 out of the current year's public investments budget. Roads, bridges, and studies for new projects will absorb

Drs 4,000,000,000 (110 projects). In the particular case of the Patras-Pyrgos-Olympia road, part of the cost is being met out of a World Bank loan. A further Drs 400,000,000 will go towards 53 port improvement projects (the more important of which are at Volos, Igoumenitsa, Alexandroupolis, Psara, Kassos, Patras and Kerkyra. Work on 22 projects at various airports will absorb a further Drs 920,000,000 (the more important being Chios, Rhodes, Verkyra, Preveza, Mikra, and Kalamata). Land improvement projects, largely irrigation and flood prevention, will absorb Drs 2,700,000,000. These will affect 70,000 hectares. In addition there is a list of urban sewage projects and plans for extending water supply networks. [Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 pp 6-7]

REFORMS IN CROP PRICES--For a decade or so, Greece has been self-sufficient and often a net exporter of rice. At the same time, the country has been permanently short of maize which has had to be imported in large quantities (500,000-800,000 tons per annum). Accordingly, the Ministry of Agriculture will pay support prices for rice only when it is grown in alkaline or semi-alkaline soils unfit for other cultivations (the prices per kilo are (a) small grain 9, (b) medium grain 9.50, (c) large grain 10, and "blue bell" grade 11.00 Drachmae). There is an emergency stock of 25,000 tons of rice in state warehouses. In contrast, the support price for maize has been raised to Drs 6.20 per kilo. Other forms of subsidizing maize growers are also under consideration. Support prices have also been raised for certain pulses (lentils, chickpeas and beans) because, in recent years, production was seen to be falling off and, whereas the country used to be self-sufficient, it became necessary to begin importing. [Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 p 8]

FINANCING OF SHIPBUILDING--A deputy belonging to the ruling party has taken up the plea made by the shipbuilders association last week for adequate financing of their branch of industry and, at question time in parliament, on the 12th of this month, asked the Minister of Coordination why the said branch of industry had been neglected. The MP in question, Mr G. Dalakouras, pointed out that, since 1970, medium and small shipyards in the Piraeus-Perama area had built a large number of vessels up to 10,000 DWT for Greek and foreign customers, one shipyard alone (the United Perama-Itea Shipyards) having delivered 26 such vessels with 10 more on order. All were in danger of running down their operations for lack of reasonable financing facilities. [Excerpt] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 p 9]

TELEPHONE CONNECTIONS--After the definite award of business to FACE (Italian subsidiary of ITT) for expansion of the automatic international telephone exchange in Athens, it has been decided to invite international tenders for 133,000 new telephone connections for the 1977-1980 program. The business is worth Drs 3,500,000,000. Meanwhile, letters have been exchanged between ETVA (Hellenic Industrial Development Bank) and OTE (Greek Telecommunications Organization) concerning joint representation

on a committee to be appointed for carrying out negotiations with ITT, Siemens, and Philips for the acquisition by ETVA of the facilities owned by all three companies in Greece for the manufacture of telecommunications equipment. [Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 pp 9-10]

MEDITERRANEAN CHAMBER--The "Mediterranean Chamber," founded by Law 504/76, provides for very broad participation. Legal entities or individuals of Greek or foreign nationality are eligible to join. The overall object is to promote commercial relations among all countries on the Mediterranean seaboard and several institutions of mixed nationality are also expected to join as members. [Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 p 10]

INCREASE IN BUILDING--The building trade increased its activity during the January-November 11-month period in 1976 by 6.8 percent, in comparison with the same period in 1975. A breakdown by geographical division shows in thousands of cubic meters:

	<u>1976</u>	<u>1975</u>	<u>Change %</u>
Total for all Greece	58,071	54,362	+ 6.8
Attiki	21,667	19,564	+10.7
Remainder South Central Greece and			
Evvoia	4,092	4,338	- 5.7
Peloponnisos	5,538	4,857	+14.0
Ionian Islands	752	678	+10.9
Ipiros	1,812	1,578	+14.8
Thessalia	4,294	3,465	+23.9
Makedonia	13,772	14,724	- 6.5
Thraki	2,091	1,504	+39.0
Aegean Islands	1,760	1,531	+15.0
Crete	2,293	2,123	+ 8.0

[Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 pp 10-11]

AGRICULTURE ORGANIZATION--The Minister of Agriculture, Mr J. Boutos, has announced the formation of a special section in his Ministry to deal with all matters connected with Greece's anticipated accession to the EEC. Its main task will be to draft the various amendments to laws, rules and regulations which will be needed in Greece to bring agricultural policy into line with what is in force throughout the EEC. [Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 p 11]

GREEK-SOVIET AGREEMENT--Talks have begun in Athens with members of the commercial section of the Soviet Embassy in Athens on the text of the renewal of the Greek-Soviet trade agreement. Mr Novakovski, Commercial Counselor to the Soviet Embassy, is heading the Soviet side. (Mr Novakovski recently succeeded Mr Gurov who had held the appointment for a considerable time). [Text] [Athens HELLENEWS-EXPRESS in English 20 Jan 77 p 11]

EEC FINANCING PROTOCOL FUNDS--Details of the second EEC financing protocol for Greece, now awaiting ratification by the parliaments of member-states, were released by the Ministry of Coordination. Thus: 1. \$180 million will come as a loan from the European Investment Bank (interest subsidized to the extent of 3 percentage units) for the financing of infrastructure projects. 2. \$90 million (without any interest subsidy) will be granted for the manufacturing sector. 3. \$12 million will be granted at special low interest rates, in the form of long-term loans for agricultural infrastructure projects. 4. The remaining \$54 million will take the form of gift aid from the EEC, of which \$36 million will be used to subsidize the interest on loans for infrastructure projects and \$18 million will be free technical aid. The protocol shall be valid until 31 October 1981. Projects can be submitted to the European Investment Bank for study during the interim required for the various parliaments to ratify the protocol, in order to avoid wasting precious time later. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 2]

EUROPEAN PARLIAMENTARY MISSION--Among the results of last week's visit to Athens of the group of Liberal MPs from the European Parliament, led by Mr J. Durieux, was a statement that the EEC had, in principle, set a five-year transitory adjustment period for Greece, after accession. It was also repeated with emphasis that accession was in no manner connected with outstanding political problems in which Greece might be involved with third parties (such as Cyprus, rights in the Aegean, etc). It was clarified that, after accession, a five-year transitory period and flexibility on the part of the European communal mechanisms would aid adjustment of the Greek structure to EEC practice and rules. In short, it was given to be understood that accession was also being regarded as a moral and political gesture expressing fellowship among nations sharing a common civilization. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 3]

BARGAINING ON WAGES--Negotiations between employers and trade unions for renewal of the minimum wage and salary collective agreements were not running too smoothly at the time of going to press. The main cause of trouble lies within the unions themselves because unions belonging to the Piraeus Labor Center have broken away at the negotiating table from the main group which had responded to the moderate course set by GSEE (Greek General Confederation of Labor). This body had begun negotiating from a 22 percent platform versus the employer's original 10 percent offer, later eased to 13 percent. The Piraeus lot want to settle for no less than 30 percent and they represent a powerful voice in the General Confederation. However, as real inflation for the entire year of 1976 (not yet officially announced) is nowhere near the figure demanded by the Piraeus unions, even if it is not as low as the 11.8 percent officially admitted for the January-November 1976 11-month period, practical considerations may bring about a settlement near the 15 percent mark, probably to be granted ("cushioned" one might say) in two stages, with a few months interval between them. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 3]

STUDY ON UNLICENSED BUILDING--Conferences, chaired by the Prime Minister, on the 21st and 22nd of this month, tackled the housing problem and especially the situation which has built up over no less than the last half century by the unplanned spreading of the greater Athens built-up area in almost every direction. This has caused a labyrinth of difficulties and problems in ensuring basic public services (sewage, water and power supply, communications network etc). Decisions were taken to attempt to halt, even at this belated stage, the near-chaos caused by this haphazard constructional overflow and to lay out organized residential areas in districts where circumstances have attracted populations (this refers mainly to the new industrial areas and applies not only to the fringes of the Greater Athens but, also, to Thessaloniki, Patras and Volos). In principle, the idea is to discard the old system of running up workers housing blocks and, instead, to plan complete residential areas suitable to house families in all income brackets, in such proportions as will best serve the manpower needs of particular areas. The first such planned residential areas will be near Lavrion (the Lavrion mining area east of Athens), Leivadia, Thebes, Tanagra (north of Athens), and Xanthi, Komotini, and Serres in Northern Greece. All plans will be coordinated by DEPOS (the Public Enterprise for Townplanning of Housing and Shelter) under the supervision of the Ministry of Public Works. Financing will come jointly from the Workers' Housing Fund, the National Mortgage Bank and private real estate investment agencies. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 4]

LONDON BANK PROCEEDINGS--During a general meeting of shareholders of the Commercial Bank of Greece, convened by the state-appointed temporary board of commissars, the new board of directors was appointed consisting of E. Iliadis, counselor to the Bank of Greece, as president; Mr T. Koutalidis, lawyer, as vice-president; and E. Kipouridis, credit control manager at the Bank of Greece, as managing director. The members are Mr K. Vonardis, honorary director general of the Ministry of Finance, Mr G. Kaloudis, merchant and secretary general to the Piraeus Tradesmens and Artisans Federation, Mr S. Metallinos, lecturer at the Athens University, Mr A. Boundouvis, director of the Athens Labor Exchange, Mr I. Stratakis, shipowner, and Mr G. Khatzigeorgiou, tobacco merchant and Chairman of the Salonica Tobacco Merchants' Association. During the proceedings, lawyer Konstandinos Stamatelatos, acting on behalf of Near East Bank Nominees and Commercial Bank of the Near East Ltd (113, Leadenhall Street, London EC3), deposited a declaration describing the meeting as null and void and stating that there would be resort to legal action to restore the rights of Professor S. Andreadis. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 4]

SEARCH FOR URANIUM--During a conference at ETVA (Hellenic Industrial Development Bank) on the 24th of this month at which representatives of Denison Mines Ltd (the Canadian firm which is handling the Thasos off-shore oil drilling project) were present, it was stated by Minister of Industry Mr K. Konofagos, who chaired the meeting that cooperation with Denison in

the search for uranium in Greece had attained a point where it would become known, in the course of the current year, whether certain deposits already located could be commercially exploitable. On the Canadian side, the conference was attended by Denison's president, Mr Costwick, the vice president, Mr De Bastiani, the Director of Research, Mr Evans, and Mr Rowman, assistant to the president. On the Greek side, apart from the Minister and the governor of ETVA G. Spentzas, there were the deputy governor, Mr S. Dimas, the chairman of the Greek Atomic Energy Committee, Mr A. Deligiannis, the UN expert, Mr A. Schmidt, and others. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 pp 4-5]

OLYMPIC RAILWAYS PROBLEMS--Despite public assurances from official quarters about the smoothness of the operation of Olympic Airways since nationalization, fresh unrest appears to have followed the strike action of flying staff of a few weeks ago. A series of new appointments in senior ground personnel has provoked an instruction from the Board of EXPA (Civil Aviation Pilots Association), calling upon its members to work to schedule until further notice, refusing to carry out any extraordinary flights. This is bound to cause problems during periods of traffic peaks. Meanwhile, Olympic Airways have been compelled to cut some schedules down. The normal two daily flights to London and to Frankfurt have been reduced to one, while, on the 24th of this month, the Montreal flight was cancelled. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 5]

URBAN COMMUNICATIONS BILL--The bill has gone before the Chamber of Deputies whereby a new state agency, "THERAP," would be set up to absorb the existing EKTEL and ASPA, Athens-Pireaus urban bus pools (one privately the other state owned). The same bill sets up a coordinating body for various forms of communications, to be known as the OAS (Urban Communications Organization). It provides appointments for a board of 13 directors and appointments for an advisory council of 11 more members. The number of normal executive and administrative junior staff who will form the OAS establishment under the 24 senior, salaried nominees, mentioned above, has not been stated (which is, perhaps, just as well). The bill is expected to get through the chamber unopposed. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 5]

CITRUS FRUIT SUBSIDIES--Exporters of citrus fruit state the government has defaulted payment to them of the 75 percent portion of the support subsidy, which exporters advance to growers of citrus fruit on the quantities they purchase for export. The exporters point out that their availabilities are not such as to be able to shoulder both the contractual value of the fruit they buy for export as well as the government support subsidy. They have been willing to advance the latter, in order to facilitate transactions but, on the obvious understanding that it will be refunded by the state when they complete each transaction. As a result of failure to receive these refunds, on money paid out for account of the state, the exporters have declared their inability to pay the growers the contractual market value for quantities received. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 pp 5-6]

GREEK FLAG FLEET--The size of the merchant fleet under the Greek flag on 31 December 1976, was officially announced as 3,509 vessels (of 100 GRT or above) totaling 28,573,469 GRT. The comparative figures on 31 December 1975 were 3,216 of 24,820,010 GRT (i.e. +293 vessels of 3,753,459 GRT) representing a 9.1 percent increase in the number of vessels and 15.1 percent in tonnage. Greek owned vessels under foreign flags on 31 December 1976 numbered 1,082 of 18,102,044 GRT. A breakdown of the present total of vessels flying the Greek flag, shows 2,475 dry cargo ships of 17,028,530 GRT (59.6 percent of total), 494 tankers of 10,604,310 GRT (37.1 percent), 327 passenger ships of 857,401 GRT (3 percent), and 213 assorted crafts of 83,128 GRT (0.3 percent) consisting of tugs, trawlers, cable-layers, dredgers, etc). [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 pp 6-7]

SHIP LAUNCHING--United Perama-Itea Shipyards on the 20th of this month launched the multi-purpose "Diakan Spirit" of 9,500 DWT, built for account of Diakan Shipping Co. S.A. (Panama). Brief specifications are: length 126 M, beam 18, draught 10.50. It can carry bulk cargo, containers, heavy machinery and long girders or tubes, and is being fitted with three powerful electrohydraulic cranes. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 7]

