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TRANSLATIONS ON WESTERN EUROPE

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CONTENTS

PAGE

CYPRUS

Importation of Foreign Labor To Ease Labor Shortage Rejected (CYPRUS MAIL, 27 Aug 77)	1
Record Profit for Cyprus Airlines Reported (CYPRUS MAIL, 28 Aug 77)	2
Labor Ministry Report Sets Out Goals (CYPRUS MAIL, 28 Aug 77)	3
Cost of Living Index Published (CYPRUS MAIL, 28 Aug 77)	4

FRANCE

'LE MONDE' Article Questions Sincerity of PCF Defense Posture (Pierre Daix; LE MONDE, 30 Aug 77)	5
MRG's Fabre Views Left Interparty Discussions (Robert Fabre; LE MONDE, 26 Aug 77)	7
PCF's Colpin Examines Nationalization Dispute With Socialists (Jean Colpin; LE MONDE, 27 Aug 77)	9
PS Member Priouret Cautions Communists on Economic Situation (Roger Priouret; L'HUMANITE, 18 Aug 77)	14
France Builds Big Computers, Others in Development (LE MONDE, 5 Jul 77)	18
Letter from Jean-Pierre Brule Response by Jean-Michel Quatrepoint	

CONTENTS (Continued)	Page
NETHERLANDS	
Albeda, Diplomat Among Politicians (Frans de Lugt; ELSEVIERS MAGAZINE, 30 Jul 77)	22
What Are RMS's Future Chances? (Coen van Harten; ELSEVIERS MAGAZINE, 20 Aug 77)	28
SPAIN	
PSOE Reaffirms Friendship With POLISARIO Front (ABC, 6 Aug 77)	33
Editorial Calls Eurocommunism a 'Desperate Tactic' (Editorial, Agustin Fernandez Salso; EL PAIS, 9 Aug 77)	35
Catalan Socialist Attacks 'Eurocommunism' (Sergio Vilar; EL PAIS, 7 Aug 77)	37
PSUC Congress Called for Late October (MUNDO OBRERO, 9 Aug 77)	41
Editorial Reaffirms Communist Party's New Direction (Editorial, Victor Diaz Cardiel; MUNDO OBRERO, 9 Aug 77)	42
Italian Communist Youth Secretary Visit (MUNDO OBRERO, 9 Aug 77)	44
Briefs	
Arms Shipments to Morocco	45
Eurocommunism Defended	45
SWEDEN	
Several Firms Express Interest in Future Angolan Investment (Christina Jutterstrom; SVENSKA DAGBLADET, 16 Jun 77) .	46
Forthcoming Investment Deal in Ecuador Described (Fabian af Petersens; SVENSKA DAGBLADET, 15 Jul 77) ...	50
South Korean Embassy Officials Accused of Espionage (Arne Lemberg; EXPRESSEN, 11 Jul 77)	52
Effective Marketing Techniques Abroad Can Lower Production Costs (Bengt-Olof Heldt; SVENSKA DAGBLADET, 12 Jul 77)	54
Exclusive Scandinavian Broadcasting Rights Discussed (Lars Ag; DAGENS NYHETER, 16 Jul 77)	56

CONTENTS (Continued)

Page

1979 Earliest for Female Succession (Magdalena Ribbing; DAGENS NYHETER, 16 Jul 77)	58
New Head of Industries' Federation Discusses Economic Outlook (Lars Nabseth Interview; DAGENS NYHETER, 14 Aug 77) ..	62
Skepticism Expressed About Nuclear Fuel Development (Editorial; DAGENS NYHETER, 13 Aug 77)	69
Baltic 'Grey Zone' Probable Compromise (Per Sjogren; DAGENS NYHETER, 13 Aug 77)	74
Saab-Volvo Merger Viewed With Skepticism (Kurt Samuelsson; VECKOJOURNALEN, 19 Jul 77)	77

TURKEY

Briefs	
Transport Negotiations With Poland	79

IMPORTATION OF FOREIGN LABOR TO EASE LABOR SHORTAGE REJECTED

Nicosia CYPRUS MAIL in English 27 Aug 77 p 1

[Text]

THE LABOUR Advisory Board has declined to recommend importation of foreign labour in Cyprus to ease the current labour shortage in the Cyprus building industry.

Instead, the advisory board recommended more overtime work, incentive wages, accelerated training and planning of priorities in the projects being undertaken.

The Advisory Board, a tripartite body under the Minister of Labour and Social Insurance, on which both sides of industry are represented, held its first meeting since the death of President Makarios and observed a one-minute silence in his honour.

The Minister of Labour, surveying the labour situation, stressed the need of a sense of responsibility and underlined the importance of close cooperation, unity and a catholic effort to fill the gap created by the loss of President Makarios.

At the top of the agenda for yesterday's session was the labour shortage particularly in the building industry, in relation to the question of employment of Cypriots abroad.

The meeting agreed that economic development must press on and that employment of Cypriots abroad, especially with Cypriot contractors, should be maintained.

At the same time it was recommended that measures should be taken to ensure that the number of Cypriots employed abroad should be such as not to impede the normal economic development in the island.

Ten-point plan

The Advisory Board recommended a ten-point plan to ease the situation and both employers and employees promised cooperation with the government in its effort to provide a stop-gap remedy. The plan's main steps are:

- Improvement of methods of work;
- More overtime work;
- Higher productivity;
- Incentive wage schemes;
- Priority planning in the execution of the various projects;

- Accelerated training programmes;
- Full use of idle manpower or underemployed staff;
- Repatriation of Cypriots from abroad, in particular those in Greece;
- Loans to employers to buy machinery;
- Removal of import duty on mechanical equipment.

The Board also considered the question of an insurance scheme for Cypriot seamen and approved a raising of the minimum wage rates.

RECORD PROFIT FOR CYPRUS AIRLINES REPORTED

Nicosia CYPRUS MAIL in English 28 Aug 77 p 1

[Text]

CYPRUS Airways made a record profit of £514,340 during 1976 and proposes to distribute a dividend of six per cent to shareholders.

This is stated in the report of the Chairman Mr G. Iliadis to be presented to the annual meeting of shareholders to be held on September 22.

The chairman notes that the revenue obtained in 1976 amounted to £10.1 million, an increase of 77 per cent over 1973, the last full year before the Turkish invasion, and 186 per cent more than 1975, the first full year after the invasion.

«It is worth mentioning that much of the revenue earned represents valuable foreign exchange which enabled Cyprus Airways to make an appreciable contribution to the island's balance of payments», he notes.

«In view of the company's very good results, the board of Directors recommend a partial restoration of the dividend to shareholders (6%) and that the major part of our profit be utilised to offset some of the losses which were incurred in the years 1974 and 1975,» the chairman said.

1976 was a year of rapid and substantial progress for Cyprus Airways which managed to re-establish itself as a full international airline, said Mr Iliadis.

In the spring of 1974 — before the invasion — Cyprus Airways was operating to 12 destinations abroad whilst during 1976, only one year after resuming operations, new services were introduced and Cyprus Airways were operating to 15 points — Athens, London, Frankfurt, Paris, Amman, Bahrain, Beirut, Benghazi, Cairo, Damascus, Dubai, Jeddah, Kuwait, Muscat and Tel Aviv.

The number of passengers carried by Cyprus Airways during 1976 was 225,854, practically equalling the number of passengers carried in 1973.

The biggest increase in traffic was on the Larnaca/Athens sector on which they carried over 100,000 passengers.

The number of employees increased from 403 in January 1976 to 483 at the end of December of the same year and the staff was restored to full pay.

The chairman said passenger traffic was expected to continue to grow, particularly on the services to Athens and London.

Commenting on the company's decisions for the aircraft to be used for the period ahead, the chairman says the Board reached the conclusion that the large capacity aircraft now available could not be effectively and economically used by the Cyprus Airways until after 1980.

Therefore, it was decided to use existing types of medium/long range aircraft and the company selected the Boeing 720B as the most suitable and economical aircraft to be operated for the next three years.

Accordingly, Cyprus Airways will be operating from April next year two leased Boeing 720Bs and two owned BAC 1-11s.

«With these aircraft and the continued support of the travelling public we can look to the future with optimism, confident that we can make further progress in establishing a communications network which would serve more fully the island's growing needs in the fields of commerce, industry and tourism», the chairman said.

LABOR MINISTRY REPORT SETS OUT GOALS

Nicosia CYPRUS MAIL in English 28 Aug 77 p 1

[Text]

R AISING employment standards, improving the standard of living and eradicating the social and economic problems created by the invasion are the primary concern of the Labour Ministry at present, says the Ministry's annual report for 1976.

The report says the effects of the Turkish invasion continued to persist despite the bold measures that have been taken and the steady improvement that has been marked since.

«Now that the economy presents encouraging signs of recovery, the primary concern of the Ministry will be to utilise every possible means to raise employment standards, to improve standards of living, to prevent and solve the social and economic problems which have been created by the invasion.

«It will also work for the integration, the cohesion and the effective functioning of society as a means for the success of the struggle which lies ahead for a just solution of the Cyprus problem», the report says.

The social problems which were generated by the invasion are now becoming more evident and pressing and the Department of Welfare Services, which works under the Ministry, is intensifying its efforts to counteract and overcome, both on a short term and a long term basis their adverse repercussions.