FOREIGN CURRENCY FIGURES--Figures for foreign currency contributed by the Greek merchant fleet towards the country's balance of payments during the January-November 11-month period, were given by the Ministry of Merchant Marines as \$810 million. This marks a slight improvement over the \$776.7 million earned during the same period in 1975. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 7]

ARMED FORCES TRUCKS--The government has signed a contract with Steyr-Hellas S.A. covering the supply of 3,500 "Steyr-Marathon" (2 models) trucks for the Greek armed forces. Before signature of the contract, the vehicles were reported to have undergone exhaustive tests before a committee of experts. The contract provides for minimum value added from assembly and partial manufacture in Greece amounting to 35 percent. Within 3 years, one of the Steyr motors will be built in Greece and Greek sub-contractors to be appointed by the Ministry of Defense will be given specifications and technical know-how for local manufacture of a series of parts and accessories. Steyr is financing the deal 100 percent at a stable 6.7 percent interest per annum, all charges included, for 10 years with a 3-year period of grace. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 7]

EGYPTIAN TRADE MISSION--Talks with the Egyptian trade mission presently in Athens have covered much ground and at the moment of going to press had touched upon the matter of possible abolition of the partial bilateral barter trade status which continues to exist. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 8]

GAS PLANT--The first section of the report on town gas, elaborated by the French firm SOFREGAZ, has been handed to the Ministry of Industry and approved. This covers the stage up to 1978 by which the existing Athens Municipal Gas Works will convert to fuel oil from coal as their raw material. The immediate effect will be to restrict to one quarter the area presently occupied by the century-old installations. The second part of the report will cover transfer of the entire plant to a new site beyond the city limits by the year 1984. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 8]

BOTTLING COMPANY SALE--On the 24th of this month, Mr Tom Pappas, sold out his holding in the Hellenic Bottling Co S.A. which ran the Coca-Cola franchise for Greece. The purchaser was Refreshment Sale Inc a subsidiary of Coca-Cola itself. A new board of directors for Hellenic Bottling S.A. was appointed by the new holding company. The new managing director is Mr N. Baladis, a permanent resident of Athens. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 8]

FRENCH LOAN USE--Private interests have shown only very modest willingness to avail themselves of the Fr-Francs 25,000,000 portion of the 125,000,000 French loan to Greece, which could be used for ordering goods from France. As a result, public utility and other semistate enterprises are now made eligible to draw supplies under section of the French inter-state loan. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 8]

LIGHT ARMS PRODUCTION--Mr S. Sofianopoulos, managing director of Khropei S.A., left this week for Belgium and W. Germany to consult manufacturers in those countries on methods for production of light arms. Khropei have already manufactured models of a 7.62 caliber automatic rifle, and .45 m/m sub-machine guns. Khropei, with such machinery as is already available, can turn out 320 firearm barrels per 8-hour shift. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 8]

USSR TROLLEYS--Delivery of the first of 124 electric trolley buses from the USSR will be put back 2 months. The pretext given is that the manufacturers are effecting certain changes to the internal lay-out of the vehicles. According to contract, 60 of the vehicles should be delivered within 1977. The first 10 will now arrive in May. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 8]

ARAB PROJECT SUPPORT--The National Bank of Greece has announced its intention to step up the degree of support it has been extending to Greek engineer consultant and contracting firms busy on projects in Arab countries. Already, this bank alone has financed 20 Greek firms and has supplied them with letters of guarantee for projects worth over \$1,000 million, presently under construction. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 pp 8-9]

OIL CONTRACT RATIFICATION--Parliament passed a bill last week, without debate, whereby the contract dated 27 September 1976 with Denison Ltd, Hellenic Oil Co and Wintersahl Corporation concerning the Thasos oil was ratified. [Text] [Athens HELLENEWS-EXPRESS in English 27 Jan 77 p 9]

TALKS WITH EEC--The reformed Greek delegation to the talks with the EEC in Brussels has been there this week. The talks were on the level of deputy-minister and the Greek mission was headed by Mr Vyron Theodoropoulos, who is the new chairman of the Central Negotiating Committee (having succeeded Mr N. Kyriazidis) and also secretary general to the Ministry of Foreign Affairs. He had with him on the same mission Mr St. Dimas, regarded as an experienced negotiator on international issues (formerly a senior collaborator with the World Bank). The remaining members of the Committee, Professor Al. Khloros and Mr A. Andreopoulos, were also on the mission. Prior to its departure, it was briefed by Minister of Coordination Mr P. Papaligouras, with special emphasis on the question of harmonization of agricultural policy. Other matters for discussion were regional development policy and Greece's contribution to the Communal Budget. The mission returned as this issue was going to press. [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 2]

COLLECTIVE LABOR AGREEMENT--Details of the new collective labor agreement were given on the morrow of its announcement last week. Accordingly: minimum daily, male, unskilled laborer's wage becomes Drs 281.60 and for females Drs 264.70 with effect from 15 February 1977. On the 1st of July 1977 these rates become Drs 294.40 and 285.10 respectively. Office workers and shop assistants (three wage groups) on 15 February 1977 shall earn minimum salaries of Drs 4,182, 5,019, and 5,855 which on 1 July 1977 will become respectively by age group Drs 4,372, 5,247, and 6,121. Supplementary concessions granted for the first time will henceforward allow (a) unskilled workers a 5 percent extra for every 3 years of service with any employer, (b) old-age pension at full rate to be payable to anyone with 35 years service or 10,500 wages earned (provided in each case, insurance contributions have been paid). Juniors are to enjoy 18 days annual leave, instead of twelve. One way or another, the agreement should prove to have bought a year's respite from labor unrest at a cost which cannot be considered too high. [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 4]

OIL DRILLING--Completion by Wintersahl of the fifth off-shore borehole at Prinos (off Thassos island) is reported to have done no more than to afford further confirmation of the reduced daily potential of 25,000 barrels. A sixth and final borehole at another point on the estimated perimeter of this oil deposit is to be undertaken and, if its results confirm what already seems to be known, arrangements will go ahead to start exploitation. Meanwhile, ashore in the area of the Nestos river estuary, Rompetrol are drilling to a depth which has already exceeded 3,100 M and have encountered some broken, porous formations with indications of the

presence of oil. A second borehole is to follow in the same area. An off-shore borehole is to be drilled by DEI (Public Petroleum Corporation) (naturally through a contractor) in the Gulf of Patras where seismic tests are presently being carried out. Another is to be drilled in the Thermaikos Gulf (Gulf of Salonica) but this will be by international tender. [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 4]

URBAN BUS COMMUNICATIONS--After the major and still unsettled dispute as to whence replacement buses are to be acquired, there is more scattered and disjointed talk about what is to happen with the new state-owned company which is to take over urban communications in the greater Athens area. Consideration is now being given to placing articulated buses with a 170-passenger capacity on certain runs where road conditions would permit the use of such vehicles. Possibilities are also being examined for using a number of "mini-buses" during off-peak hours when the standard size 12-meter long buses run three-quarters empty but occupy the same amount of road space and consume unnecessary quantities of fuel. There is at the same time a suggestion that certain municipal authorities which can afford it, should be allowed to operate their own local bus shuttle services from various outlying points of their borough limits to the main underground railway or urban bus station in their districts. (Editor's Comment: All three suggestions reported above have in them a sound dose of common sense. The first two should have been thought of years ago. The last had been proposed on several previous occasions by various municipal authorities but objections from local taxi drivers had prevailed each time and nothing ever happened.) [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 6]

GERMAN "KNOW-HOW" ASSISTANCE--As has been previously reported, the Tobacco Growers Cooperatives in the Xanthi area have been busy during the last few months setting up their own cigarette factory. To this end, they have entered into an agreement with West Germany's "Brigmann A.G." for technical assistance covering all phases from the purchase of the machinery to the final packing and dispatch systems. It is understood there may even be future cooperation between them for the manufacture of cigarettes for distribution within EEC member-states, after Greece's accession. [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 6]

SUGARBEET SEED--As previously reported, briefly, sugarbeet seed is to be produced in Greece. Until now, it has been imported at an annual cost of anything up to Drs 120,000,000. A factory, adjoining the Platy sugar refinery, is to be built at once, at a cost of Drs 80,000,000 by a Greek constructional firm. Machinery has already been bought by international tender, at a cost of Drs 60,000,000. A special area, over and above the acreage presently used for sugarbeet, will be allocated for the exclusive cultivation of sugarbeet for seed. Experimental cultivation has already given good results. Output should be sufficient from next year onwards to feed the special processing plant and to supply the needs of all sugarbeet growers in Greece. There are even prospects of being able to export modest quantities of seed. [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 8]

QUESTION ON SHIP MORTGAGES--Mr G. Delakouras is a deputy who has on several occasions taken up vital issues connected with maritime activity. His latest move has been to question the Minister of Merchant Marine on what steps it is proposed to take to protect the Greek shipbuilding industry from a new threat which had emerged recently. According to a Decree dating back to 1964 (No 4419) a mortgage taken out in Greece on a ship is free of fees for third parties and of revenue stamp. A ship, in the course of its construction, is also considered as a ship and can be registered and then have a mortgage taken out upon it. This applies even if building has not actually begun but the contracts have been signed. Combined fees for third parties plus revenue stamp amount to 4.5 percent. The Judiciary's Pension Fund has raised claims to its fees on the basis of a clause in a Decree of 1968 (No 181) which specifies that exemption applies only to mortgages providing security on loans received from banks in Greece covered by state or ETVA (Hellenic Industrial Development Bank) collateral. It is pointed out that, even if this claim is technically valid, to uphold it would set a precedent which could deal Greek shipyards a crushing blow. [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 9]

COST OF LIVING 1976--National Statistical Service figures, released the day after the new collective labor agreement was signed, gave the final cost of living increase for the whole of 1976 as 11.7 percent. The increase admitted by the same Service for 1975 had been 15.7 percent. Another statistical release from the same source shows exports of industrial and artisan manufactures during the first half of 1976 as 3,192,592 tons worth Drs 26,894,966,785. No comparative figures for the same half-year in 1975 were given. [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 pp 9-10]

KUWAIT ACCORD--An accord for economic and technical cooperation between Greece and Kuwait was signed in Kuwait on the 31st of January 1977. A "working symposium" will take place in Athens in May next between the Greek and Bulgarian chambers of commerce and industry. Commercial exchanges between the two countries have developed well, and latest figures available suggest that, during 1976, they exceeded \$90 million in value. [Text] [Athens HELLENEWS-EXPRESS in English 3 Feb 77 p 10]

EDA DELEGATION NOT ADMITTED--The Czechoslovak Embassy in Athens Wednesday refused to receive a delegation of the United Democratic Left (EDA) who arrived at the embassy to hand over a note expressing the party's concern for the prosecution of ideas in Czechoslovakia. The delegation was told that it was "one-sidedly informed on the situation" and was handed a leaflet. The delegation replied that if this was the case, they should be accepted inside to be informed of the embassy's views on the issue. Their request was turned down, upon which the delegation refused to accept the Czechoslovak leaflet. [Excerpt] [Athens ATHENS NEWS in English 11 Feb 77 p 3 AT]

ITALY

PCI WILL NOT 'BREAK AWAY' FROM SOCIALIST BLOC

[Editorial Report LD] Rome L'ESPRESSO in Italian 13 February carries on pages 28-33 a feature on the PCI and Eurocommunism. In a 1,000-word open letter, Lucio Colletti and Massimo Salvadori, introduced as "Marxist philosophers," call on the PCI to further develop its stance on the USSR, on the retention of a market economy and on the relationship between socialism and democracy. This is followed by a 2,000-word letter of reply from Italian Socialist Party Secretary Bettino Craxi, who also notes that the PCI's analysis of Soviet society fails to explain "the existence of a new class which imposes itself on the working classes and which it has established itself autocratically, without any monitoring or participation from the grass roots," or to acknowledge that "it was precisely the elimination of the market which formed the structural mold of a totalitarian-type hegemony." He says the PCI must carry out "a radical revision of its entire doctrinal system," and that the fact that it still regards itself as "an integral part of the world communist system," the Soviet Union and other Eastern Bloc countries as "socialist societies" and "democratic centralism" as still valid is an indication that "the process of the revision of Marxist-Leninist orthodoxy is finding it difficult to make further progress." The feature ends with a 1,500-word reply from PCI Secretariat member Gerardo Chiaromonte. Among other things, he says: "So-called 'Eurocommunism' is certainly not aiming to create a new leadership center for the communist movement, or to indicate a new model which is valid for everyone. It means that there are here, in this part of the world, for the communist and leftwing forces, certain common points for a search (albeit different from country to country) for the conditions and means which will make a democratic and socialist advance possible...." He points out that "we have frequently expressed our criticisms and reservations--even fundamental ones" with regard to the USSR and that "it is our opinion that in the USSR there is a society whose foundations and whose relations of production are socialist." He says that the PCI refuses to break away from the Socialist Bloc "because we cannot be asked to break away from our history...or not to acknowledge the universal value of the major revolutions of this century (principally those of Russia and China) which started the greatest movement of liberation of vast human masses which history has ever seen. Secondly, because of the USSR's

influence in the struggle to advance the whole of mankind today (as has been seen in Vietnam and Angola) after having already been a decisive element in the defeat of Naziism. Thirdly, because the policy of peaceful co-existence (which the USSR pursues) is necessary to save the peace of the world and is also one of the fundamental conditions for advancing, in Western Europe, toward the new kind of socialism which we want to build."

CSO: 3104

NETHERLANDS

LUDWINA JANSSEN TESTIFIES ON 'RODE HULP' ACTIVITIES

International Terrorist Connections Described

Rotterdam NRC HANDELSBLAD in Dutch 17 Jan 77 pp 1,2

[Report by S.M. Bouman: "Statements on Rode Hulp Accepted as Evidence"]

[Text] Tel Aviv, 17 Jan--According to statements made by Ludwina Janssen to the police, a number of members of the Rode Hulp [Red Help] and of the Dutch Palestine Committee formed an illegal organization in the summer of 1975 which adhered to the Baader-Meinhof group. The court before which Ludwina is on trial, has accepted this statement as evidence.

In two previous sessions the defense had contended that the 23-year-old Breda girl had made this statement under pressure and false pretexts. The court did not agree with this plea.

Various cells of this illegal group of the Red Help allegedly plotted attacks in the Netherlands. They wanted to pursue an urban guerrilla war in order to attain the Marxist-Leninist revolution. Their targets included the Philips- and Hoechst factories, the NATO base near Budel, the Israeli consulate in Amsterdam, and town halls.

About a year ago the various cells of the illegal groups of the Red Help allegedly started their activity. They had ties with the PFLP [Popular Front for the Liberation of Palestine], South Moluccans, Irish revolutionaries and the Baader-Meinhof group.

Practice

In the summer of 1976, 15 members of these illegal cells, among whom were 14 Netherlanders (including the South Moluccan Eli) and an Irishman, Finton Vallery, went to a camp of the PFLP for 3 weeks to practice with arms and explosives.

According to statements of Ludwina to the Israeli police, Roel Koopmans and Lucien van Hoesel were, in various stages, the most important leaders of the illegal group.

In the fall of 1975 contacts came into being between the activist wing of the Palestine Committee and the Red Help. Ciska and Adrie Eeken were then said to be part of a group of 20 members of the Palestine Committee which had visited the Tal Zataar camp in Lebanon. This group identified with the ideology of the PFLP and looked for contacts with the Red Help, against the prevailing tendency. A number of members of the committee--still according to Ludwina Janssen's statement--went over to the Red Help.

Investigation in the Netherlands Continues

Rotterdam NRC HANDELSBLAD in Dutch 27 Jan 77 p 3

[Report by S.M. Bouman: "Breda Girl Claims To Have Had Assignment for Attacks"]

[Text] Statements Not New for Court of Justice

The Hague, 17 Jan--For the officers of justice who are occupied with the case of Ludwina Janssen, the Breda woman who is on trial in Israel, her statements, which were dealt with before the court in Tel Aviv, do not contain anything new.

The investigation in the Netherlands is still continuing based on its own official report--Dutch detectives having interrogated the suspect in Israel--and on Israeli reports. As yet it has not yielded any punishable actions which allow prosecution of Ludwina or her friends in the Netherlands.

Tel Aviv, 17 Jan--Ludwina Janssen--arrested in Israel in September because she allegedly prepared a terrorist attack on the Ben-Gurion airport--has stated, according to the police, that in January 1976 she had been ordered to attack factories in Breda and buildings of Philips and Hoechst.

In order to demonstrate that after the death of Ulrike Meinhof the spirit of the revolution had not broken, a cell of the Red Help, lead by Lucien van Hoesel, took the offensive.

Originally the plan was to place a bomb at Hoechst, but that attack was not carried through. Later an attack was plotted on the [NATO] base near Budel. The intention was to shell the vehicle pool with molotov cocktails. Lucien van Hoesel, Evert van den Berg (called also "the leader" by Ludwina), Ludwina and her friend Marius Nieuwburg were to have carried out this action. At the last moment this attack was countermanded.

In the summer of 1976, Ludwina told the police, it was decided to go practice the use of arms and explosives in a camp of the PFLP in Aden, in order to carry out the revolution with arms, if need be.

In the camp all members of the group were wounded by explosives--two of them rather seriously. They were nursed in a Chinese hospital near Aden. Ludwina had a relationship there with Haddad, the second man in the hierarchy of the PFLP. Later Ludwina recognized in newspaper photos a number of terrorists from the camp who had carried out an attack on an El Al airplane in Istanbul.

Consulate

After the group--divided into cells--had returned to the Netherlands via various routes, Lucien van Hoesel decided to take the offensive. A raid on the Israeli consulate in the Johannes Vermeerstreet in Amsterdam was plotted. The files were to be taken. In them, according to Lucien, one should be able to find the names of Israeli security agents.

In September Roel Koopmans asked Ludwina and Marius to carry out a mission for the PFLP. The request did not come as a surprise to Ludwina. She was expecting it and was willing to take on the assignment. In a statement to the Israeli police she said she knew that the PFLP seeks the destruction of the state of Israel.

The assignment consisted of gathering information on the air route Paris-Tel Aviv-Bombay, information needed by the PFLP in order to hijack an Air France airplane on this route.

The two agreed. On 24 September they boarded the French airplane in Paris with tickets paid by the Palestinian organization. In Tel Aviv Ludwina got off. Marius remained in transit because he had Arab stamps in his passport.

Ludwina, however, had received a new passport, but she had forgotten that her certificate of vaccination had been stamped in Egypt. It is not clear whether this made the Israeli intelligence service suspicious, because such matters are dealt with behind closed doors during the trial.

Apathetic

Ludwina had been ordered to thoroughly study security measures at the airport near Tel Aviv and possibly to make photographs and then to join Marius in Bombay by airplane.

Because it was the eve of the Jewish New Year, she, as well as all the tourists, was offered flowers by a young man when she got off. A little later she was arrested, and now she is on trial under the accusation of having endangered the security of the state of Israel among other things.

Ludwina once again gave an apathetic impression yesterday. It seemed as if all the actions in the courtroom completely eluded her.

8700

CSO: 3105

DEN UYL INTERVIEWED ON ALMELO, NUCLEAR ENERGY PROBLEMS

Amsterdam ELSEVIERS MAGAZINE in Dutch 18 Dec 76 pp 12-16

[Interview with Prime Minister Joop den Uyl, by Cees Labeur; date and place not specified]

[Text] On the eve of the government's decision on whether to expand the Almelo nuclear fission plant, Prime Minister Joop den Uyl made the following statements during an interview with Elsevier editor Cees Labeur. At the time, the prime minister gave the impression of being tense. It is, of course, no small thing to lead an administration with harbor in sight, but which could run aground any minute. If the nuclear energy obstacle can be surmounted, the sharp contours of other vicious-looking problems, such as profit sharing and land policy, will immediately loom on the horizon.

Of course, during the last few years Joop den Uyl has shown himself to be extremely capable at mastering crises. Do not ask how, but time after time he has managed to prevent what looked like inescapable shipwreck. Up to now, no sea has been too rough for him, whether it was the defense memorandum, abortion, Dennendal, the Eastern Scheldt, works councils or South Africa.

[Question] This week, the government is going to make a decision on the expansion of the Almelo nuclear fission plant. The PPR [Political Party of Radicals] is opposed to it and considers the matter worth a crisis. Do you think you will survive or is the government going to fall?

Den Uyl: I expect that we will be able to find a solution within the government to this complicated question. I admit that there are certain risks involved, but they should not be exaggerated. There are at least 10 other topics like this one in my opinion.

[Question] What is your position in such a discussion on nuclear energy and Almelo?

Den Uyl: First of all, I think that the decision involving Almelo should not anticipate the possible construction of three new nuclear installations; it will be up to a future administration to cut that knot. As far as the nuclear fission plant in Almelo is concerned, I would say this: I am one of those within the government who have doubts as to the commercial aspects of the matter. This is why I have asked for additional information from experts. My point of view is further determined by the fact that, internationally speaking, the Netherlands has little say in matters concerning the regulation of future nuclear energy developments. However, the fact that we have developed a good process to enrich uranium here has given us an opportunity to exert international influence through cooperation with Germany and England. You have to be very much aware of what you are doing if you want to give up this little bit of influence.

[Question] As far as you are concerned, then, the plant in Almelo should not be blocked because Brazil would be one of the purchasers of enriched uranium, even though that country has not signed the international nuclear non-proliferation treaty?

Den Uyl: I have not yet reached the point where I would say that because of the Brazilian question, the expansion of Almelo in itself should not be continued.

Profit Sharing and Land Policy

[Question] The government is not only threatened by the nuclear energy question. The handling of such politically sensitive bills as those relating to land policy and profit sharing could lead to a crisis. How do you assess the danger?

Den Uyl: As far as the subjects you mentioned are concerned, I am aware of the risks involved, but I do not think that they are all that great. I cannot imagine in what way the fall of this administration could benefit any of the groups which are backing it, neither the progressives nor the Christian democrats. Whoever causes the government to fall will be punished. The voters will not be thankful for it. Notwithstanding all the criticism levelled at the government, the people realize that a lot has been achieved, that we have shown ability not only in handling crises. As far as inflation and unemployment are concerned, we, together with West Germany, belong to the European countries with the highest prospect of surmounting their economic problems, partly thanks to our stimulation.

[Question] You are not too gloomy then about the government's chances of survival?

Den Uyl: There will certainly not be a crisis for the PvdA [Labor Party].

[Question] But what about the CDA [Christian Democratic Appeal], which has already announced that it is not satisfied with the currently proposed bills on profit sharing and land policy ...

Den Uyl: Whoever does provoke a crisis should know what he is doing.

[Question] Following in the wake of the trade union movement, a large part of your party is warning that the christian democrats in the House should not try to make important changes in those bills. If this were to happen anyway, then your policy would be considered bankrupt by many progressives. All this under the motto: if we cannot manage to gain these points, then there is nothing left of the government's social reform goals. Is this also your point of view?

Den Uyl: I agree with the idea that the bills on profit sharing and land policy should not be weakened. If this were to happen anyway, then a crisis would be unavoidable. But I think it is nonsense to use only those problems as a touchstone for our policy. I am opposed to that, in my own circle as well. Aside from those two questions, we have managed to achieve social reformation in many areas: income policy, education, the introduction of the AAW [expansion unknown], development cooperation, you name it.

[Question] Still, real leftists are disappointed about the working of this administration. Arie Groenevelt stated that it never should have been. PvdA parliamentary party member Stan Poppe calls this administration "an historical mistake" and he is not the only one.

Den Uyl: The PvdA parliamentary party as a whole is the criterion. It has, more than any other government party, assumed responsibility for the government's policy and defended it with extraordinary loyalty. On this point, I totally disagree with people such as Poppe and Groenevelt who think that no progressive policy is possible with confessional parties. It can and it will. It so happens that in this country the matter does not rest with you alone. Even if this administration were to disappear tomorrow, it would have changed a number of things in our society. We have given more meaning to the equality of people. Following the big conflict during the second half of the sixties, between the inefficiency of our parliamentary democracy and the advent of thousands of action groups -- dissent, deep distrust --, the administration has, in fact, dug the new canals which have widened the base of our parliamentary democracy.

[Question] How about the strong criticism from your own party ...

Den Uyl: That saddens me, but I would like to add that all the opinion polls show that 90 percent of the rank and file of the PvdA stand behind our policy. And there is no doubt at all that criticism of this administration emanates only for a small part from the left.

[Question] Do you think that the left wing of the PvdA is that small?

Den Uyl: That is another matter. But those within the PvdA who, during the last few years, have advocated a break with this administration have been a minority.

Resolution

[Question] This will have to come out at the January congress of the PvdA during debate on the draft resolution, which mentions, among other things, that after the elections the PvdA and the PPR will have to emerge as the largest coalition, that key administration positions will have to be filled by progressive ministers, and that you will have to be prime minister of this administration in which the number of progressive ministers will have to be a majority.

Den Uyl: The resolution has nothing to do with the dissatisfaction with the working of this administration.

[Question] That is a surprising explanation. Should the resolution not be explained primarily in terms of a translation of feelings about the way this administration has functioned and about how a future Den Uyl administration would have to function?

Den Uyl: I deny that. The purpose of the resolution is precisely to make governing with the CDA possible. The remarkable aspect about reactions to the resolution is that they have run straight through the left and the right within the PvdA. Clearly moderate people have also applauded it. I have to admit that on balance, the resolution in its original form has found more support among radicals, but not unanimously. Take a look at someone like Van Thijn. You may be able to say a lot about him, but not that he is a spokesman for a specific wing of the PvdA. Still, more than anybody else he has advocated the original version. I understand that very well. Van Thijn is a political scientist. During his whole career he has pleaded for leaving the decision on the formation of a government up to the voters. His voice counts and he was fully behind the report. The voters decide what kind of administration there will be. That idea is right. My objections to the resolution are in terms of the accumulation of conditions; it has become a somewhat clouded matter which needs to be brought back to reasonable proportions.

[Question] And this is why you have proposed to change the draft resolution. You think it will be enough if the election results allow for the formation of a second Den Uyl administration based on an eight to eight seat distribution. In other words: is it your opinion that the progressives do not necessarily have to win, as long as you remain close to the CDA?

Den Uyl: The point is that the voters can know beforehand what their vote means. Brinkhorst from the D'66 [Democrats 66] made a striking comment

recently: what will be decisive is whether we will, once again, give the CDA the opportunity to become the arbitrator in Dutch politics. Are we going to return to the situation which existed between 1919 and the beginning of this administration, where the christian democrats decide, after the elections, who they are going to form a government with? I think everything possible should be done to keep the CDA from sliding back into what I would call a colorless party which could go in any direction. And even if people like Aantjes and Goudzwaard and also some members of the KVP [Catholic People's Party] are opposed to this, the danger is not imaginary. This is why the basic idea behind the draft resolution is also mine. Besides, the confessional parties' policy outline, on which this administration is based, emphasized that the influence of the voters should be strengthened. The voters need to know what is going to happen after the elections. This cannot be left in the hands of, let us say, the CDA leaders who, the day after the elections, might say: what would be the best way to play off the VVD [People's Party for Freedom and Democracy] against the PvdA; if Den Uyl is being difficult, we will go talk to Wiegels and if he is being too saucy we will go back and talk to Den Uyl again. This cannot be allowed to happen.