Special emphasis is placed on the solution of problems which confront the weakened groups of the population, such as children, invalids, the aged and the families of war victims; and the institutional care for them is programmed with the assistance of the U.N. High Commission for Refugees.

The report underlines that the ultimate goal of the labour and social policy of the government remains the achievement of social justice in a free and democratic economic system and the improvement of the quality of life of the individual and of society as a whole.

The Ministry, it notes, has drastically widened its role as setter of labour standards for the protection and improvement of basic labour rights and freedoms and assumed the role of practical advocate of a fairer distribution of the fruits of production.

CSO: 4820

COST OF LIVING INDEX PUBLISHED

Nicosia CYPRUS MAIL in English 28 Aug 77 p 1

[Text]

THE Government has published the first cost of living index since the coup and invasion in July 1974.

An official announcement said that the new retail price index, compiled by the Statistics and Research Department of the Ministry of Finance based on the period July 1976 to June 1977 showed the following evolution for the first seven months of 1977.

January 100.23, February 101.17, March 102.45, April 102.21, May 103.00, June 104.04 and July 104.10.

The reintroduction of the cost of living has been a persistent demand of the unions and will affect wages of several sectors where wages are linked to the index.

The Cyprus government announced on July 27 last, after a meeting under President Makarios in the presence of the Minister of Finance and representatives of employers and employees and of the public service, that the government would pay a 5 per cent cost of living allowance with effect from July 1, «for the increase of prices which occurred during the first half of the year».

But it was agreed that future adjustments would be made half-yearly so that the next revision will take place next January to take account of price fluctuations during the second half of the year.

But, the way the revision is made will still be subject of further negotiations, the statement then said.

CSO: 4820

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deliberations by asserting that the 21 August invasion was Czechoslovakia's "own business." This was tantamount to taking the view that the occupation regime, the party-state installed by the occupation army represented the expression of the Czechoslovak people's free choice.

Santiago Carrillo was the only communist leader who called this into question. As early as 1974, he told Regis Derbray and Max Gallo (LE MONDE note: see "Demain Espagne," LE SEUIL, 1974, page 153) that if he had been in Alexander Dubcek's place, he would have ordered his army on 21 August 1968 to resist the Warsaw Pact troops. However, the PCF has never supported this attitude in any way.

It follows that, considering its past attitude, the PCF should perform two undertakings in order to impart full meaning--the meaning it had when referred to by General de Gaulle--to the expression "omnidirectional deterrent." First, it must undertake to call for resistance in the event of aggression by Warsaw Pact forces and, second, it must promise to consider as aggression any attack or invasion led by these forces against any state which refuses to give up its sovereignty for their sake, that is, it must recognize that aggression is not an attribute of "American imperialism" but can also be perpetrated by the Soviet regime.

Until the PCF removes these doubts, its traditions will deprive any French government in which it might participate of any credibility with respect to its deterrent strategy. Now there can be no doubt that the worst possible policy our country can adopt is to pretend that a nuclear deterrent strategy is pursued while having no policy to back it up, since this would lead to a situation where we would become a target while being deprived of national defense.

CSO: 3100

FRANCE

MRG'S FABRE VIEWS LEFT INTERPARTY DISCUSSIONS

Paris LE MONDE in French 26 Aug 77 p 5 LD

[Unattributed report on 24 August statements by Left Radicals Movement chairman Robert Fabre: "Not To Use a Polemical Tone"]

[Text] At the end of the 24 August meeting of his party's bureau, Left Radicals Movement [MRG] chairman Robert Fabre stated that he has no intention of acting as "arbiter" between the PCF and the Socialist Party [PS].

He emphasized that whereas majority parties "have been spending time discussing election issues, 'the Left' has been discussing fundamental problems." Fabre asserted that it is "healthy" to openly discuss divergences concerning the updating of the Joint Program, provided "a polemical tone which would harm the quality of the union of the Left" is not used.

Speaking on Radio France-Inter, the MRG chairman previously stated:

"If polemics were to be institutionalized, that is, pursued, this could become serious. This is why the Left Radicals would like to see the matter rapidly settled" and "the discussions" (on the updating of the Joint Program) "closed," "we must achieve an agreement but it must be a good one. We will not sign any program inconsistent with our views.... During preparatory work we have persuaded our partners to adopt a number of proposals which we believe are important.... The 1977 version of the joint program carries a radical movement mark.... We have made the union progress considerably. Neither rupture nor blockage has occurred," merely "political divergences which will have to be resolved at the highest level."

Mr Fabre believes that keeping to the 1972 Joint Program or accepting disagreements would amount to "regression," analyzing these disagreements, he expressed the view that the defense problem has been "incorrectly posed." He believes that this will also prove the case with respect to the wage scale [hierarchie des salaires] problem." What remains," he added, "is the problem relating to the choice of the type of economic society--we believe that free initiative is something of essential importance. This has been stated in the Joint Program and should be respected."

"We could not support," he stated, "any document which would jeopardize free enterprise through nationalizations; we will be intransigent on this point."

Commenting on an article by Roland Leroy LE MONDE 24 August, Fabre stated: "Five years ago we parted company with the supporters of an alliance with the Right. If this is not sufficient to inspire confidence in us, it is very disappointing.... There is a certain power balance among Left parties. The Socialists have become the strongest. This may create problems for the PCF which should accept the fact that it is not the dominant party, be reasonable and participate in government in accordance with its position, its proper place."

FRANCE

PCF'S COLPIN EXAMINES NATIONALIZATION DISPUTE WITH SOCIALISTS

Paris LE MONDE in French 27 Aug 77 pp 1, 5 LD

[PCF Politburo member Jean Colpin article: "To Nationalize or Not To Nationalize"]

[Text] At last everyone agrees: the questions under discussion concerning the updating of the Joint Program relate to fundamental problems, and the differences between the positions of the PCF and the Socialist Party [RS] are acknowledged as serious, particularly with regard to social objectives and the economic and political methods necessary.

This is, no doubt, why everything is being done to confuse what is clear and to shift to the sphere of polemics matters which belong to well thought-out discussion on the policy which a government of the union of the left should pursue in the future. In this respect the method used by Michel Rocard in a Thursday morning daily to cover up the PS rejection of the wealth tax and some nationalization is unacceptable.

What Georges Marchais actually said in his reply to Roger Priouret on this subject was: "Furthermore, contrary to the arguments you employ, which coincide with those of the PS, we consider that the nationalization and wealth tax proposals which we are putting forward in the context of updating the Joint Program are necessary to find a way out of the crisis."

This is a gross distortion of PS positions, Michel Rocard claims. Then let us consider the facts" is it true or false that the proposal deemed necessary by the PCF for a wealth tax at a rate of between 1 and 2.5 percent inclusive, according to the capital's Vat return and with a personal allowance of 2 million francs, has been rejected by the PS? It is true.

Is it true or false that the proposal we considered necessary to update the scope of nationalization by extending it to the CFP total group, the four main steel groups and Peugeot-Citroen has been rejected by the PS? It is true. There is, therefore, no distortion here. This is what must be discussed, and in particular, the decisive importance of nationalization for the implementation of the Joint Program.

As early as August the PCF drew up its proposals to update the minimum threshold of nationalization, taking into account the nature of developments from 1972 through 1977: the acute worsening of the crisis, the billions of francs of public money injected into a few monopolist groups, and the demands voiced during the struggles of the workers in certain sectors. We immediately published the corresponding costings and assessments.

In accordance, on the one hand, with the methods for defining groups advocated by official bodies such as the National Accountancy Council, the Commission on Stock Exchange Operations and the National Institute of Statistics and Economic Studies (INSEE) and, on the other hand, with the practices of the monopolist groups themselves, we believe that it is the "hard core" of the monopolist groups, consisting of the parent companies and the subsidiaries in which they have a majority holding, which must be nationalized. On this basis we arrive at a list of 1,398 firms, including 1,149 industrial companies. If we add to these a small number of companies (less than 50) in which the publicly owned share is a minority one, but which are particularly important within the groups under consideration owing to their technological or export contribution, the PCF is therefore proposing to nationalize less than 1,450 firms, all identified, and only these. Of course, when the time comes, it will be advisable to take into account the structural changes which will take place between now and then.

On the PS side, what stands out from the various statements by its spokesmen and the positions expressed during the Committee of 15 negotiations which have been reported by the press is its desire not to alter the 1972 text, as if nothing has happened for five years whereas, to take only one example, the relative size of the investments in France made by the nine groups to be nationalized in relation to investments by all companies has decreased. The PS has explained its principle of nationalizing groups during the talks: it boils down, in fact, to confusing the notion of a group with that of a holding company (that is, merely the financial company at the head of a group) and retaining within the scope of nationalization only these holdings and a few companies in which at least 99 percent of the shares belong to them directly.

In all this makes some 100 firms. Moreover, in a group capable of nationalization the PS rules out the addition to the same firm of publicly owned shares resulting from the nationalization of other groups and the banking and financial sector.

This interpretation in no way conforms to the Joint Program which distinguishes clearly between holdings and groups. Whatever Michel Rocard claims, this principle results in not nationalizing Marcel Dassault Aircraft, Roussel-UCLAF and CII-Honeywell-Bull because these companies are not group heads and hardly more than 50 percent of their shares are owned by parent companies.