[Question] Boersma has said that he gets nightmares at the idea of a CDA-VVD coalition. How do you feel about that?

Den Uyl: Not only nightmares. The idea makes me unbelievably sad. Such a coalition would mean that all kinds of changes which have taken place in society, the value of which is insufficiently realized (even by the left), would dry out and shrivel up ...

Duisenberg and Van der Stoep

[Question] Let us go back for a moment to criticism of your administration from within your party. The left wing considers such cabinet members as Minister Van der Stoep and Minister Duisenberg as "rightist rascals" who have acquired relatively little understanding of real socialism. How do you feel about such criticism of key members of your administration?

Den Uyl: All public opinion polls have proven that both Duisenberg and Van der Stoep are people who enjoy the confidence of the PvdA supporters. Of course, there have been collisions -- such as Duisenberg's electoral program -- but the criticism originates from limited groups. One should not fix one's mind on criticism which erupts now and again from within the PvdA. The differences between people such as Pronk and Duisenberg are not as important as they are portrayed. Basically, their approach to major problems is identical. Of course, a large party such as the PvdA has both radicals and moderates, but there are no partitions between them.

Function as Bridge

[Question] Two years ago we were sitting here too. The question at hand at that time was whether your administration would be able to function as

a bridge for lasting cooperation between christian democrats and progressives. At that time you said that that was something which could only be ascertained at the end of the journey. Well, the end of the journey is in sight. What do you think about it now?

Den Uyl: It is, at the moment, too premature to make a final statement as to whether or not this administration has been able to fulfil that bridge function. In terms of cooperation within the government, that function has definitely been achieved. A final judgement as to whether this has also become a reality between parties and in the House will be possible only after judgeing the results of a number of debates on important subjects, such as land policy, profit sharing, works councils, and investment account. I must admit that the CDA -- i.e. the coalition of two government parties and one opposition party -- has put a mortgage on this bridge function. The KVP and the ARP [Antirevolutionary Party] knew that a coalition with the CHU [Christian Historical Union] could cause problems with the progressives. Their joining with the CHU strengthened the fear that they could go either way, the very picture of a non-voting centre party. Somebody like Aantjes would fight against that sort of party, but there is a chance that the CDA will not make a clear choice. Historically speaking and in view of the attempts which have been made during the last 25 years to put the christian parties in a progressive mould, this would be tragic, a falling back into old relationships. This development is of real importance for the political situation. If, right now, you look beyond the daily nitpicking, it will be clear that the real question in this country is whether or not the christian democrats are willing to make a choice in favor of cooperation with the progressives, a choice which would be parallel to the movement in the churches. The same holds true for countries such as Germany, Belgium, Italy, Austria and later maybe Spain too. I really think it would be horrible if the CDA were to perch itself in the colorless middle.

[Question] Did the creation of the CDA -- considering the serious difficulties which exist among the christian parties -- surprise you?

Den Uyl: Not surprise. From the time that Schmelzer, Mellema and Biesheuvel started talking about coalition, I realized that this attempt to hold the political centre should be taken seriously. I have also always expected that the CDA would become a reality, although I must admit that I hoped that a separation of the minds would occur at the same time, which could have led to a majority of progressives in this country. That did not happen, or at least not sufficiently so. I had hoped that the CDA in its present form would not come about, but I did keep the possibility constantly in mind. I want to try on my part, through cooperation, to pull the CDA in a progressive direction.

Second Den Uyl government

[Question] The Nipo public opinion polls of the "Rooie Haan" radio program are not very encouraging for you. If public opinion continues in this

direction, you might as well forget about a second Den Uyl government. According to the latest results you would lose five seats. As a whole, the progressives would lose 13 seats compared to the 1972 House elections.

Den Uyl: I do not give too much weight to those polls. Nor do I consider them worthless. The information they provide should be taken seriously. And if the tenor of those public opinion polls were to reflect the election results, then there would, alas, not be a second Den Uyl government. That is true.

[Question] In the Netherlands the same picture is emerging as in countries such as Sweden, Germany, Finland and Japan: losses for the socialists, gains for the right and the centre. For you, being a zealous socialist, this must not only be writing on the wall but also a deep disappointment.

Den Uyl: This matter is not going to leave me cold. It definitely has an emotional impact. I will not and I cannot ignore it, but I do believe that the progressives in our country can point to numerous things the people are thankful for. I do not believe that the PvdA is going to lose the elections. People are well aware that Den Uyl and his gang have born the heat of the day. I have no reason yet to believe that the spark will not spread to the voters. This society needs a progressive government. Of course, I am also aware of the growth of the VVD and of the successful start made by the CDA, which happens to have a glow of newness about it. But I have great confidence in the sobriety and sense of reality of the people. They know very well what is going to be at stake next year and as far as I am concerned, I will also try to make that clear. I do not see myself in the opposition.

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CSO: 3105

NETHERLANDS

BRIEFS

LUDWINA JANSSEN TO BREAK WITH "RODE HULP"--Tel Aviv, 27 Jan--The Netherlands
Ludwina Janssen yesterday stated before the court in Tel Aviv that she wants to break her ties with the "Rode Hulp" [Red Help]. "I want nothing further to do with them," she said, crying. She also said she no longer wanted anything to do with her friend Marius Nieuwburg, with whom she had carried out a scouting mission on the air route Paris-Tel Aviv-Bombay. The testimony of Ludwina Janssen, who is standing trial in Israel on suspicion of having endangered the security of the state of Israel, did not produce any new elements on the activities of the Red Help in the Netherlands. The Breda girl, who gave a nervous and confused impression yesterday, was submitted to an intense examination by the public prosecutor. Ludwina did not bear the examination very well for she said among other things that she did not know that the Popular Front for the Liberation of Palestine is engaged in a war of terror against Israel, while she did admit she had received military training in a camp of this Palestinian organization in Aden. On Monday 31 January next, the trial will be continued.
[Text] [Rotterdam NRC HANDELSBLAD in Dutch 27 Jan 77 p 3] 8700

CSO: 3105

NORWAY

NKP'S KLEVEN DISCUSSES DNA LEADER'S VIEWS OF EUROCOMMUNISM

Oslo AFTENPOSTEN in Norwegian 17 Jan 77 p 2

[Article by Hans I. Kleven, political vice-chairman of the Communist Party of Norway: "Steen and Eurocommunism"]

[Text] Reiulf Steen has recently been rather busy making statements to the domestic and foreign press about conditions in the Western communist movement, most recently in AFTENPOSTEN of Wednesday of last week: "Against Dogmatic Communist Views."

1) Steen declares that the Communist Party of Italy (PCI) has "gone through a complete ideological capitulation and given up the main pillars of Marxism." In other words, the PCI has abandoned its theoretical basis and thus ceased to be a proper Communist Party. Steen is not reticent. He argues that the PCI advocates a "pluralistic society" (a multiparty system, among other things) and free elections and a free press. But similar points are found in the NKP's [Communist Party of Norway] program. And these are neither tactical ploys nor ideological capitulations but serious elements in a strategy for socialism intended to expand democracy and break the power of monopoly capitalism. And one of the main instruments to realization of such a political main line is nationalization, under democratic control, of key industries and the big banks. Just this is a main pillar of the PCI's policy for structural reforms and transition to socialism. That the party "does not advocate nationalization of industry" is a completely nonsensical assertion.

2) According to Steen, "In his political testament Togliatti warned against the consequences of Leninism" Such assertions do not mislead the informed reader. The Italian communist leader Togliatti never issued such a warning. He regarded himself as a Leninist until the time of his death. And in the history of the communist movement he stands out as one of the foremost representatives of creative (not dogmatic) application and further development of Marx' and Lenin's thoughts on relations with a developed industrial capitalism.

3) Steen further asserts: "The communist world movement has been broken up. Nor does a unified communism exist." If Steen is thinking of a worldwide,

centrally led organization he is right, of course; for the Comintern was dissolved--with unanimous agreement of all Communist Parties--as early as in 1943, almost 35 years ago. The world communist movement is not led from any center, from one or more, from Moscow or Rome. Each Communist Party is independent and has its own identity and profile. Each party works out its own policy on the basis of conditions in its country.

The question of whether the European communist movement is unified depends upon what is meant by "unified." If Steen means a monolithic unity, i.e., unity and homogenousness, he is right, of course. But such "unity" has never existed. Life itself prohibits it.

However, certain basic elements tie together the independent and different Communist Parties: They are all based upon the theory founded and developed by Marx, Engels, and Lenin; they are all first and foremost parties of the working class; their goal is the classless communist society; and they see the work to secure peace--through military relaxation of tension and disarmament--as their foremost task today.

With the exception of Albania and China, the Communist Parties everywhere maintain regular contact with one another. Recently, for example, the NKP was visited by a delegation from the Communist Party of France. As is known, this delegation also had conferences with Steen and Leveraas. In the course of this winter the NKP will also be visited by a delegation from the PCI. This is an expression of unity and cooperation among brother parties. Where is the breach, Reiulf Steen?

4) When Steen classifies the Communist Party of Norway as among "the most dogmatic" he probably does so in deference to his own public and with the coming election in mind. (The SV [Socialist Leftwing Party] and the NKP are to be eradicated from Norwegian politics and the DNA is to have the field to itself.) It is also characteristic of Steen to mix concepts. To him, firmness of principle and dogmatism are apparently synonymous. But what lack of firmness of principle, i. e. faith in ideals, ideology and international worker solidarity lead to in politics, the history of the working class itself has enough of sad examples.

Dogmatism means sticking to points of view and tenets life itself has abandoned. And let it be that this has been the case from time to time and still is in our movement, but this is overshadowed by the fact that the entire communist movement in Western Europe in recent years has undergone a rapid development in the political and theoretical field.

None of these parties holds that tailor-made models of socialism exist. They do not "leaf through Lenin" as a kind of cookbook or book of prayers. But has it now become dogmatic to fight for the day-to-day interests of the working class or its demands? Is it dogmatic to wrest away from monopoly capitalism its power position in Norwegian society? Is it dogmatic to advocate

in action--not only in words--expansion of democracy? Is it dogmatic to set socialism as the goal for the working class movement?

It looks as if Steen hopes for, and perhaps believes in, a kind of split in the communist movement in Western Europe and that the PCI and some other Communist Parties will come closer to the social democrats in basic views, ideology, programs, and tactics. I believe, however, that these hopes of Steen's will be disappointed. For there are clear lines of demarkation in principles and ideology between the two main lines of direction--the communist and the social democratic--in the international working class movement. These lines of demarkation, however, must not prevent communists and social democrats from cooperating on both small matters and more wide-ranging tasks. Here I shall refer to the Joint Declaration, which is not at all "fatuous" (Steen). It states among other things:

"The Conference participants hail the progress made in a number of countries and on the international level in the development of cooperation between Communist and Socialist or Social Democratic Parties. They are of the opinion that the basic interests of the working class demand that the obstacles must be overcome which bar the cooperation and render difficult the struggle of the working masses against monopoly capital and against the reactionary and conservative forces."

Is it not better, Steen, and far more positive and fruitful, to have this as a starting point, instead of hopeless speculations about "Eurocommunism" and supposed strife among Communist Parties?

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CSO: 3108

PORTUGAL

FUTURE OF SOARES GOVERNMENT INCREASINGLY QUESTIONABLE

Hamburg DIE ZEIT in German 17 Dec 76 p 6

/Article by Horst Bieber: "Soares On Shaky Ground" /

/Text / Speaking to journalists on Monday morning, Mario Soares, socialist head of Portugal's minority government, produced the impression of being optimistic: He pointed out that in the first district and municipal elections since the political upheaval in April 1974, his party had been victorious. Granted, it had not quite come up to the result achieved in the parliamentary elections in the spring of 1976, but it had nevertheless been confirmed as the strongest party. At any rate, he had no reason to interpret the election results as a plebiscite against the socialist policy pursued by the government; in other words: He would not resign. At the same time, Minister of Information Manuel Alegre made it known that regardless of the degree of pressure exerted, neither with the Communists on the left nor with the Social Democrats on the right would the Socialists enter into a coalition.

These pithy statements are not convincing. To be sure, as compared to the parliamentary elections, the Social Democrats (PSD/PPD) and the conservative Democratic-Socialist Center Party (CDS) each dropped 1 percentage point; but then, the Communists, united with two small leftist parties in the "Campaign Front United Populace," were able to improve their standing, obtaining almost 20 percent of the vote. Since 1974, the three partners of the "Campaign Front United Populace" have systematically placed their members in the local administrative bodies; the Socialists have not been able to dislodge them from these key positions. On this level, the ruling party will have to reckon with continuing resistance, with a stubborn, deliberate and also effective opposition, which unceasingly demonstrates to the Socialists: Without the Communists, nothing can be done.

In the factories, strikes at selected sites -- instigated by the communist-dominated Intersyndicate (Trade Union) -- again and again disrupt production. Communists make propaganda for new demands, alleviations and improvements, and, by legal means, engage in sabotage. Communists systematically fan the

unrest in the countryside, where the government tries to direct the land reform into lawful channels, revoke illegal land seizures, establish control over cooperatives and through audits of the books examine to what use the state credits have been put. In the administrative bodies, communists still cause friction and delays. With the exception of press, radio and television, the Socialists have so far not been able to oust from office the declared Cunhalistas and those who keep themselves inconspicuous.

The outlines of the new tactics employed by party boss Cunhal are quite clear: Since he was not able to attain government participation in free elections, he now tries to attain it by force. Not openly; on the contrary, the leftists are the first loudly to protest any violent measure. Should Cunhal fail again, he has at least the satisfaction of harming Portugal economically and thus handicapping the West.

Pessimists even think that Cunhal's statements can be interpreted in still another way: If communism does not flourish in a democracy, perhaps it will thrive in a dictatorship?