"For there are two alternatives: either the principle expounded by the PS is really the one it uses, in which case the conclusions which we draw for the aforementioned three companies are irrefutable, or else it uses another method for these three companies, in which case there is no principle."

For the same reason companies as large as Thomson-CSF, Alsthon-Atlantique, Trefimetaux, Comhurex, CTI-Alcatel, Stein-Industrie, Naphtachimie, La Cellulose du Pin, the pharmaceutical sectors of Rhone-Poulenc and Pechiney-Ugine-Kuhlmann, and so forth would not be nationalized. Hundreds of other firms would be left alone.

These are the reasons why we consider that the Socialist Party's positions are not only inadequate in view of the solutions necessary to extricate the country from the crisis but that, furthermore, they are a real step backward compared with 1972.

This retrogression has been aggravated by Michel Rocard's recent statements. Deeming that "the technique of participation is just as valid as that of total expropriation," he asks: "What does the left really want: to take control in these groups or to insure undivided ownership for itself of the buildings, land, machines and trucks concerned? If, as the Socialists believe, it is control that is really wanted, then it is sufficient to take it where it is, in other words, as the summit...."

If it is remembered, furthermore, that the method expanded in public by the PS a few months ago on the subject of indemnification consisted of leaving the tokens of their ownership in the hands of the former shareholders, this clearly means that the PS does not want to nationalize in the true sense but to replace straightforward nationalization with a policy of generalized financial participation. The consequences of this would be very serious. In the context of intense struggle, which will be the case when the Joint Program is put into operation, a simple policy of financial participation would not be sufficient to insure control of the means of production and industrial democracy--and for several reasons.

First of all, monopolist ownership is not weakened decisively if we confine ourselves to simple participation instead of openly nationalizing. Big capital can even find in this an opportunity to gain fresh public support, as happened recently when the state took over a share in Dassault. Instead of a clearly identified public sector, an important instrument for democratic change in our country, we would then have an inextricable tangle of financial connections, an unprincipled mixture of public and private capital, to the great advantage of the latter.

Second, our aim is not to "dabble on the stock exchange" with a big wad of state shares but to promote a new type of growth, to develop the key industries of our economy on the basis of an extended, stable, modernized public sector. Without true nationalization, profit would inevitably end up by establishing itself as the major objective in the conducting of business. Roger Priouret stressed this, moreover, in his letter to Georges Marchais: "the firms you will nationalize are built for good capitalist management, like Saint-Gobain-Pont-a-Mousson, or are feudal associations like Rhone-Poulenc...." We cannot, therefore, confine ourselves to taking possession of their financial capital. Last but not least, democratic management would

be much more difficult to implement in a company which still contained private shareholders who could (particularly if they possessed a minority blocking right) obtain representation for themselves on the board of directors, oppose necessary structural reforms, reject increases in capital and recourse to certain methods of financing, bring proceedings against the firm's managers, and so forth.

Control of ownership? The alternative is a false one, for there can be no control without full ownership of the real capital, that is, the factories and the machines: And in the communists' view there can be no democratic control without workers' intervention following expropriation by the nation of the inheritance of the great private feudal empires. Power is not to be seized at the summit as Rocard proposes; it is to be won at grass-roots level by nationalization, democratic management and national self-management.

It becomes easier to understand why the PS is adopting a position which, in fact, deprives the minimum threshold of nationalization of its substance when Michel Rocard explains what he means by waste. First of all: "By far the heaviest waste stems from the subsidies paid directly or through the European channel to large firms...." There follow, in order: Les Halles, La Villette, Concorde and the investment errors of both public and private firms.

This orderly list is meaningful; it in fact absolves the instigators of the crisis--the Giscard government and big capital, these masters of France who are responsible for the 1.5 million unemployed, double-digit inflation, the foreign trade deficit, the dismantling of industry. It will make the master forgers who are ruining Lorraine and Rhone-Poulenc which is closing Peugeot-Roussillon feel easy.

This carefully selected inventory is significant. It means that, in Michel Rocard's opinion, we must stop attacking the all-powerful multinationals of French or foreign origin--which explains his refusal to nationalize resolutely the 15 groups which we propose.

Consequently, it becomes easier to understand the PS refusal to agree to the social proposals which we believe to be justified and necessary (just as we deem indispensable the nationalizations which must be carried out simultaneously), namely, the guaranteed minimum wage [SMIC] set at FR2,200 at 1977 purchasing power, degressive wage rises up to four times the value of the SMIC with strict guaranteeing of purchasing power insured up to 12,000 francs only, an effort to move toward a hierarchical scale of wages at a ratio of about 1 to 5, a 50 percent increase in family allowances during the first six months lowering of the age of retirement on full pension, free school equipment and transport, and many other measures.

It is in the PS refusal to attack the roots of the evil through real nationalization that we must seek the reasons for its tendency to adopt as its own the well-orchestrated theme of controlled austerity, the theme of "not everything at once" or its variant, "everything, but not all at once."

The worst is to be feared, too, from the PS spokesman's speech as far as national independence is concerned, when he declared himself ready to start talks with the Roussel-UCLAF and Bull Machines Company groups, reserving "until the end of the negotiations on the orientation of industrial policy, our decision about the fate of the capital invested in France by Hoechst, on the one hand, and Honeywell-Bull on the other." This is lowering one's fists before the fight and can only constitute an encouragement to these firms, which have already profited from their implantation on national territory by consolidating their positions in key sectors of our economy.

All this is extremely worrisome. What the French people want is change, real change in their lives; more wellbeing, more real freedom, more independence for their country. This presupposes large resources, it is true, and in particular well chosen nationalizations, in sufficient number and with an advanced democratic content. You cannot want one without the other--this is the simple idea which guides the consistent and responsible actions of the PCF. With the prospect of the imminent meeting of the leaders of the three Left parties, all our efforts are aimed at demonstrating its validity.

The future of our country and the happiness of our people depend on it.

CSO: 3100

FRANCE

PS MEMBER PRIOURET CAUTIONS COMMUNISTS ON ECONOMIC SITUATION

Paris L'HUMANITE in French 18 Aug 77 p 4

[Open Letter to Georges Marchais by Roger Priouret]

[Text] Roger Priouret has sent an open letter to Georges Marchais. LE MATIN DE PARIS, which supports the socialist party, has published it. We are reproducing it in its entirety.

Georges Marchais will make a response to Roger Priouret. We will publish it Monday.

You are going, Sir, to take on in the next few weeks a crucial responsibility.

There will be, at the summit of the left, attitudes to define through conciliation on major questions: defense, energy, new growth, etc. In comparison to these problems, the present economic situation seems a minor one.

Unfortunately, it will be because of it, and it alone, that the left may stumble in the first hundred days of its accession to power.

I will not be telling you anything new in saying that it will be watched and its failure hoped for [by the following:] within the country, by people who will still possess, in spite of the nationalizations, 75 percent of the means of production and exchange and about the same proportion of French private wealth. Abroad also, by the entire Western world and especially by the United States, which can maneuver the financial market and the international financial organizations. And the Soviet Union, which fears the contagion of any success of the pluralist Left among the associated states of the East and even in the non-Russian parts of its territory.

The margin for maneuvering is therefore very narrow, to move from the Barre "austerity"--which will probably be attenuated this fall because of the elections--to an expansion nourished by improvement in the purchasing power, but which will not lead to inflation and deficits in foreign demand more serious than those which you will inherit and which are not slight.

Please, do not tell me as you have done in your "reflections" published by L'HUMANITE on 9 August: "The Socialist Party speaks of the necessity of fighting inflation. I am sorry, but I must note that that is exactly the argument that Mr Barre uses against the demands of the workers." The argument is not worthy of this great debate: even in a France which would have a liberal socialism, the government would be obliged to refuse certain union demands, citing the danger of inflation.

The question is too important. A newspaper which tries to remain objective--L'EXPANSION--and which is edited by a man you respect--Mr Jean Boissonnat--has asked experts holding different opinions to draw up an economic budget for France for 1978, with what one knew in June of the promises which had already been made in the common program and of those which you had added. The result sends a chill up the spine. By the end of the year, prices will probably have risen by 20 percent; the dollar will have gone from 5 to 6 francs; the deficit in the balance of trade will have reached 40 billion; the short term interest rates will be 15 percent. Expansion will see an increase in production of 5 percent and unemployment will have been reduced by 150,000.

I do not ask you to take at face value what is necessarily only approximate. I have three reasons.

First of all, to invite you--as well as your partners, of course,--to prolong the discussion before making public the agreement between you, by a projection of the economic budget for 1978. Do not choose experts too close to the hierarchy of the parties and who consequently do not have the necessary distance. But the left, communists included, does not lack militants and sympathisers who know how to construct an economic model and to use a computer: they can be found at the INSEE, at the head of the Economic Forecast Office, in semi-official research organizations such as SIPREMA.

If you follow these efforts, you will see that politically strong affirmations are not confirmed by economic research. You kept pointing out, in your article of 9 August, that supplementary nationalizations--steel and Peugeot-Citroën--and a general property tax with a base lowered to 1 million per person, and with a high rate, would permit going further than the Socialist Party and the radical left are willing to go for salaries and social welfare. In fact, there would be repercussions on salaries only in large companies and, for the steel industry, it would be at the expense of the taxpayer. As for lowering the base on the general property tax and changing its rate, how much would that represent in receipts compared to 400 billion in the social welfare budget?