Actually, it is quite true that nothing can be accomplished without the Communists. However, there is no agreement on how this "without" is to be interpreted. Does it mean that the Communists are to be included in the government or does it mean that they must be outlawed, persecuted and eliminated? An "historic compromise" (mocked by Cunhal as much as the so-called Eurocommunism) or a witch hunt a la Portuguesa? But -- it is in keeping with Portuguese mentality to put off troublesome decisions and rather to approach them by tortuous ways.

Mario Soares is still biding his time; he still feels secure. Of course, in the parliament he needs the Communists for obtaining a majority. But neither will his opponents on the right obtain a majority, unless they join forces with the Communists. This constellation ensures the survival of Soares' minority government, but it prevents speedy, badly needed legislation. In their proverbial patience, the Portuguese would have put up with this, had not some careless remarks by Soares confirmed the old suspicion that the head of the government is ideologically much closer to the Marxists than to the Social Democrats, whom he considers willing and unscrupulous auxiliary troops of capitalism. According to a remark he let slip during a stay abroad, if there has to be a coalition, then rather with the Communists than with the Social Democrats.

This remark created a stir in Portugal. Soares tried in vain to lessen the effect. But precisely this served further to fan the growing distrust of him -- and the disgust. A prominent publicist -- unsuspected of any antidemocratic attitude -- phrased it this way: "Soares' historic task was accomplished with the stopping of the Communists." An industrialist said it even more drastically: "We have successfully completed the vaccination against communism. Now we are vaccinating against socialism." With success. And the economic crisis renders assistance.

According to official information, the rate of inflation amounts to approximately 25 percent. However, 51 percent of the goods, on which the calculations are based, are foodstuffs, the prices of which -- according to private calculations unchallenged by the government -- have increased by 44 percent. The real wages are declining ever more sharply. The fact that the Portuguese are still buying and spending so much is easily explained: They are liquidating their reserves and closing their savings accounts. In accordance with the motto "let's enjoy ourselves before it is too late," they are spending their money on consumption, thus accelerating the descent. In view of decreasing domestic production and dwindling gold and foreign currency reserves, Portugal is forced constantly to increase its imports: From January until August 1976, imports exceeded exports by DM 240 million. Unemployment is reported to amount to 15 percent (approximately 450,000). But these figures are set too low. Since the approximately 200,000 able-bodied and unemployed retornados (repatriates) from Mozambique and Angola are taken of through special budgetary resources, they are not included in the statistics.

Listlessness of Industrialists

In the industrial sector, losses are continuing and investments are still on the decline. Likewise, labor productivity has shown no increase. The government's policy of denationalization -- pursued partly overtly, partly covertly -- is considered among industrialists as "return of the corpses for the purpose of saving the funeral costs." The industrialists' lack of enthusiasm is understandable. In spite of many promises, the law concerning the delimitation of the private and public economic sectors has not yet been promulgated. Hardly anybody is willing to assume the risk of investments, which later on will be taken over by the state. Foreign investors are likewise holding back. The prohibition of opening branches of foreign banks in Portugal refers foreign investors to the domestic nationalized banks, which for good reason are suspected of being primarily concerned with financing enterprises long gone bankrupt, which have been nationalized and thus artificially kept alive by the employees.

The state is hardly in a position to help. The indebtedness to foreign countries has increased to 14 percent of the gross national product. So far, Portugal has received \$2.5 billion of foreign aid (additional \$1.7 billion have been promised), but to no avail. Of necessity, the Portuguese will have to pay higher taxes. Since industry is operating at a loss and cannot contribute anything, the main share will have to be made up by income tax on wages. In agriculture, the reform project is a total failure. With the exception of approximately 20 cooperatives, which from the beginning were able to fall back on financial support and expert advice, all enterprises produced less than in previous years. The wheat surplus of 1975 -- an unusually productive year -- has been used up.

The statistics on tourism are even more gloomy. During the first 6 months of 1976, there were 70 percent fewer tourists as compared with the corresponding period of the previous year. This year, profits will possibly amount to

DM 50 million; in 1975, profits were still as high as DM 110 million. And Soares' tactics of "insolently selling the West Portugal's geopolitical location" (thus a Western diplomat in Lisbon) is no longer effective. It has already been suggested to the Socialists that if the government -- for lack of competence and perspective -- can no longer guarantee a sensible use of the funds, the money lenders must discreetly, but effectively, assume this responsibility.

The pressure on Soares is increasing. Nobody blames him for the economic misery; but the public resents that during the 6 months it has been in office, the government did not observe any of the promised target dates for laws and decrees, and that -- since a planned economy appears to be what the government wants -- it is not even able to do any sensible, consistent and long-term planning. Already, people are saying: "The Socialists have failed" -- and the use of the past tense is almost more remarkable here than the statement itself. The signs of the time point to change, and it is again the military, which threatens to be the driving force of the upheaval.

The tensions between the president, General Eanes, and the civilian government are by now common knowledge. The greatest weakness of the outwardly loyal Eanes is his introversion, his reserve which produces the impression of timidity; his greatest asset is his loyalty to the constitution, which borders on pedantry. These are the elements -- not his "social democratic inclinations" and his "side cabinet", as is claimed by the Socialists -- which give rise to conflicts. On several laws and decrees, the president withheld his signature, since he was not prepared to run the risk of constitutional legal action; without words, he thus made evident the government's ignorance and sloppiness.

Reservations of the Military

To what extent he is pressured in this regard by his fellow officers is being disputed. In the armed forces, the "operationists" have won out, i.e. those officers who flatly deny that the army has a political mandate (and who have isolated their politically active comrades), considering it their duty to be loyally obedient to the government. But even the "operationists" can conceive of two eventualities which would compel them to act: If a seizure of power by the Communists is imminent, and if matters are not "progressing." For all their understanding for Portugal's troubles -- which they, the officers, have for the most part brought about -- and for Soares' difficulties, they have no tolerance for a policy of doing nothing.

But this attitude just serves to complicate the domestic situation. A socialist policy will not bring the economic upswing; a popular front -- as well as a coalition with the Social Democrats -- would split the Socialist party and under certain conditions bring out the military; but a radical change in the economic policy would violate those constitutional regulations, which have established for good three revolutionary achievements -- land reform, nationalization, and production control by the workers. In any case, to find the

right way out would be equivalent to squaring the circle.

But the imagination of the Portuguese has always been inspired by seemingly hopeless situations. In Lisbon, the "dead certain development" is the subject of lively discussions. First: Toward the end of January and the beginning of February, each of the two parties on the right will ask for a vote of no confidence (should both motions be carried within 30 days, the head of the government would have to resign). Secondly: With the aid of the Communists, both motions are rejected. Thirdly: At the same time, there will take place the great trade union congress, at which the communist Intersyndicate Union will contest the Socialists' claim to proportional composition of the boards. Fourthly: If it is clearly shown in this manner that the Socialists have no friends on the right or on the left, President Eanes can dismiss Soares and call a transitional government -- from the right wing of the Socialists, from the Socialists, some technocrats, some Conservatives and some members of the military.

Certainly, these are speculations. But so far, such "dead certain prophecies" have always preceded major political upheavals. Whatever the outcome may be: The time of absolute socialist power is coming to an end. On this point, almost everybody is in agreement -- the industrialists ("under the military, we could still pin our hopes on the civilians; but as far as these chatter-boxes and dilettantes are concerned, we are fed up") and the workers ("what is the use of democratic socialism, if we lose our jobs"). The crisis is brought home to the public, since everybody is affected by it. The common displeasure is directed against the government.

Even now, however, it is safe to say that a cabinet reshuffle will not overcome the crisis. Forty years of dictatorship and regimentation from above have left traces. The worker who produces less takes it for granted to receive his full pay; the employers take it for granted to receive support (and money) from the state, and the government takes it for granted to receive assistance (and unconditional loans) from outside. The Portuguese have not yet learned that responsibility and independent work are an integral part of freedom. As yet, nobody has confronted them with such a demand.

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PORTUGAL

'RETURNEES' LEFT OUT OF AGRARIAN REFORM

Lisbon DIARIO DE NOTICIAS in Portuguese 7 Feb 77 p 17

[Text] The visit of the president of the republic to the Arimbo Cooperative--in the heart of the Caldeirao Range--during his side trip through Algarve Province succeeded in bringing to the forefront of the news (even if only for a moment as brief as that of "Malherbe's roses") one of the most vexing aspects of the problem faced by the "returnees" from the former colonies: namely, their titanic effort to integrate themselves once again into the life of the homeland--the homeland of all of us--as useful citizens who do not suffer rejection and its attendant problems.

For the plain, unvarnished truth is that the "returnees" have been and continue to be the victims of the phenomenon of social rejection, and there is no point in trying to deny or conceal it. To be specific, from the standpoint of certain political forces "returnee" is synonymous with "reactionism," and from the standpoint of the general population the returnees are several hundred thousand additional mouths that have come to compete--with those who were already here--for the crusts of bread that are increasingly scarce and increasingly expensive and for the jobs which because of the economic chaos are increasingly hard to find.

No serious, concerted effort has ever been made to recognize the "returnees" as a labor force that is uncommonly productive because of the fact that it has been tempered in a different sort of climate, or as individuals who are capable of exercising initiative because they are accustomed to having a free rein and to having their creative effort welcomed. We have chosen instead to treat them as beggars--to keep them on the public dole, to keep them segregated not merely from the fraternal conviviality of the Inateis or the better hotels but indeed from the everyday social intercourse of the factories and workshops, the fields and shipyards, the business offices and retail stores.

Lands were seized from the large landowners because they were not being cultivated; but in the process of redistributing these lands, the returnees were completely overlooked despite the fact that they had created--from sun-scorched soils and in climates far harsher than those of the Alentejo--fields not of wheat but of corn, rice, beans and many other products which

year after year we produce in decreasing quantities and of which we must therefore import increasing quantities at very high prices.

When we here in Portugal complain that we do not have a developed livestock industry capable of meeting the requirements of domestic supply, we cannot help but think of the men who in the regions of Camabatela and Negage, Catofe and Quibala, Chicuma and Huila formed herds of select livestock that have served to supply increasing quantities of frozen meat to satisfy the needs of metropolitan Portugal.

When we read or hear tell of the production of a pitifully scant 1,000 kilograms of corn per hectare--and of the importation of 4 to 5 million contos worth of American, South African or Brazilian corn--we cannot help but think of the men who years ago, and entirely at their own expense, introduced hybrid varieties of corn into Angola and harvested from 8,000 to 10,000 kilograms per hectare, which made up the shortages in metropolitan Portugal.

When people boast of the inconclusive results of the experimental growing of tobacco in the Sorraia River valley we ask ourselves: Where are the men who in the Cunene River valley, and on the Benguela and Malanje highlands, grew and cured tobacco that rivaled the tobaccos of Rhodesia, South Africa and the United States?

When we see the government's indecision with respect to projects employing mass-production techniques for the construction of low-cost housing we cannot help but think of the men who--in Luanda and Lobito, in Malanje and Sada Bandeira, in Nova Lisboa and Uije, and in as many more other cities and towns--built thousands of units of truly low-cost housing which if it were here would make many people of modest means happy.

When we see our fishing boats lying idle as we pay astronomical prices for fish which in Africa used to be given to the cats, we ask why so many fishing boats from Angola--together with their crews, nets and other fishing gear--are still inactive, even to the extent that we want to make these fishermen pay import duty on their equipment, which we have refused to regard as tools of honest labor belonging to men who are actually deserving of every possible incentive to fulfill their legitimate desire to help restore the ruined, dying economy of the nation: of their nation and ours!

We have cited a half dozen specific cases, but we could relate dozens of other similar cases in these and many other sectors of the nation's activity which are so seriously lacking in people who actually work rather than engage in politics: people who demonstrate creative capacity rather than a passion to destroy. The visit of Ramalho Eanes to the Arimbo Cooperative, banished to the difficult lands of the Caldeirao range, may have signified the launching of a process of reflection--at the highest levels--concerning the unjust and irrational process of segregation to which the "returnees" have been subjected, with enormous and obvious damage to the national economy.

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PORTUGAL

INVESTMENT TO INCREASE IRON ORE PRODUCTION

Lisbon DIARIO DE NOTICIAS in Portuguese 29 Jan 77 pp 1-2

[Article by special correspondent Paulo Matos]

[Text] Prime Minister Mario Soares, and the members of the government who are accompanying him on his trip to Tras os Montes Province, yesterday visited the Moncorvo mines and the Cachao industrial complex.

Meanwhile, at the installations of Ferro-Minas (the company that is currently carrying out the mining operations in the Carvalhal area of Moncorvo), Minister of Industry and Technology Sousa Gomes delivered an important address in which he announced several government projects relating to exploitation of the ore in that area. He told his audience that the principal obstacles to exploitation of the Moncorvo iron ore that have arisen to date--obstacles which have derived in large part from transportation difficulties--can now be surmounted. He said the government anticipates that expansion of the production capacity of the Seixal iron and steel plant will make it possible to utilize fully all the ore produced by these mines.

In addition to announcing the increased production and its utilization, Sousa Gomes emphasized the important role that the Moncorvo region will play as a pole around which social development in Tras os Montes will take place.

The ministerial delegation headed by Prime Minister Mario Soares which is currently visiting the northeastern province of Tras os Montes yesterday visited the Moncorvo mines and the Cachao industrial complex, where it informed itself of the progress of the projects being carried out there. These projects are now in an advanced stage of implementation.

In an address delivered at the Moncorvo mines, Minister of Economic Coordination and of Industry and Technology Sousa Gomes declared that the government plans to utilize fully all the ore extracted at Moncorvo, explaining that this would be accomplished by means of implementation of the National Iron and Steel Plan and expansion of the production capacity of the Seixal plant.