My second reason would be to persuade you that in taking, without spreading them out over a period of time, measures such as the SMIC at more than 2,200 francs and raising the family allocation by 50 percent over the present level, you would make believable the forecast economic budget of L'EXPANSION. You must know that salaried workers, who will see the "Smicards" getting a raise of 30 percent, will not accept the plan for the increase in purchasing power by 10 percent over 3 years which is proposed through the figures given by your party and which caused such a stir. The raising of the hourly wage, with the reduction in hours worked, will be in the neighborhood of the 25 percent raise announced by L'EXPANSION. Between the speculation of the "cambistes" and the "precautions" of the import and export multinationals, a sliding of the dollar to 6 francs is plausible. A heavy trade deficit will result both from the increased monetary cost of our indispensable imports and from the loss of competitiveness of our products because of the rise in our prices. And also, think about it, the fact that because of the lack of sufficient productive investment, and the lack of skilled labor, the French consumer goods industry will not be able to produce at the level of the distributed purchasing power --which will lead to purchases abroad and will therefore increase imports.

My third reason goes further and will suggest other "reflections," knowing that they will be received with irritation. You say that the common program is not socialism. You must agree that with the nationalizations and especially those of the banking system, everything is preparing for it. For you, as for your adversaries of the majority with whom you are united on this point, you are sure of bringing about a radical change in the economy.

Permit me to tell you that that is a politician's illusion, to the extent that you foresee a change in the short term. You think that you will be master of the situation because you will have the power, with the administration that it commands in theory. And you are counting on the counterweight that the CGT will provide right after the elections, in the companies.

Try asking the economists, who are not obliging. What will be your means of affecting these volatile elements which constitute the economy? The control over the exchange rate that you will inherit is a sieve, which was designed to be one, and to permit lucrative investments abroad. A coherent and effective organization cannot be set up from one day to the next and it has no effect on foreign holders of francs. You are counting on blocking prices temporarily at the production level: but control personnel are extremely few and it takes months to train others. The businesses that you will nationalize are organized for a good capitalist management like that of Saint-Gobain, Pont-à-Mousson, or are the conglomerates of fiefdoms like Rhône Poulenc: only a long time devoted to the job of structuring, which will affect the management as well as the unions, will make of them allies in a new policy. We will have to substitute an eighth plan for the seventh and, if you want to establish it democratically, it will take a year, what with the discussions, the opinions and the mathematical calculations.

And finally, there will be the French psychology. Even those who vote for you will keep their reflexes of today. Faced with a sharp rise in prices, their behaviour might well be that of impatience and lack of discipline. It will be suggested to them, moreover, by those who, with marketing techniques, have learned how to manipulate the consumers.

You are in danger, therefore, of being led, after 100 days, to establish an anti-inflation program. You will plan it, I am sure, in an equitable way. But, even if you get along easily with your partners, it will be an extraordinary disappointment for those to whom you will have given too much hope. That will be the moment chosen no doubt by the President of the Republic to use his right of dissolution. Do not forget that with Valéry Giscard d'Estaing in the Elysée Palace, the left will never be more safe than if it were seated on a half-sawed branch.

The only effective parry is not the renunciation of the objectives of the conjectural part of the common program, but their postponement, founded on a precise economic calculation.

And if it is to you that I am writing, it is because you are the only person who can propose this postponement without being suspect. The voters on the left, if they hope for a change of direction, are ready to understand the existence of a time-table in the satisfying of their demands. I remind you that the leftist unions have always told the present government: "Here is what we are asking for; we do not demand it immediately." Why would they be more intransigent tomorrow with a government which is favorable to them, than they are today with a government which is hostile to them?

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FRANCE

FRANCE BUILDS BIG COMPUTERS, OTHERS IN DEVELOPMENT

Letter from Jean-Pierre Brule

Paris LE MONDE in French 5 Jul 77, pp 1, 28

/Text/ Mr Jean-Pierre Brule, President and director general of CII-Honeywell-Bull, replies, in the letter printed below, to the article of Jean-Michel Quatrepoint of 1 July which--in connection with the dropping of the X4 and X5 models--raises the question whether France was not in the process of abandoning to the American firms the building of big computers of the new generation. Mr Brule indicates that the future model of his company, the P7G, will make it possible "to achieve...big systems more powerful than our biggest present computers."

That is true, but does not answer the question completely. The Honeywell model 66-85, which is coming out now, actually at this very moment has a capacity 50 percent greater than that which the P7G will have in 4 years. As for the 30-33 IBM model, 2 years before the putting into service of the P7G it will have two to three times the capacity of the latter.

CII-Honeywell-Bull insists on providing the following information, Mr Jean-Pierre Brule writes to us:

1. Today the company has in its catalogue two large computers: the 66, originating with Honeywell, and the Iris-80, originating with CII. Both are being actively marketed. The Iris-80 is manufactured at Toulouse in a quantity exceeding forecasts before the merger; great improvements are being made to it at this very moment. Old and new customers justly have confidence in it.
2. The company has made known its intention to supply to customers of both one and the other compatible and more powerful products enabling them to evolve without having to convert their programs. Under this heading it has set about developing a product compatible with the Iris-80 and much more powerful.

3. The company had to choose among several projects corresponding to this goal, all of genuine technical value but with different economic merits. This choice is part of the normal exercise of management responsibility; it was made public in March 1977.

4. The technical policy was revealed in advance to the stockholders, who approved it without reservations. The assertion in the criticized article that some of them are uneasy is thus without foundation.

5. The retained project (P7G) is based on a French technological breakthrough using an advanced technique. This is being adopted at this very moment outside France and outside the data processing in some front-ranking industries. LE MONDE on 25 March reported on it in a positive way.

6. Due to this technology the P7G project makes it possible to achieve, at extremely competitive costs, intermediate systems and at the same time large systems more powerful than our largest present computers. The criticized article leaves one with the impression that it is a question of an intermediate system by passing in silence over the statement of the company in March, according to which this project would give birth both to intermediate and large systems (it is indeed a question of large systems in the sense of the future generation--1980--and not of large systems of 1977 which will have become intermediate by 1980).

7. The company is not developing one product, as is stated, but many different products. Its research budget exceeds 400 million francs per year, larger than that of Honeywell Information Systems.

8. The figures published in the article (of 1 July) concerning the distribution of sales envisaged by the company in 1981 are absolutely untrue.

9. The company is executing all of its economic, technical, and commercial plans without default, despite renewed attacks, which in the final analysis help only its foreign competition.

It deplores having become a pawn in political struggles in which the facts are twisted, as this correction stresses. It asks only to work in peace to strengthen its position as the first European manufacturer. It has never had so many trumps to do it.

Response by Jean-Michel Quatrepoint

Paris LE MONDE in French 5 Jul 77 p 28

/Text/ The letter of Mr Brule confirms--implicitly--the information contained in our article of 1 July on the following points: dismantling of the X4, X5 prototypes; abandonment of the Alida project (which corresponded, in the minds of the users and the public, to the symbols Y4, Y5); and the main characteristics of the P7G project. We had mentioned clearly that this program had a cost of manufacture less than that of Alida, and would use the technique of micropackaging.

Actually, the debate concerns the definition of the expression "large computer."

Models X4 and X5 had to become available in 1977 and thus could not utilize--like competing machines--the new technologies of the integrated circuit and the technique of assembling the micropackaging. As our diagram (LE MONDE 2 July) showed, X4 and X5 were comparable to the IBM 168 computer and the Honeywell 66-80, which are the two machines available today on the market. The Alida project, if it had been maintained, would have been put into operation in 1979 with performance characteristics slightly inferior to X4 and X5 for business data processing.

The gross capacity envisaged for the central unit of P7G is 900 kilos octet per second (the same as the present Iris-80). Its range of power should be from 350 kilos octet per second to 1700 kilos octet in the biprocessing version. P7G in its biprocessing version should have a business data processing capacity equivalent to that of the X5, but inferior by about 30 percent in the scientific version.

If this machine were coming out today, one could really consider it a "large computer." But it will come out in about 4 years. At that time it will be, in all probability, a machine of weaker power than the new materials of the American competition and of the American Honeywell partner. By way of comparison we note that the Honeywell model 66-85, coming out at the present time, has a capacity 50 percent greater than.../short passage dropped in printing/ that the IBM model 30-33 will have in 18 months, a power two to three times greater than the P7G will have 2 years later.

In their report written at the request of the ministry of Industry (which we cited in our article of 1 July) the two experts who were consulted wrote, moreover: "If one accepts the global law of evaluation of needs for a doubling of the capacity every five years, one can confirm that the P7G, at the time of its emergence, will be situated in a way analogous to the Iris-80 in '75-'76 and will thus be directed toward the same class of customer. It is therefore clear that certain present users of the Iris-80 cannot be satisfied with the capacity of the P7G and will have to contemplate, independently of the solutions of the competition, shifting to the series 66 of Honeywell."

The leaders of the Club of Users of the CII Model told us that they remained worried by several aspects of the P7G project, and especially "by the fact that the date of availability of the P7G leaves a 'gap' and one does not know how it can be filled for users of the series Iris-60 to Iris-80 inclusive. The capacity of the tools envisaged does not offer the prospects of development which one could hope for with the computers promised earlier."

Last remark: the parts of the company report, with regard to the origin of the material, cited in the article of 1 July, were taken from the five-year plan forecast of CII Honeywell-Bull completed several months ago. As for

the stockholders of CII-HB, to whom Mr Brule refers, some of them may, while dimly perceiving the development plan of the enterprise, have some worries about it and communicate it among themselves.

J.-M.Q.

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NETHERLANDS

ALBEDA, DIPLOMAT AMONG POLITICIANS

Amsterdam ELSEVIERS MAGAZINE in Dutch 30 Jul 77 pp 12-14

[Article by Frans de Lugt: "Cabinet Formation: Albada the Professional Conciliator"]

[Text] For the second time the future of [Prime Minister] Den Uyl lay hidden in the head of Professor Dr Albada. Four years ago this AR [Anti Revolutionary] senator was also "taken out of the stable" to pave the way for a Den Uyl cabinet. At that time he did his work in the shadow of [First Deputy Prime Minister] Van Agt. Now he has been allowed to deal with the consultative assignment by himself. Who is Wil Albada? He is not a Mr Albedil [pun: "fault-finder"] but a pure-breed christian democrat who was fed conciliation with his cereal spoon. Profile of a professional conciliator.

On the day Professor Dr W. Albada started his consultative work, a little boy fell in the water in Rotterdam. He wore a CDA [Christian Democratic Appeal] T-shirt which slowly disappeared under the water, to the great enjoyment of a little friend who, under the motto "Many Free Days," is a fan of another political party. The little boy, who rapidly managed to scramble onto the side, was the 10-year old Christiaan Albada, the youngest son of the cabinet consultant. Coincidentally Albada that same afternoon had mentioned his youngest son to reporters. When Den Uyl saw his formation task stalled, the Albada couple was on vacation in Scotland, where Dutch politics do not penetrate daily. On returning home father Albada not only found a stack of newspapers to read, but also a tape made by Christiaan on Den Uyl's unsuccessful attempt to form a cabinet. In the recorded text, the 10-year old had taken upon himself the role of consultant. Thus it must not have been a surprise for father Albada that he was requested by the queen to "conduct an inquiry into the possibilities of clearing up the differences of opinion which had arisen during the Den Uyl formation, so that this formation may be resumed."

Wil Albada (52) is known as a fast thinker and rapid worker. "It is possible or it isn't" seems to be the motto of this professional /conciliator/ [in

italics] and thus the calling in of this Rotterdam professor, cleansed in the labor movement, does not absolutely mean that a success will jump out of the box. His conciliation-past proves that.

The first time this expert in labor relations stepped into the foreground as a mediator was in 1972, during the big steel strike. At that time the union movement could still permit itself a strike on a salary cost increase of over 10 percent. The mediating action of Albada and two others then broke off at a difference of 3/4 percent. Albada was left with quite a morale hang-over because, "the little figures for me were inferior to the attempts toward reconciliation," he said. In spite of that, he found the role he was able to play then, "absorbing, pleasant and interesting."

The second time he stepped into the foreground in a labor dispute was at the start of the strike at the beginning of this year. He had been "neutral chairman" at the cao [collective labor agreement] negotiations in construction. Those negotiations did not deliver the desired result.

He was more successful in his political mediation. Four years ago, together with Van Agt, he succeeded within 2 weeks in getting Mr Jaap Burger, who had been toiling for almost 5 months, on the track, who then afterward together with Dr Ruppert was able to deliver the first Den Uyl cabinet at the Catshuis. The speed with which the Van Agt-Albada duo in April 1973 managed to break through the impasse must have played on the queen's mind when last week she discussed the assignment with Albada. She impressed on him to go easy in his consultative attempt, for "the Messrs Den Uyl and Van Agt are tired, thus they will be able to get away for a little while." Den Uyl immediately boarded a plane to a secret destination (safety considerations) and Van Agt made some little trips between his work. At his first public performance as consultant, Albada's blood still seemed to run where it could not go: "I don't know how long this consultative assignment will last, but it most not last too long. Our country quickly needs a new cabinet."

He himself saw his task limited to leveling out the differences of opinion about the capital gains sharing plan (VAD) and, in so far as necessary, the social-economic policy connected with it. "A tragedy," he characterized Den Uyl's not being able to succeed right away as cabinet former. For in the eyes of Albada only one cabinet is possible, a coalition of PvdA [Labor Party]-CDA-D'66 [Democracy 66]. "It seems to me that the election result was clear," he says.

The political preference of the grey giant Wil Albada has been public for years, and for a man with a labor movement past, not surprising. He has never yet denounced the VVD [Party for Freedom and Democracy], but "There can be no doubt that Christians must be leftist," he said 8 years ago at an AR meeting in Amsterdam. That was in the period when a number of AR radicals were in a stage of turning their backs on the party.

Albeda did not follow them because he "has no temptation to completely enter the leftist camp." He has a pronounced aversion to a socialist society; he swears by a mixed economic order, in which the participation of employees must be regulated to a great degree and the employers must feel they are the leaders of their work-community. He cannot see the employer as unassailable boss, but the opposite (laborers' self-government) does not attract him either. He hates even more a government which everywhere gives orders. His position in life already became obvious 20 years ago from his thesis on the role of the labor movement, in which he wrote: "The social-economic management must be a reflection, in economic concepts, of God's will." Six years ago he said in an interview: "I want an enterprise with some say by the employees. They must not have their own way, however. Shareholders, the management and the community also have the right to a voice." And 3 years ago he said in the first chamber: "It would go too far if a government body were to determine the direction and content of investments. Then the enterprise becomes a decentralized government body and then the voice of the employees at the level of the enterprise loses a lot of its meaning."

His preference for cooperation with the PvdA is primarily prompted by the course of action carried out after the war by the various parties. "A combination of socialists and christian-democrats can best tackle the social-economic management of our country," he said, or wrote, many times. But simultaneously the same Albeda turns against the much heard view that the VVD should not be allowed in the cabinet because the labor movement has pronounced a sort of veto on it. "It would of course be a precarious matter if the only cabinet able to govern in this country would be one to which the labor movement can say 'yes.'" A parliamentary democracy requires a government which has the trust of parliament," he wrote in an article during the previous cabinet formation. His preference for cooperation with the PvdA not only has to do with the social-economic course of action he has in mind, but also with the extremely narrow majority which a coalition with the VVD would have at its disposition.

"The CDA in my opinion remains dependent upon cooperation with the PvdA. Only the obstinacy of the PvdA makes it so difficult," he said shortly after the Den Uyl cabinet had fallen. Indirectly he then applied for a role in the new cabinet formation. For in the CDA-disposed morning paper TROUW he expressed the hope that the breach would not be "irreparable." And in the Catholic daily paper HET BINNENHOF he appealed to the CDA to "do everything which could take away the distrust which has developed toward the PvdA." He contributed the fall of the cabinet at that time to the "haste and obstinacy of the PvdA with the reform bills. "The PvdA obviously still has doubts about the disposition of the CDA to rejuvenate itself," he concluded.

One of these reform bills in those days was on his consultative table: the Capital Gains Sharing Plan. Popularly expressed it is a law which each year wants to cream off a little piece of the capital growth of the enterprises in

favor of a fund which comes into the hands of the workers. The PvdA and CDA do basically agree on this principle, but differ fundamentally in opinion on the effect. Apart from the fact that in these somewhat lean years there is little to cream off, the CDA wants the workers to become somewhat better off by it individually, while the PvdA wants to give the capital gains almost completely into the control of the labor movement. Albeda does not have a clean slate with regard to the VAD. Together with Schmelzer he published a booklet in 1963 on the forming of property in which he called dispersed property formation a means of "influencing the institution of society." Spreading of property (also via VAD shares) he saw "not only as an important means of making uncomfortable feelings toward our economic system disappear, but also a social reform would be brought into being of which the significance can hardly be underestimated." In that booklet the current CDA position peeked around the corner in its somewhat playful remark that a worker prefers to "have one guilder in his hand than ten tied up." Albeda was one of the authors of the report the labor movement brought out in 1964 on the VAD, but from that report his personal opinion cannot be deduced. In an article 3 years ago in *ECONOMIC STATISTICAL NEWS* he raised a number of questions on the chances of an officially regulated VAD. The income advantages for workers would only be modest, the participation and say could better be improved along different channels. He also raised a number of questions on the usefulness of an investment fund controlled by the labor movement.

He only told what he really thought about the VAD in the first chamber at the General Considerations [conference] on 18 November 1975. As parliamentary group chairman of the ARP [Anti Revolutionary Party] he strongly drew the sword against Den Uyl behind the government table: "As to the VAD, one can express doubts with regard to the desire to get through with this affair at express-train speed. It is not for nothing that the VAD report of 1964 (of the labor movement -- editor) has been lying around so long without effective influence. The technical difficulties connected with it are not minor. Better no VAD than a hurriedly constructed whole which can only offer disappointments. For that matter we see in the VAD a means to bring private enterprise closer to the people. /That means that a VAD which comes down to concentrating the labor wealth in a central fund in behalf of all workers does not appeal much to us, while the legal ground for it is difficult to recognize,"/ [in italics] said Albeda. The prime minister paid little attention to this demonstration by Albeda, not knowing that less than 2 years later he would have to go to this man for the solution of the VAD question.