The minister also announced--in addition to this industrial project--various other improvements of a social character planned for the Braganca district.

This series of visits initiated yesterday by head of government Mario Soares and his party to various localities in the Tras os Montes region is for the purpose of conducting research to be used in formulating a strategy for development of the region. The prime minister's party is composed of the ministers of public works, planning and budget, and industry and technology, respectively Almeida Pina and Sousa Gomes; Secretary of State for Economic Coordination Oliveira Cruz; Secretary of State for Water Resources and Basic Sanitation Baltasar Barroso; Secretary of State for Transportation Machado Rodrigues; and various advisers to the aforementioned members of the government.

The Cachao agroindustrial complex and the Ferro-Minas project at Moncorvo were the first stops on the itinerary of the government party, which informed itself at first hand of the problems confronting these two operations. The Cachao complex--which for 6 years had been in a situation of genuine underutilization--has now entered a stage of intensive development. Among other things, its cheese manufacturing section last year realized a profit of approximately 700 contos.

It is anticipated that the Ferro-Minas project at Moncorvo will enter the stage of full production within 45 months. This investment will cost the state approximately 4 million contos and will create 400 new jobs.

Improvement of the Transport of the Moncorvo Ore

Shortly after noon the ministerial team arrived at Moncorvo, where it was welcomed by the civil governor of Braganca, Verdasca Vieira, and by the president of the city council of that city in Tras os Montes Province, Antonio Marrana. Immediately thereafter the party visited the Carvalhal area, where at the Ferro-Minas offices an official of the company, Monteiro de Barros, explained the current situation and spoke of the measures to be taken and the potentialities of the area to be exploited. According to this official, the Comprehensive Investment Plan must be ready within 6 months.

Ferro-Minas now has the status of a juristic person, and all of its capital belongs to the state. This unit--whose function is to exploit the iron ores of the area--will be linked by rail to Sines. To implement this plan, a line will be constructed between Pocinho and Vila Franca das Naves. The Douro River will therefore be linked to Beira Baixa, which will subsequently provide a connection with the south.

The address delivered by Minister of Industry and Technology Sousa Gomes might therefore be regarded as the most important event of the visit to the Carvalhal area. He began by recounting all the circumstances underlying the fact that the Moncorvo ore has never been exploited appropriately. At one point in his address the minister declared:

"These abundant resources, which are capable of supplying the nation's requirements in respect to iron and steel products for approximately 100 years, have however not been properly appraised and exploited for the benefit of the national economy and the development of the Tras os Montes region itself."

The minister went on to say that the current obstacles to exploitation of the Moncorvo iron ore can now be overcome, inasmuch as all the technology that has been essential to the transport of the ore is now perfectly applicable in Portugal. On this same subject Sousa Gomes said the Council of Ministers anticipates that all the ore from the Moncorvo mines will be fully utilized as a result of the implementation of the National Iron and Steel Plan and the expansion of the production capacity of the Seixal plant. This investment will make possible a gross annual production of approximately 1.5 million tons with a total value of approximately 1.5 million contos, every centavo of which will represent a savings in foreign exchange.

Continuing, Sousa Gomes took up the subject of the railroad. He said the railway was absolutely essential and that there was no other way to transport the Tras os Montes ore to Sines. He also stated in this connection that "in terms of ton-kilometers, the ore transported from the Moncorvo mines to Sines will represent a volume almost as great as the total volume of all goods sold [as published] by the CP [Portuguese Railroad Company] in 1976, with the additional advantage of providing much greater technical and economic benefits."

He also called attention to the fact that this project represents a large-scale effort from the economic standpoint and that it can become one of the poles around which the process of generating the development of the region will take place. During the 4 years required for completion of this undertaking additional jobs will be created, as a result of the construction of the dam across the Douro River at Pocinho.

With reference to the capital investment involved, Sousa Gomes summed up the situation by stating that "the districts of Vila Real and Braganca, and Guarda as well, will be better integrated both economically and socially into the nation as a whole, and an important pole of development--linked to the Douro River--will come into being naturally and gradually in the Moncorvo area."

Sousa Gomes went on to speak of other sectors that will also be benefited by various projects. He cited in this connection the construction of a school in Braganca for training elementary school teachers; modernization

of the equipment for day nurseries, kindergartens and homes for the aged; and also improvement of the equipment in hospitals. From the financial standpoint, the state and the public sector will invest more than 1 million contos in Tras os Montes within the framework of the 1977 plan.

Also during this meeting in the Carvalhal area, chairman Amilcar Marques of the board of directors of the CP spoke of the importance that the volume of business resulting from the Moncorvo project would have for his public enterprise.

Some Limitations of the Cachao Project

On his return to Moncorvo the prime minister was the object of several demonstrations of support on the part of the people, especially in front of the establishment where he had luncheon. After lunch Mario Soares visited the local church (which is regarded as a monument) and the fire department, where he informed himself concerning the problems of that organization. The entire party proceeded from Moncorvo to Cachao in three helicopters, which had come to Moncorvo expressly for that purpose.

Mario Soares paid a leisurely visit to all the sections of the Cachao complex, accompanied by the members of the installation committee who had taken office day before yesterday. This unit is composed of eight sections: vegetable processing, prepared fruits, dried fruits, distillery and warehouse, feeds, dairy products, wool washery, and edible oils.

In the vegetable processing sector there are limitations of various kinds, including especially the insufficient capacity to handle local production and the inadequate marketing of certain products. With respect to the wool washery, the insufficient local production is the principal cause of the underdevelopment of that section. As regards the distillery, however, its full capacity has virtually been attained. The dairy products section presents no problems, but its total production capacity is far from having been attained, inasmuch as barely 25 percent of this section is currently in operation. The complex employs a total of 706 workers, and the volume of sales has registered a significant increase, particularly in the past 2 years: a fact which makes it possible to anticipate that with the adoption of certain policies--a production plan, industrial programming, financial reform, structural reform and internal reorganization--it will be possible over the medium term to equilibrate the operation of the complex, provided this is accompanied by measures to promote development of agriculture and stock raising such as those about to be implemented.

There are major deficiencies with respect to investments, and it is imperative that certain actions be taken immediately in order to attain a satisfactory level of investment--measures designed to achieve complete utilization of the installed capacity and that are based on a plan for development of agriculture and stock raising.

Coming from Oporto, the minister of internal administration, Lieutenant Colonel Costa Bras, is scheduled to join the ministerial party (which is currently visiting Tras os Montes Province) this morning. In the course of the morning he will also meet with all the presidents of the municipal councils of the Braganca district.

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CAUSES, SOLUTIONS TO RAILROAD PROBLEMS ANALYZED

West German Federal Railroads in Trouble

Hamburg DER SPIEGEL in German 17 Jan 77 pp 38-50

[Text] The West German Federal Railroad, Germany's second-largest employer, has become a barely tolerable source of expenditures for the government. Only 8 percent of the travelers prefer to take the train. The federal finance minister can no longer come up with the subsidies required--in 1977 just about DM15 billion.

You do not have to know Krempe; it is a hick town with 2,400 people, some place between Itzehoe and Glueckstadt. But the train station is something else! At the windows of the Krempe station, attentive train riders learn why the West German Federal Railroad has run down.

The traveler drags two heavy suitcases over to the station. He buys a 1st class ticket to Munich at the rather respectable price of DM173. Then he wants to check his baggage--but there is no checking.

The baggage dispatch counter has been closed for a few months now. Earlier, the clerk at the window did everything by himself: he sold tickets and he would check your baggage. Now he only sells tickets. And there is a rather poor reason for that, at any rate, on paper: the railroad in this way "saved" half a man.

The many halves add up on the many little railroad stations in West Germany. And the sum reveals a part of the big strategy pursued by the main administration of the West German Federal Railroad in Frankfurt: to make this government enterprise more efficient.

The traveler drags his suitcases to the platform himself, he heaves them into a 1st-class compartment, and he then hoists them into the baggage rack. In Altona he drags his baggage through the passenger car's narrow corridor and across the platform until he finally gets rid of his cargo. This, at the very latest, is the moment when he will let go with a tortured "never again the train!"

Unfair but understandable. The railroad--once upon a time the prerequisite for and symbol of industrialization--has become a public pain in the neck in West Germany. Passengers and freight shippers drift away--and the shortages in the treasury of the railroad keep increasing all the more quickly.

Regardless of whether he ever sets foot in a train station, every taxpayer must now shell out an average of DM450 for the railroad. Without subsidies from tax revenues, all wheels would grind to a halt.

The railroad needs DM11 billion and, after the Post Office, it is the second-largest employer; last year it needed that sum from the Federal Government, three times the amount the research minister is authorized to spend. For the current year, the transportation minister already figures on a subsidy requirement of just about 15 billions and by 1980 the figure might even be DM20 billion.

During the fifties--when the railroad men had removed the rubble left over from the war and when trains once again became a popular means of transportation--nobody worried about future developments because everybody was so busy building the trains back up again. The first, major fund gap of DM140 million (in 1952) was still closed without any complaints from anybody.

But at that time we missed the opportunity of developing the railroad into an efficient and reasonably profitable carrier. During reconstruction, the break-even points--which now threaten to derail the West German Federal Railroad--were not properly set up. In 1960, the railroad showed a deficit of DM402 million and one decade later the figure was DM3.9 billion.

We have almost 30,000 kilometers of track in West Germany today. About 390,000 personnel--officials, workers and clerks--operate one of the world's most modern signal systems, run airconditioned Intercity trains and operate container freight cars. But many of them are occupied with other things. They work at crosspurposes in an overblown, rigid administration.

The results of all these efforts is frightening. Just 25 years ago, the West German Federal Railroad still carried 40 percent of all passengers who were traveling in any way whatsoever, by car, by plane, or by train. Today, only 8 percent prefer to take the train. "In the auto industry that would correspond to the market share held by Peugeot," commented Wolfgang Vaerst, the first president and chairman of the board of the West German Federal Railroad rather with resignation recently.

The freight traffic share--in 1950 still more than half--has dropped below the 30-percent mark.

Last summer the situation got even worse. During the height of the travel season, which until now had always resulted in a seasonal increase, one out of every ten of last year's passengers in 1976 no longer took the train.

The situation in freight transportation continues to go downhill. In 1975 already the railroad for the first time was overtaken by trucks; measured in terms of ton-kilometers, the railroad's share out of the total transportation volume dropped from 40.5 percent in 1970 to 32 percent; during the same period of time, the truck transportation volume rose from 23 to 32.6 percent.

The decline began many years ago: during the past quarter century, the number of motor vehicles in West Germany increased nine times; the highway network was expanded by 43,000 kilometers to a total of 169,000 kilometers. The railroad on the other hand lost ground and presumably once and for all failed to keep up with the times.

Considering the rate at which the railroad keeps going into the red, it will very soon have reached the end of the line, unless the switches are properly adjusted: because of the mass involved, the finance minister will then no longer be able to stay in the game and the citizens will probably simply have to stand by and watch their train wind up in the toy museum.

There is no denying either that government-operated railroads in other countries are likewise operating at a loss. It is similarly undisputed that the railroads do need government subsidies--simply because they perform tasks and offer services which no private company would be willing to undertake. The only thing is that not even rich West Germany can in the long run afford to finance a deficit that keeps rising way out of proportion. Somewhere along the line, sooner or later, it will simply be impossible to come up with any additional billions.

"It is now one second before twelve," observed Wolfgang Vaerst, first president and chairman of the board of the West German Federal Railroad, 1-1/2 years ago (DER SPIEGEL, No 34, 1975). But so far neither the responsible transportation minister in Bonn, nor his railroad president have come up with a clear answer to the question as to where this situation is heading. Perhaps they have not even found one yet.

Transportation Minister Kurt Gscheidle visualizes the railroad of the future as small but precise and Vaerst repeats: "We want a smaller and better railroad system." Just how small and how good the train is supposed to be is something which so far nobody wanted to commit himself on.

The railroad of course ceased to be a precise and refined thing a long time ago. To be sure, DM4 billion are invested year after year. But for this sum--which exceeds the investment budget of the Volkswagen Corporation by three times--we do not get one single additional train and no travel time has been trimmed.

The railroad invested millions in the E-103, the world's most powerful locomotive. But this 14,000-horsepower monster is too fast for the West German rail net. The express train coaches have hardly changed over the past 20 years.

On test sections, trains are supposed to race at 350 kilometers per hour and in a simulated plant they even test a speed of 500. On the other hand,

the chief planners of the railroad still are not in a position to hitch a couple of 2d-class coaches to the relatively fast intercity trains in order to win more customers.

All of this is now supposed to be changed with the help of the formula "concentrate--invest." Severe cutbacks are supposed to tailor the railroad to the size which would correspond to current requirements and which would make the outfit competitive in long-range terms.

This water-treatment--in the opinion of the labor union "a deadly mistake"--was launched by Transportation Minister Gscheidle. The former labor union leader and his coolly calculating State Secretary Heinz Ruhnau discovered one simple truth which neither the railroad nor the West German Government have so far wanted to acknowledge: the West German Federal Railroad produces too much, too expensively, and in the wrong place.

In his target projection for the West German Federal Railroad, Gscheidle at the end of 1974 reminded the Frankfurt DB [Federal Railroad] Administration of the principle of cost coverage; he urged increased rationalization efforts ("the entire service structure must be examined"); and he demanded the "optimization of the line network" in keeping with efficient business management practice.

The Board of Directors listened and began to think profoundly. It presented the results of these efforts to the transportation minister one year later; with the help of some study groups, the main administration had figured out the optimum network--only about half of the present-day rail net could in the long run be operated so as to cover the cost.

On just about 16,000 kilometers of track, including rapid-transit lines, the railroad--so it said in the activity report presented by the Board of Directors in January of last year--could hope to achieve a balanced result by 1985. The Federal Government would then have to contribute public funds only for those services which it causes itself, such as transportation at social rates (in 1975 about DM6.3 billion).