How can a man who has expressed such essential objections to the PvdA view on the VAD be precisely the right person to get rid of the blockade Den Uyl encountered? At first sight his chance of succeeding appeared all but impossible. What is the /secret technique/ [in italics] of Albeda? The answer: the distant, somewhat grumpy-looking professor-politician, who will never use one word too many, who considers listening and thinking a better occupation than talking, is always able to place a foot in the

door with his giant steps. And no one is then able to close that door. He seldom thinks up solutions for disputes himself. He is a master at indicating ways which can lead to a solution. After his successful consultative assignment 4 years ago, in which he let Van Agt play first fiddle, he said: "In consultation with everyone we were able to find the formulas through which the parties get the */impression/* [in italics] there is something to talk about, there are openings, and there is the possibility of coming to an agreement."

He also said at the time: "The dominant point is that it became clear to us that in both parties the political desire is present to form this cabinet. I believe that is much more important than any formula." Due to that attitude Albeda had already halfway succeeded as cabinet consultant, even before he had put a word on paper. Thus it was possible for PvdA parliamentary group leader Van Thijn to state during his first visit to the advisor: "Our change purse has been shaken empty," but after his second talk with Albeda he spoke about a */brain-sharpening/* discussion and he praised the */creativity, skilfulness and battle-readiness/* [in italics] of the advisor.

Both in the labor movement (he was secretary of the CNV [National Federation of Christian Workers in the Netherlands] for several years) and in the CDA (he is not only one of the parliamentary group chairmen in the senate, but also advising member of the CDA board) Albeda is known as "a sober person who does not get excited too easily." CNV chairman Jan Lanser: "He can look at matters without emotion. In my eyes he is a born mediator. He is capable of letting the various parties speak without letting his own view dominate. And then he looks at where the ties are. But it is true for him too that he can only be successful if people are willing to cooperate in a solution." Words of praise come especially from CDA chairman Steenkamp, who knows him not only from the CDA board but also as colleague-professor and as colleague first chamber member. "Albeda unites a strong social drive with an economic bent. That is a very favorable combination which has made him acceptable to both employers and workers. He is not controversial, as it is called," says Steenkamp. That is about right, for Albeda is, just to give an example, both advisor of the CNV and director of the ABN [expansion unknown]. Albeda is the type of man who knows that the soup is not eaten as hot as it is served. To translate that politically; Den Uyl may demand all he wishes, but without the cooperation of the CDA he will not reach a majority in the second chamber and thus without the CDA he will not be able to govern. Steenkamp: "He makes a rather distant impression. When talking with him it sometimes seems as if he is thinking about something else. But appearances are deceiving. My experience is that he knows very well what is at issue. Look, if Den Uyl runs into a problem, he right away creates the impression that the world is coming to an end if the problem is not solved precipitously. Albeda is not that kind of fiery man. He knows that the world will keep turning even if a problem is not solved immediately."

The peace which radiates from Albeda is not a pose for his public performance. His wife: "My husband is the same to the outside as at home. He never gets excited. And to be frank: we really never have problems at home."

Wil Albeda comes from a rather religious family in which he was the oldest of five children. His father was a tax official and rose to chairman of the Dutch Christian Alliance of Tax Officials and to board member of the CNV. The social drive was fed to him with his cereal spoon, but black-white thinking was taboo in the Albeda home. "You can never reach your goal alone," was one of the views Albeda senior impressed upon his three sons and two daughters. Wil Albeda had an enormous admiration for his father, as evidenced by his thesis which he dedicated to his father: "To my father who taught me to know and love the labor movement." His youngest brother, Louis, says about the cabinet consultant: "The tolerance which characterizes him, that lack of obstinacy, he has had since back home. He does get angry however with people who do not understand him. Therefore I think he will never accept a minister's seat."

The family ties are a model for the harmony in which the current consultant Wil Albeda grew up and in which he continues to think. At Christmas and New Year's two brothers and a sister with their families go each year to a Swiss hotel for the wintersports. Mornings and afternoons skiing is on the agenda. Wil Albeda quite often skips the afternoon trip. "You go ahead, I am going to write a book," he says then. Louis on his brother: "His brains are always occupied."

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NETHERLANDS

WHAT ARE RMS's FUTURE CHANCES?

Amsterdam ELSEVIERS MAGAZINE in Dutch 20 Aug 77 pp 17-19

[Article by Coen van Harten: "Unity Does Not Mean Anything for the Future-- How the Coup Against Manusama Failed"]

[Text] President Johan Alvarez Manusama once again managed to pull it off: unity in the Republik Maluku Selatan (RMS [Republic of the South Moluccas]). There is unity also in the united body of the Badan Persatuan. And it is again "old friends" with the president of that organization, Samuel Metiary. But it was done more wholeheartedly now than on 25 April during the commemoration of the proclamation in the Houtrusthallen in the Hague.

At the congress of the Badan Persatuan in the Evangelican Moluccan Church in Assen, everything turned out to be sweetness and light. This time Manusama had really managed to get the militant preacher on his side. At one time, the RMS was mockingly referred to as the Republik Manusama Soumokil. Since Soumokil's death in 1966 this joke is no longer relevant. But last weekend a dissatisfied young South Moluccan came up with the paraphrase: Republik Manusama Samuel. Not a bad find. The political reins of the government in exile remain in the hands of Manusama. And if at first he experienced opposition from the "socialist" Badan Persatuan, at this time the influential minister from Assen does not want to hear a single derogatory word about the president any more.

Unity then? But what does the South Moluccan community buy with that? And: can the Netherlands quietly go back to sleep now that the moderate Manusama is once again pulling the strings? Especially now that Metiary has once again diffidently taken a position behind the great leader? Now that he has even defended him with fire and sword?

At one point it looked as if the peace and amity atmosphere of the congress might be disturbed when the emotional father of one of the dead train hijackers forced his way into the church hall and prepared to rage at Manusama, who had unequivocally disassociated himself on television from the Moluccan terrorism. But, with his fluent Ambonese-Malay, Metiary managed to calm the man down. And the congress went babbling on. So marvelously quiet.

At the end, Manusama was very enthusiastic: "The big surprise of this congress was that there was no surprise at all. As I said earlier to all kinds of skeptical people: We are closing the ranks again. Just as after the previous hostage taking. There are people who would like to see things differently. They exaggerate the importance of small groups of dissidents, like those young people from Bovensmilde who no longer wanted to have anything to do with the Netherlands. But there are dissidents in any group. And the fact that, among the 40,000 South Moluccans here, we have such a group of at most 80 people does not mean anything. The large majority of the people are loyal to their leaders again."

Unity then, according to Manusama, aside from an insignificant number of dissidents. "They have no connection with us. Their actions are very detrimental to the RMS." But later, he spoke at the grave of the six hijackers who were killed. And now, at the congress, Manusama also bent his head. A minute of silence in remembrance of the fighters. Afterwards, 6,000 South Moluccans formed the funeral procession for the terrorists who died. Many more, even though absent from the Assen cemetery, were sympathetic to the hijackers. It is a fact that only a small minority is willing to commit terrorism. But sympathy with the terrorists is spread over a much larger group.

This points to the fact that a large percentage of the South Moluccan exiles disagree with their government, which does reject terrorism. How did Manusama then nonetheless manage to get 146 representatives of Moluccan districts on his side?

In fact, the representatives did not give any support to the Manusama cabinet. Besides, they would not be able to. There is not a single representation in the South Moluccan community which could accept a motion for or against the Manusama government. The Badan Persatuan is not a parliament. Furthermore, all traces of democracy are lacking in the RMS. Manusama alone decides the composition of the cabinet.

Consequently, his promise that a week from now, the cabinet will have a younger line up is relatively gratuitous. He promised participation for the young, but even the elders do not have a voice. When asked, Manusama explained that democracy is a luxury which a people in exile cannot afford. Manusama is not a Den Uyl, and Metiary not a Vondeling. And there is the additional fact that Manusama invokes a power of attorney given to him by Chris "Little Man" Soumokil.

For the time being, there is no end in sight for Manusama's supremacy. In the first place, the Badan Persatuan has not the slightest influence on his policy, and in so far as Manusama is at all concerned with the wishes of the Badan, it is with those of the older generation. Members of the central committee of the Badan have to be at least 30 years old. The minimum age for an elector is 25 years. Thirty-two years ago, 12,000 South Moluccans sought refuge in the Netherlands. Since then that figure has quadrupled. This means that the vast majority of them is less than 30 years

old. Even if the minimum age requirements were to be lowered to 25 and 21 years, a substantial number of South Moluccans would still be deprived of any kind of influence. And it is precisely these who are looking for new fighting methods, or for a "re-formulation of the RMS."