But hardly anybody agreed with the Board that the railroad would have to be saved by means of amputation. Farmers and tourist travel associations protested against the dismantling plans. The GdED (German Railroad Men's Labor Union) warned "theoreticians outside the railroads" in Bonn: "If you cut the railroad in half, you kill it!" And the SPD fraction in the Lower House likewise dissociated itself from the comrade transportation minister and the comrade President. At best, this was considered an "exercise in statistics" by the Board of Directors of the railroad, without any obligation whatsoever.

The cut would indeed be deep. Entire sections in the provinces would never see another train. Many commercial and industrial customers would once and for all have to switch to trucks. Children in villages would frequently have to make longer bus trips on their way to school in the nearest town.

In the northern part of West Germany, the two biggest cities in Schleswig-Holstein, Kiel and Luebeck, would lose their rail contact with each other

under this optimum network. In the South, in Bavaria, 46 percent of all tracks would be in danger of being dismantled. On the train trip to the Lake Tegernsee or to Bayrischzell, travelers from Munich would have to take the bus from Holzkirchen on.

The shock produced by the ideas presented by the DB Board upset relations between Vaerst and his superior, Minister Gscheidle, quite lastingly: the two key men in the railroad system met for the last time in August 1976 at the Congress of the Railroadmen's Labor Union in Hamburg.

Vaerst and his administration are finding it increasingly difficult to explain the nonobligatory model character of his January 1976 cutback plans to the critics. His network which would be "optimum in terms of operations management"--as became clear later on--is by no means the final version: that would require further precise computations and reliable cost-benefit studies.

In conversation, the minister does not conceal the fact that he considers Vaerst's "operationally optimum network" to be a superficial patchwork structure. Commented Gscheidle: "That network will not do under any circumstances."

Gscheidle's officials in the meantime did their own figuring. Compared to Vaerst's plans, it is several thousand kilometers longer. Vaerst had figured on a total of about 16,000 kilometers of line; but now the figure is to be 20,000 kilometers for freight transportation. And Bonn wants to place the operational optimum at about 17,000 kilometers for passenger transportation which reveals a severe deficit.

Even after these numbers games have been decided, the railroad will still not have an obligatory standard figure. It is only the "network necessary for the national economy," the network which also takes into account the transportation policy or structural policy objectives, that will be decisive for the operating strategy in railroad policy.

Early in February, the minister will present to the Cabinet his first report on the damage and benefits resulting from possible line shutdowns for West German industry. By that time, computers are supposed to have figured out whether certain lines could be shut down on the basis of structural-policy or area-development-policy criteria or whether it might be worthwhile to reserve the track connections with Federal Budget funds because they are in a zone boundary area, for example, or because they are indispensable for a future tourist travel center.

By autumn of next year, the final line network of the railroad is to be on paper, following coordination with the West German Federal states. Later on, the lines on which passenger transportation has been discontinued are to be operated by railroad-owned buses--the only component of the railroad which still pays its way.

Here is Gscheidle's target for the "rubber railroadmen" (railroad jargon): "We can run the trains until 1985 but in 1980 we will already recognize the shift from rail to highway."

Manager Vaerst on the other hand recently does not seem to care one whit for what his superior minister in Bonn considers to be correct. Said Vaerst: "This calls for big things, not driblets." Last Thursday, at a closed-door session of the Federal Railroad Board of Governors in Bonn he demanded that the government should at last adopt measures which can be carried out quickly and should not be sidetracked toward "concepts that can be implemented only in long-range terms." Said Vaerst: "We cannot keep waiting until we might perhaps have perfect solution proposals before us."

Early in December, Vaerst had shocked the members of the Technical Committee of the Board of Governors when he announced that the railroad in 1976 already had made investments only in the network recognized to be optimum in terms of operation management by the railroad Board of Directors--regardless of Gscheidle's veto of the plan. Vaerst argued that this was the only way one could prevent mistakes in investments which the Federal Government after all would have to pay for.

Even if the railroad could be straightened out by 1985, it could then probably not even pay the interest on the external debt which will have risen to DM70 billion. Depending upon the development on the capital market, the interest service at the rate of 20 percent would by 1985 gobble up the railroad's earnings.

Bonn must make a decision in view of the tremendous debt and the money squeeze: because the West German Federal Railroad, a government enterprise, must perform social and economic tasks, which a private enterprise seeking a profit neither should nor can accomplish, the West German Government must commit itself to this effort. The Cabinet must say how much transportation service is to be provided at what price and under which conditions this goal can be attained.

So far every West German Government either misled the railroad or left it in the lurch. Politicians of all views simply turned away when it came down to allocating to this gigantic enterprise a meaningful function within the framework of a compact concept for transportation by water, land, and air.

But if the government does not clearly say what tasks the railroad, on the one hand, and the other carriers, on the other hand, are to carry out, then even able and courageous managers can do little on the Board of Directors.

During one quarter of a century of Bonn transportation policy, there could hardly be any talk of this transportation concept which is applicable in long-range terms and which is vital to the existence of the railroad. The decision as to how many superhighways or waterways the Germans need, the decision as to what the railroad is supposed to do and what other carriers had better handle--that decision only too frequently seemed to be influenced by personal preference. For example, by whether the particular transportation minister preferred to take the train or drive his car.

CDU Minister Hans-Christoph Seehofer for example hardly found any time to worry about the future of the railroad. He was too much occupied with planning, building, and opening new sections of superhighway. There seemed to be no reason for worry; the railroad's deficit was still small.

During the next decade, with the beginning of the Grand Coalition 10 years ago, SPD Transportation Minister Georg Leber then began to hear the first warnings from the finance minister. The conclusion in Bonn was this: freight and passengers should switch from the beautiful new highways to the old rail lines. And "piggyback" transportation--the "Leber Plan" so named after its inventor promised in this case--was to accommodate heavy trucks plus cargo on special railroad cars and thus cover long distances.

But Leber was not as confident as all that in his own idea. Cautiously he promised the voters--and the auto industry--to increase the highway network to such an extent that nobody would be more than 15 kilometers away from the nearest superhighway interchange.

His successor, Lauritz Lauritzen, saw the horror of this concrete vision. He discovered commuter traffic and turned it into a concept right away. Now the individual--the individual without a car--had the right of way. The railroad was to increase its services both for passenger and for freight transportation. Several years later the whole thing was turned around; now only the deficit keeps growing.

"Annoyance, resignation and even despair" in the face of this kind of transportation policy--this is what Heinz Frieser, the deputy chairman of the GdED, detects among railroadmen. The labor union leader is afraid of the "sellout of the railroad according to the infamous salami tactics" and the "scrapping" of national assets.

The men at the switch in Bonn see the situation differently. For State Secretary Ruhnau, the political decision as to the fate of the railroad depends on the answer to one basic question: "What is it really worth to us to get a railroad market share of 8 percent for passenger transportation and 29 percent for freight transportation out of the total transportation volume?"

Certainly not DM15 billion per year--and this is one point the former Hamburg interior senator agrees on with his minister. Both of them know that the rate of increase in railroad subsidies so far cannot be kept up. And from that it follows necessarily that the railroad must reduce its costs.

In spite of partly considerable rate increases for passenger trains (at least 47 percent since 1971) and for freight transportation (80 percent), there is a growing gap between expenditures and earnings. In long-distance passenger transportation, revenues from ticket sales at any rate still cover 90 percent of the costs; in commuter transportation however the railroad gets barely 25 percent back and in freight transportation the figure is 76 percent.

The idea of improving the railroad into an efficient and financially sound enterprise through dismantling is not entirely new. Back in the autumn of 1964, when the railroad's financial situation began to deteriorate drastically for the first time, the Board of Directors tried to convince the government and the public as to the blessings of a smaller railroad system. Trains were henceforth to be run only on heavily traveled lines; passenger transportation was to be offered by rail only between cities with a population of 20,000 and more.

The first, rather laborious line shutdown procedures--in which the Federal states and the communities involved also have their say--were initiated. Here is the result: passenger transportation was discontinued on about 4,500 kilometers.

But these dead lines hardly brought any relief. Just 10 years later, there was a cost explosion and every rationalization attempt looks as necessary as it is hopeless. The worst figures in the 1976 result--DM12.3 billion in operating earnings as against DM16.9 billion in personnel expenditures--will look hardly any better in the foreseeable future.

In a mildly ironic mood, directed at themselves, many railroad men admit that their outfit is "a social enterprise with an affiliated railroad." Thus, transportation experts and railroad experts criticize the fact that locomotive engineers spend only 35 percent of their working hours on the locomotive; the rest is taken up with filling out reports and getting ready to start out or shutting down after coming back in.

In the meantime, the West German Federal Railroad spends about 80 Pfennigs out of every Mark for its employees. The labor unions themselves realized quite some time ago that any therapy, any cutting intended to restore the enterprise's health, would above all be bound to mean a cut in jobs.

The Board of Directors knows only too well: in 1985, the operationally optimum network would require 238,000 people, no more. The obvious conclusion: about 150,000 would be superfluous.

"The Worst Thing You Can Do to an Institution"

But the railroadmen were not scared too long because Gescheidle soon spoke out in his capacity as minister while Vaerst spoke as president: "Not a single railroader will be discharged!" The personnel force is to be reduced through natural attrition and with the help of a hiring ban adopted in November 1974.

This did work for the time being. During the past 2 years, the number of employees dropped by 41,100, including 18,600 during the year which has just ended, alone. And in 1977, the railroad told the Board of Governors, another 13,500 departing employees would not be replaced.

Does this mean successful rationalization? Certainly, but there is an aftertaste: an enterprise which can cut 40,000 employees without any major difficulties must have been operating with at least 40,000 people more than it needed in the first place. That is to say the least because about 19,000 railroaders are already in slots that are earmarked for "future reduction in force" and thus constitute a reserve for a further personnel cutback.

Some of the workers, clerks, or officials, who are earmarked for reduction in force are being transferred now while others are perhaps being retrained. But most of them--listless and depressed--are just waiting for retirement. There is no way to get those individuals to work enthusiastically and joyfully.

Moreover, the railroad is of course piling up some future problems for itself through this hiring ban, through reduction in force, and natural attrition.

A target-oriented personnel policy can hardly be implemented in this way; those who remain need not necessarily have to be the better employees.

The personnel age structure deteriorates necessarily because not enough young people are being hired.

"One fine day we will realize that a whole generation is missing here," said the Munich transportation expert Professor Karl Oettle. "That is the worst thing you can do to a human institution."

But the traditional, laborious, rigid and inefficient operating structure is at least as responsible for the failure of every restoration attempt.

According to the Federal Railroad Law, the DB is to be managed "like an economic enterprise according to commercial business principles" so that the costs can be recovered in combination with optimum transportation service. That is bound to fail.

To have an enterprise which is being managed according to business principles we are lacking one essential thing here: decision-making authority and responsibility on all levels, individual responsibility and performance incentives. And we still do not have the basic requirement for successful management: reliable performance control.

In the West German Federal Railroad, responsibility is being delegated in the wrong direction, that is, from the bottom to the top; you have to stay within channels, no matter what it costs.

A duty station manager--for example, the stationmaster--is not allowed to decide on something which only he can judge expertly. If he wants to add one car to a crowded train, then his proposal runs via x number of intermediate stations all the way to the central transportation management station in Mainz--and there it is possibly even turned down.

For the Hanover Fair, the "Prince Eugen" train from Hanover to Vienna was frequently overcrowded and quite a few passengers had to stand in the aisles of the dining car. It would have been no problem to add another car--but then the passenger occupation statistics would have looked worse.

"I Do Not Know What the Bonn Station Costs"

The manager of a railroad operating plant, who is angered by the high repair costs of his locomotive shed which in the meantime has become much too big, would do well to continue to pay the bills without complaining. It would take years even to plan the construction of a new but smaller shed. And in the end, he would wind up on the short end of the stick: the smaller shed would get along with less personnel and therefore his own rank would be too high to operate this facility. The inevitable consequence would be his transfer, possibly to another city.

Any attempt at performance-oriented thinking or cost consciousness is stifled involuntarily but all the more thoroughly. Every president of any railroad division, every station manager only has to consume what headquarters allocates to him: personnel, train-kilometers, and money. If you spend everything nicely, then you are successful.

The outfit is still being more administered than led according to the rules of compartmentalization of past centuries: the individual departments get funds allocated year after year and they then busy themselves in spending those funds. Otherwise they run the risk of having their budget cut back.

There is no usable accounting system either--except for the mechanical sector (repair and train operating plants). What the administration puts into its enterprise and what it gets back out of it can be computed only for entire transportation branches in a rough and inadequate fashion. And nobody can say what individual operating stations actually accomplish and at what price they do the job.

"I do not know what the Bonn railroad station costs per hour," complains State Secretary Ruhnau. In 5 years he might know the answer: he has had people working on this for a year now.

Ruhnau wants "rationalization also from the top, not only on the backs of the low-level employees." That applies also to the top management and the Board of Governors.

So far, the railroad's Board of Governors has not considered itself to be a control agency similar to the Board of Directors. This body of honorary members--consisting of all kinds of labor union officials, politicians, and old-line industrialists--did its part toward all of the wrong decisions made by the management.

Here is the most recent example: the transfer of the ZVL (Central Sales Management) from Frankfurt to Mainz, a step approved by the Board of Governors in October of last year, although over the opposition of the

labor unionists. According to the labor unions, investigations revealed that there are no economic or organizational reasons in favor of the transfer of the ZVL. On the contrary: the ZVL was better placed in the main administration because of the closeness to the Board of Directors and to many big customers in the Frankfurt area.

The ZVL had been set up in Frankfurt only in 1970, in a new building specially put up for this purpose. Several hundred officials moved to Frankfurt from all parts of West Germany for this purpose; about two thirds of them are now getting ready to move once again.

Financially, this step will not bring the railroad any benefits; on the contrary: experts have figured out additional annual costs to the tune of DM1.5 million.

As the West German Federal Railroad continues on its terror ride into billion-Mark deficits, the Board of Directors--a four-man body consisting of jurists, technicians, and engineers--only too often set the signals wrong. It plunged the outfit into expensive technical adventures instead of increasing sales through better service and adaptation to the market.

The construction of a 14,000-horsepower locomotive might pay off, at best, by the end of the millenium. During the seventies, the expensive E-103 superlocomotive is too big: for the intercity trains and the speeds possible on the existing network, it turned out to be too expensive.

Showcase Train Used Only Shyly

The development of a highly modern rail bus (Type VT 627/628) likewise was obviously too hasty; 24 units were built. The costs then however prevented series production: one twin unit would cost DM1.5 million.

Now the comfortable short trains, frequently ghostlike empty, are running unobtrusively on hidden sidelines, for instance, from Kempten to Augsburg or from Gessertshausen to Tuerkheim.

More in shame than with pride, the West German Federal Railroad is now employing its showcase train, the ET-403. Three of these trains with four cars, each, were built. The unit price was DM7.5 million. Within 1-1/2 minutes, the train is accelerated to 200 kilometers per hour (Mercedes 450 SE: 40 seconds) by 16 engines.

That obviously was too fast: because the fare became too expensive, the railroad cancelled further orders and charged the whole thing to development costs.

On heavily traveled routes, such as the Rhine line, the traveler will look for this miracle train in vain; it runs only on the relatively quiet Bremen--Munich line, carrying hardly more than one third of the passengers it could accommodate. With its highly sophisticated engineering it gets to the destination 4 minutes earlier than a conventional Intercity train, after a travel time of more than 7 hours; neither the track nor the signal devices, nor the schedule in force permit any faster running times.

The Bremen--Munich run seemed to be a suitable stretch in the opinion of the railroad management for another experiment. For the first time and on a trial basis, 2d-class cars are being used there in intercity traffic. A cheaper travel opportunity on Intercity and TEE [Trans-Europe Express] lines would have been necessary years ago to win more customers: but those people who do not want to or who cannot travel 1st class must waste much time and go without a lot of comfort.

For DM469, the "Blaue Enzian" will take a three-member Hamburg family to Salzburg, 1st class. A 2d-class ticket can be obtained only for the express train, in narrow compartments with poor ventilation. That costs only DM268 but it takes 1-1/4 hour longer, at best.

Newly developed, 2d-class express coaches disappeared shortly after they were first introduced and wound up on sidings. Instead, the railroad is still buying car types dating back to the fifties; estimated lifetime: 32 years.

That was sufficient occasion for a railroader joke reprinted in the house organ WIR: A passenger asks the conductor: "How long does this train run?" Answer: "Well, if you take real good care of it, 30 years."

The money, which the railroad saves by ordering long-obsolete cars, it spends again for technical progress which does the passengers little good.

The shifting of so-called line conductors, for example, costs DM175,000 per kilometer and is supposed to permit speeds of up to 200 kilometers per hour, instead of the hitherto customary 160 kilometers per hour. Result: the time gain on the Hamburg--Frankfurt run initially added up to a full 2 minutes.

While the engineers developed highly sophisticated technical gear for the future, the train service declines year after year:

At peak travel times, heavily frequented trains are overcrowded because the bureaucracy in this way can better attain the required seat occupation percentages.

Trains are "scratched" (railroad slang) because the administration in this way wants to anticipate the expected decline in traffic--which it has caused by doing this in the first place. Between Duesseldorf and Munich runs a previously well-occupied train with sleeper, but only on Fridays and Saturdays and then almost empty.

Over the past 6 years, 2,300 out of 2,700 piece goods dispatching offices were shut down. Commercial customers must accept higher costs for--if they do their own delivering--longer distances.

The up to 40-year-old dining cars--as the Zurich engineering consultant, Willy Wegenstein, discovered--no longer meet "present-day requirements in terms of comfort and service."

The sleepers and couchettes are too expensive and rather unattractive according to Wegenstein.

Willy Wegenstein, of the Swiss engineering consultant firm Knight Wegenstein, made a study for the West German Federal Railroad to find out what rationalization possibilities are available regardless of any possible line shutdowns. In his expert report, which he turned over in Frankfurt just recently, the Swiss engineer easily figured out a huge chunk of money that could be saved: in his opinion, improvements in the result amounting to more than DM1 billion per year are feasible.

Among other things, Wegenstein reproaches the railroad for "a lack of cost and performance consciousness." He criticized the fact that many sectors have no clear concept and no clear competence.

Thus, the organizational responsibilities for DB sleeping cars are distributed not only, as customary, over the sales, production, and equipment sectors. The decisive thing in planning and accounting moreover is supposed to be whether the cars were used only on domestic runs or whether they crossed the borders. And finally, the maintenance companies also have something to say.

Wegenstein figured out for the German railroaders that they are not productive enough. A conductor, who is responsible for checking the tickets only in one couchette, could "no longer be justified"; he could easily handle two such cars. The British railroaders take care of four cars per man.

"There is no agency that has overall responsibility," criticized expert Wegenstein, "so that there is also no overall concept for the future either"--a shortcoming which applies not only to sleeping cars.

But Bonn and Frankfurt will be able to rely on expert reports for the recovery of the railroad just as little as on the dismantling of thousands of line kilometers. Even a line system reduced to one quarter of the present network could hardly be operated at a profit. The high costs still arise on the major lines, not on the secondary lines that are supposed to be shut down.

For Munich transportation expert Oettle, the discussion about a network reduction is only a trick intended to deceive the public and to divert attention from the following:

The social assets of railroad employees who, along with top civil service salaries, at the same time enjoy special privileges (short working hours, free train trips);

The quality of enterprise management so far;

The quality of Bonn transportation policy.

Transportation Minister Gscheidle and his state secretary refused to go along with that. They stick to the planned retreat "in terms of surface area," that is, to the secondary lines in the plains.

At the same time, both of these traffic managers want to strengthen the railroad's competitive capability by means of new and even bigger injections of money: the Federal Government is supposed to invest DM17.7 billion over the next 8 years for the railroad of the future; another DM60 billion the railroad wants to divert by 1985 from current business for new lines and switching stations, for faster locomotives and reliable line safety mechanisms.

No Ranking Top Manager Is Interested in the Job

But first of all they would have to tackle some financial problems that can hardly be solved. Finance Minister Hans Apel wants to allocate to the troubled government enterprise at best just about DM10 billion instead of the almost DM15 billion demanded. The railroad--the minister recommended--ought to try to get the rest on the open capital market.

Thus the mountain of debts keeps growing relentlessly, at least into the year 1985, by which time the long-term planned rationalization experiments and investment projects will at last have been carried out.

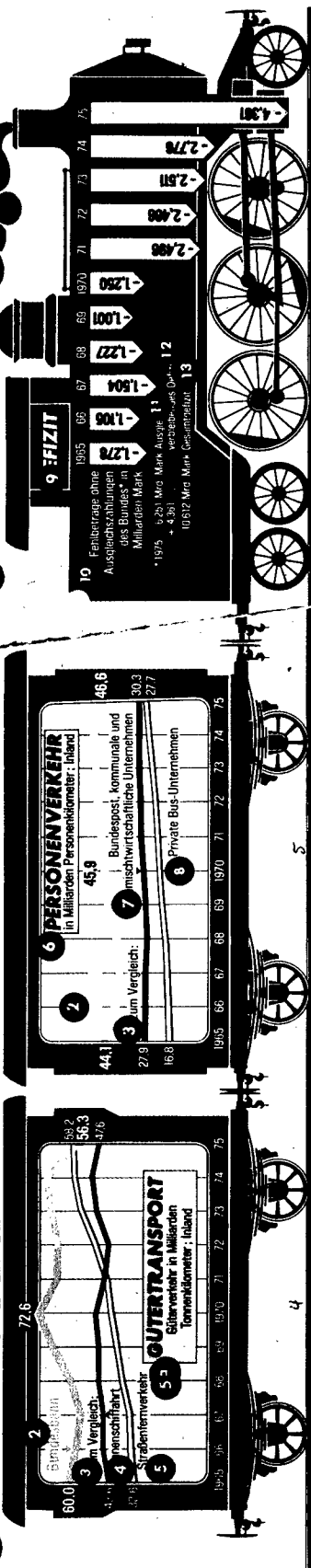
Until then--if we ever get that far--the West German Federal Railroad will have to accept billions in loss-kilometers. Here it constantly runs the risk of being sidetracked as obsolete and undesirable, of winding up on a siding, train after train.

Until then it must also accept advice, advice of the kind that railroad expert Wegenstein came out with. The Swiss engineer, himself an enthusiastic user of sleepers, came up with some rather strange tips in connection with his hobby. He thought that a club of sleeping car customers would be a successful marketing format. And here he was particularly helpful: "Approach new groups of customers through special measures (for example, approach clergymen by putting a Bible in the sleeping car compartment)."

Transportation Minister Gscheidle and his assistant, Ruhnau, in the meantime are trying to figure out some less peaceful measures. After even Chancellor Schmidt and Economy Minister Friderichs hinted that they would like to see a seasoned top manager running things from Frankfurt, both of them decided to get tough: what they would like to do best would be to relieve the unpopular president and replace him with an experienced crisis manager of the caliber of Toni Schmuecker who straightened out VW.

So far their plan has failed because of one little detail. No really high-ranking top manager is interested in the job. Even Hans-Erhardt von Knobloch--until the end of 1976 responsible for railroad matters at AEG-Telefunken--remained skeptical. When the minister and his state secretary recently met the luckless AEG [General Electric Corporation] manager at the Cologne-Bonn air terminal, von Knobloch refused to be pinned down.

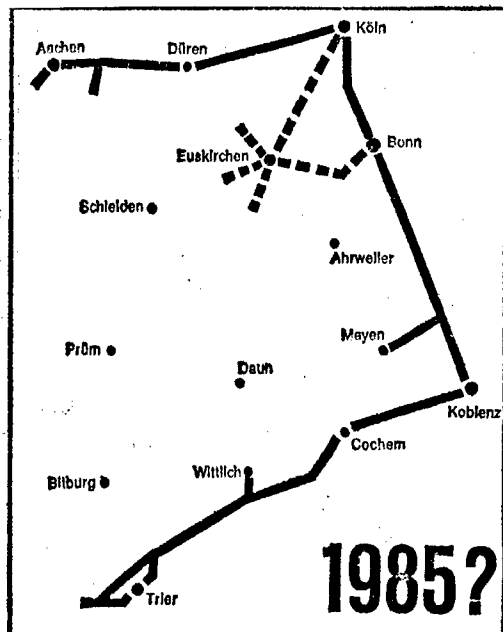
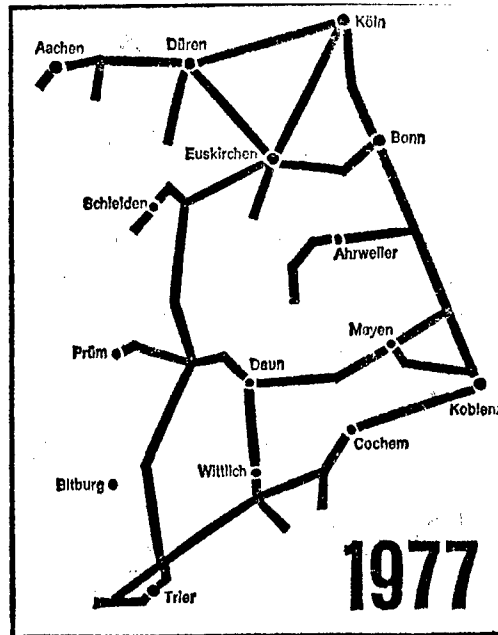
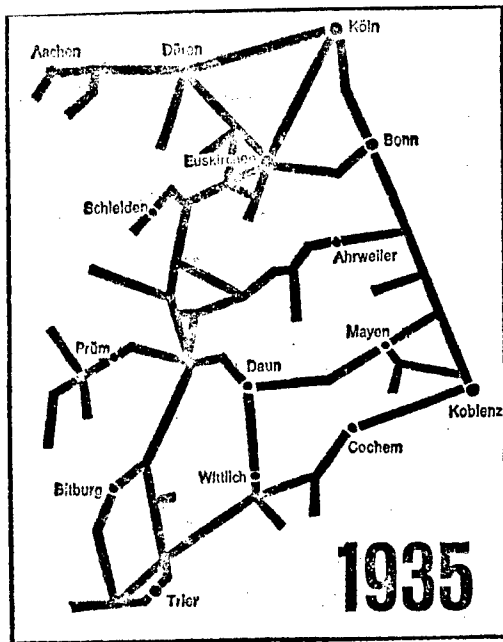
VERKEHR INS DEFIZIT



Key: 1--slide into deficit; 2--West German Federal Railroad; 3--by comparison; 4--inland shipping; 5--long-distance highway transportation; 6--passenger transportation, freight traffic in billions of ton/kilometers, domestic; 7--passenger transportation, in billions of passenger-kilometers, domestic; 8--private bus companies; 9--West German Post Office, community and mixed-management enterprises; 10--shortfall excluding adjustment payments from Federal Government in billions of Marks; deficit; 11--billions of Marks for adjustment; 12--remaining deficit; 13--billions of Marks, total deficit.

Railroad Network

Bonn VORWAERTS in German 13 Jan 77 pp 16-17



Withdrawal from surface area coverage, using the example of Eifel: railroad net in 1935, today (passenger transportation) and in the future, in case of acceptance of the "optimum operations management" plans of the DB (broken line: additional lines in major population concentration areas).

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3 March 1977

TRANSLATIONS ON WESTERN EUROPE

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