Consequently, the unity which Manusama managed to achieve will not reach much beyond the walls of the Assen church. Manusama did declare -- in writing even -- that every South Moluccan could influence his policy. But the emphasis lies on the "could" because Manusama himself decides who is going to influence him. Three regional political forums and one central political forum are being set up. But there are not many young people worrying about serving in them, if for no other reason than that one of the conditions is loyalty to the Manusama policy. The president commented: "The central forum is no more to be considered a parliament than the Badan Persatuan. Their advice is in no way binding." Which clearly suggests that the forum will serve exclusively to inform the government. "This new order is meant to contribute to the solution of the whole set of problems which have led to the recent undesirable events," according to one of the resolutions. But it does not even look as if the forum will be able to provide the Manusama government with information on what is going on in the districts. An ever increasing number of youth remain independent from the official district organizations, such as the district council and the internal security group, which are loyal to Manusama. The official youth organizations, such as the Pemuda Masjarakat and the South Moluccan Christian Youth are losing a great deal of their influence. At the time of the hostage taking, hardly anything was heard from Pemuda Masjarakat leader Etty Aponno. Otto Matulessy of the Christian Youth, on the other hand, immediately disassociated himself from the terrorist actions, which earned him a death threat from Bovensmilde and Assen. In a few South Moluccan districts they are working hard to set up a new youth organization which will be more independent of the RMS government. Committee members of the disbanded youth organization Susunan Pusat Pemuda-RMS (SPP-RMS) are trying to revitalize their club. In 1970 (occupation of the Indonesian embassy), following a conflict with Manusama, the former leader, Chris Baays, threw in the sponge.

Candidates for Manusama's forum are not to be expected from those circles. But the reorganizers of the SPP-RMS are also dismissed by Manusama as "not being representative." They are indeed not representative for Manusama. But in the meantime the question arises as to how representative Manusama himself really is, the man who believes he can achieve unity by denying or belittling dissension.

And there is dissension. So much so that because of their dissension, the dissenters cannot express their dissension. Apart from the youth who set up and disband one group after another, there is also talk of unrest at a "higher" level.

During and after the hijackings there was much activity to organize a coup against Manusama. But that revolution failed. This was due to a lack of

time: the congress followed the first deliberations too closely. There was also the respect which Manusama notwithstanding everything else, does enjoy as heir to the nearly mythical character Soumokil. Last but not least, there was Manusama's political ability. But it was especially due to Metiary's reversal.

In Moluccan circles, various explanations are given for Metiary's sudden turnabout. On the one hand, Manusama is supposed to have offered the clergyman the post of minister of the interior. Metiary has political aspirations, but is supposed to have been kept from accepting the flattering invitation by his committee colleagues in the Badan Persatuan. There are also rumors going around about an affair in the preacher's private life which Manusama is covering up with a cloak of love. In any case, it is a fact that Manusama's right hand, Tahapary, has ceased his fierce attacks on and insinuations about Metiary. Manusama has made an agreement with the Badan Persatuan that Tahapary would no longer act as its advisor. In any case, Metiary also disassociated himself from the revolutionary planners.

The plans called for Mama Njonja, Mother, or Mrs Soumokil to be suddenly made president of the RMS. This function would then have become more representative. Metiary was very well aware of this plan. One of the moving forces was Dr Hassan Tan, one of Manusama's former ministers, and together with Mrs Soumokil "contact person" at the time of the train hijackings. Pieter Tuny from Bovensmilde, editor in chief of the South Moluccan opinion paper TOMA and adjutant to the widow Soumokil, was also involved in the plans. But while the feelings towards a coup were being polled in the districts, Tuny (one of his brothers died during the hijacking) was arrested together with three others from Bovensmilde. He was suspected of being an accomplice. He was supposed to have given Mrs Soumokil a letter for the hijackers in which he advised them to stick it out and to choose Benin as their destination. Tuny and two others of the arrested have since been released. A fourth is still under arrest.

As a matter of fact, the hijackers came from what is called "the Tuny group." However, later on they went their own way and came into contact with Dutch extremist groups, remnants of the former Rode Jeugd [Red Youth]. No official information has been given about the tie between the South Moluccan hijackers and the international terrorist field, even though at the time of the hostage-taking Minister Van Agt did hint at it.

At the beginning of July, the authorities received proof that those contacts really did exist. At that time, a Japanese was arrested in Sweden; he had probably been making preparations for actions which were to coincide with the OPEC meeting which was to be held in Stockholm. The Japanese, who had also been involved in the attack on the French embassy in the Hague (1974), has since been extradited to Japan. It turned out that he was in possession of a Dutch passport issued after 1 January of this year. It was a "South Moluccan" passport with the notation "to be treated as a Dutchman."

Thus, the unity which Manusama managed to achieve in Assen has no meaning for the future. It still has to be faced with great concern. Apparently, Manusama realizes that too. His doubts about his own authority are reflected in the resolution urging the Dutch government to grant authority to the new cabinet which is to be formed. That authority can only be granted by the South Moluccans in the Netherlands. And a large number of them are not planning to do so.

8463

CSO: 3105

SPAIN

PSOE REAFFIRMS FRIENDSHIP WITH POLISARIO FRONT

Madrid ABC in Spanish 6 Aug 77 p 15

[Text] Yesterday afternoon representatives of the POLISARIO Front held a press conference at the Madrid headquarters of the Spanish Workers' Socialist Party (PSOE). The Saharan delegates have been in contact during the last few days with the secretary general of the PSOE, Felipe Gonzalez, and other members of that party during which time they have discussed the current problems in the Western Sahara.

PSOE sources indicated that the party had reiterated its support for the Saharan people's struggle, and stated also that the interviews have served to prepare for a higher level meeting to be held in Madrid at the end of September, between the delegations of the PSOE and the POLISARIO Front.

Hopes

Mr Ahmed, representative of the POLISARIO Front, opened the press conference by stating that he trusted "that the Spain of 15 June will be different from the Spain of 14 November, 1975," referring to the aspirations of the Saharan people. "The 'Sahara dossier' is more open today than ever," he said, "and Spain should have a realistic attitude." He attacked "the contradictions of the Madrid Agreements" and expressed his hope that the new Spanish Parliament "will denounce or demand the ratification of those agreements." In this manner, Spain will clarify its position, which is now confusing. The Saharan delegate expressed his concern over "the arms traffic which has been carried out between Spain and Morocco within a month of the elections." Ahmed estimated the value of the shipments at \$10 million, and gave the names of ships and ports of embarkation.

"This traffic, which has been denied by the Spanish Government, seems incredible to us, and is apparently feeding the fire. The government is also participating in the efforts to stage a boycott of the OAU conference on the Sahara next October."

Friends

The POLISARIO Front, according to Mr Ahmed, is willing to carry out a dialogue with anyone. In this regard, just as it has maintained contacts with the PSOE,

it wants to do the same with other Spanish political groups. "We know that officials of the Central Democratic Union have also condemned the Madrid Agreements."

An understanding between Spain and the Sahara would benefit everyone. At this time the instability of the Western Sahara is making work impossible in the phosphate mines and the fishing industry. Spain would benefit from the support of an independent Sahara.

The present lack of official contacts explains the incidents which have affected Spanish truck drivers in the case of phosphates, and the machine-gunning of Canary Island fishing boats. "Morocco illegally occupies our territory and our coastal waters. We are the only ones who can concede the right to this use. Spain would have no problems under normal circumstances, but at present it is logical that we are defending ourselves."

Accounting

Next the Saharan delegate made an accounting of the most recent aggressive actions of the POLISARIO Front, and then called attention to the "discrediting campaign designed to link our military struggle with terrorist acts. The POLISARIO Front never uses terrorism."

When asked about the aid received by the POLISARIO Front, he indicated that they had the "obvious material support of Algeria" and the help of another 20 countries, in addition to the backing of Socialist International and the sympathy of certain groups in Mauritania who oppose Moroccan expansionism and of opposition groups of Mauritania, especially in the army.

8926

CSO: 3110

EDITORIAL CALLS EUROCOMMUNISM A 'DESPERATE TACTIC'

Madrid EL PAIS in Spanish 9 Aug 77 p 5

[Editorial by Agustin Fernandez Salso]

[Text] Eurocommunism, or, clarifying the meaning of this noun, the conglomeration of interests, subsistence needs and problems of the communist parties of western Europe that are led by Carrillo, Marchais and Berlinguer, is nothing more nor less -- in its political aspect -- than a desperate attempt to break through the isolation, the inexorable asphyxia and the exhaustion of perspectives suffered by the organizations that have coined this ambiguous neologism, which is both expatriating and contradictory. The foregoing makes manifest, moreover, that the motive that has led to the elaboration of this word and of this political posture is the best demonstration and the confessed recognition of the failure and the impotence into which communism and its parties have sunk, insofar as the conquest of power or their participation in power in the nations of this geographical area is concerned.

It is a phenomenon of ideological and political contention and erosion that was begun when the second world war was scarcely ended and the division of our planet into zones of influence of the two superpowers, the USSR and North America, took place. However, it was with the famous report-accusation of Khrushchev against the "cult of personality" and Stalinism (20th Congress of the CPSU, 1956) and of the invasions by the Soviet armies into Hungary (1956) and Czechoslovakia (1968) for the purpose of repressing and implacably crushing the right of the peoples of those two nations to find and build -- in accordance with their historical circumstances, their idiosyncrasies and political interpretations -- their own route to socialism, when the greatest convulsions were produced. There were examinations of conscience, criticisms, protests and rebellions against the hegemony of the USSR, among intellectuals, leaders and militants of the communist parties of western Europe. It was as if before the astonished and incredulous eyes of all those persons the beautiful leafy grove had disappeared that had hidden and denied to knowledge the existence of a repulsive landscape, saddening and loaded with the worst omens for progressive humanity.

Degeneration of Socialism

Without any doubt, all these vitally important events -- together with many others that we all know about, or at least such is my supposition -- are the ones that have shown and demonstrated that "communism is the degeneration of socialism." This opinion coincides to a certain extent with Trotsky's when he said "that the USSR was a degenerated workers' state."

If this is so, why this contumacy and insistence on wanting to save, maintain and disguise with new and useless costumes a political concept, program and trajectory which in practice have totally failed and led -- in the nations where they have been imposed by applying a Nazi-communist violence and by eliminating every kind of liberty -- to a blind alley ruled by human desperation and frustration?

All this leads us to a unique and authentic reality: a communist party, dress it up as you will, when it enters the government seeks -- as is logical -- to take complete control of it. In order to achieve this it has only one means and one scientific conception: to establish the dictatorship of the proletariat, which invariably winds up by falling into the hands of the bureaucratic apparatus and changing into an anti-Marxist state at the service of an opportunistic minority, obtuse and lacking in scruples, above all in ideological scruples.

Obstinacy in Error

It could happen, however -- as the eurocommunist parties declare and promise -- that such a state of affairs would not occur even though they got control of the government in the countries to which they belong. If this were the case in reality -- a hypothesis that I do not believe, nor does Dolores Ibarruri. She has declared: "That business of eurocommunism is foolishness and the only person who believes in it is Santiaguito." She must have meant that the parties, mentioned so many times, were neither communist nor anything else. Is this, in the best of cases, the result that hovers over eurocommunism or that accompanies it? I believe that it is, that this is the incurable illness that afflicts it. Hence I accuse its partisans and guides of obstinacy, or ideological failure and of contumacy and persistence in a historical error that divided the socialist parties from the foundation of the communists.

Communist Self-Criticism

It is completely obvious today that our communists -- be they "Euro" or not -- have only one logical, honest, viable and intelligent possibility if they really want to defend the interests and desires of our country and of democratic Spaniards: it is to recognize their error and the enormous damage done to the progressive camp by the historical schism mentioned above, or in other words to conduct a public self-criticism, conscientious and responsible, and return to the ranks of a Spanish Socialist Party that will be the expression, the adhesive and the crucible of the great virtues, strength and hope of all of us men and women who in our country share this ideology and believe in realizing a coherent, modern, forward-leading Hispanic route to socialism.

CATALAN SOCIALIST ATTACKS 'EUROCOMMUNISM'

Madrid EL PAIS in Spanish 7 Aug 77 p 4

[Article by Sergio Vilar, member of the Unified Socialist Party of Catalonia]

[Text] The books and articles that are being published on Eurocommunism are interesting, promising and to a certain degree they encourage new revolutionary proposals for the transformation of capitalism. Without any doubt I am in favor of the development of such theses. Very well, as on so many prior occasions and faced with so very many problems, I observe that not a few leaders of the communist parties are once again mixing up, in part, the proposals that tend toward the realization of a few changes with the transformation that has already been achieved. This is one of the expressions of the tendency which I have defined on other pages, more or less humorously, as that of the "somnia truites." (That's how we call them in Catalan, "dreamers of omelets," those who confuse their "fam" -- their hunger or appetite -- their vehement desires for something, with a dream about the thing itself.) In the area of the struggle for socialism, the dreams also have sometimes turned out to be monstrous nightmares.

Nevertheless, we who devote a large part of our work to the struggle for a socialist society are many. Are we a new generation of utopians?

No. In the highly developed industrial European societies gradual socialist transformations are necessary and possible. They can be achieved peacefully and democratically, supported by a majority of the population.

However, the new schemes that are being proposed in order to advance toward that horizon continue to be, from my point of view, simplistic, triumphalistic and somewhat superoptimistic. In the world of today "Eurocommunism" is a project in old-fashioned garb.

Symbolically reproducing old declarations and anachronistic attitudes, many leaders of the communist parties write "Eurocommunist" texts in which they again generalize the confusion between what is political propaganda full of good will and plausible wishes and what should be political analyses taking into rigorous consideration the political and social structures and junctures

that we are passing through and that we shall continue to pass through in the near future.

There are many problems whose study is striking because of its absence in the "Eurocommunist" discussions. Sometimes those discussions even lack the simple mention of the multiple underlying problems.

To begin with, it is notorious that the majority of the "Eurocommunists" of today were the Stalinists of yesterday. Of course, everyone has the right to evolve, and the man who signs this article could document the authentic evolution of some of them. At the same time, however, I think that it would be enormously instructive for everyone if they would submit the historical context of their past to systematic criticism. However, let's skip these personal allusions, as they might be painful. What is preoccupying and subject to emphasis in this "Eurocommunitic" hour is that the critiques directed by the leaders of the Western communist parties against the Eastern countries, which are trying in their bureaucratic way to construct a reduced type of socialism, are insufficient critiques. They are calculated and conditioned by Marx only knows what diplomatic ties or obligations. Great instruction could be achieved by a deeper analysis of the extremely grave errors and of the monstrous injustices committed in the USSR and in other countries of Eastern Europe. These studies do not get done, however, and when some militant takes the risk of pursuing one on his own personal account, his work is greeted either by silence or by words that have little or nothing of "Eurocommunism."

As I was beginning to suggest, there are many other problems that have been put on the table but not studied. For example, one of the principle ones is the analysis of the present tendencies of capitalist imperialism, fundamentally North American capitalism, in: a) the economic effects produced by multinational corporations: decapitalization, denationalization, regional imbalances, etcetera, of national economies; b) the social effects: in an overall way, the reduction of the margin for maneuver among the different social classes; c) the political effects: maintenance of dictatorial regimes and/or attempts to reimpose one type or another of ultraauthoritarian system. All of these phenomena are accentuated in economically dependent countries like Spain and Italy.

It turns out to be impossible to give an exhaustive account of the problems whose study the "Eurocommunist" leaders need to begin and to develop if they wish to overcome the present phase of plans and offer to the masses who are aware of the problems a few clearer, although more complex orientations (reality is complex, and as a result its explanations have to be complex too), all in all more revolutionary, since they are more conscious of the great and serious difficulties that will still have to be overcome.

What is most heartening in the "Eurocommunist" discussions that have begun to circulate are the communist party leaders' declarations, in which they spell out their aspiration of marching toward socialism by pluralistic routes, as well as constructing it in the same way.

Some leaders have recently insisted on this very praiseworthy proposal. However, not even at this level of diffusion of "Eurocommunism" is there a decided impulse toward the full democratization of the membership in the communist parties. The leaders of the communist parties should take a clear position as far as the extension and the deepening of democratization are concerned in the life of the communist party, above all in practical terms. I am aware that such a need is felt in diverse nuclei of militants; that need is frequently presented in an urgent way in groups of intellectuals who work in the PCF [French Communist Party] and in the PCE [Spanish Communist Party]. It is very painful to have the use of written and spoken language as our trade, and then find ourselves as militants reduced in fact to silence. At most we can criticize, in cells or isolated groups, the documents that the central "cooks" and the executives of our beloved parties send out. We also have the possibility of "forwarding to a higher echelon" critical letters or reports on some aspect or other of party policy, letters or reports that are usually greeted with the classical "administrative silence." (It also happens that the member who dares to make a basic criticism finds out days later that some leader is going around saying about him "that fellow has problems," or "he is not behaving well," or that "he is against the leadership," etcetera. Those comments have definite effects among militants who are more than "obedient" -- the ultrafaithful.)

Without a progressive democratization of the membership in the communist parties, "Eurocommunism" not only will be limited to remaining a rather seductive idea, but also the democratic construction of socialism will be a utopia which will continue receding instead of approaching, or a dream without omelets, or a few omelets without a possibility of dreams.

In order to realize hegemony in society, hegemonic methods will have to prevail authentically in the communist parties (and also in many socialist parties, where a fully democratic life doesn't exist among the membership either). These methods include discussion and ideological consensus on methods of governing. For decades the methods of ideological imposition have proliferated in the communist parties along with the habits of ordering and commanding, serious lacks of flexibility for understanding and assimilating the observations made by the basic membership (and from time to time by some leader who has been getting tired of thinking with the minds of the top leadership). Also, with immeasurable sectarianism, many leaders have had the custom of saying and writing whatever they felt like -- sometimes enormous stupidity -- without the membership's having an effective opportunity to reply (at present similar statements continue to be produced, even in the publications of the highest official theory).

With the aim of overcoming the vicious habits of the past, new organizational forms are necessary in the communist parties, as well as new methods of communication among organs, leaders and those who are not leaders. It is urgent to give form in the bylaws to new norms of circulating information and criticism, of election and recall of leaders, of rotation of posts of leadership,

of eliminating situations of lifetime privilege However, my account here cannot be exhaustive either.

To sum up: Without studying beforehand all the external problems (economic, political, ideological, etcetera) that affect "Eurocommunism," and without completely democratizing political life inside the communist parties, it will not be possible to continue rigorous treatment of the possibilities -- real ones, without a doubt, but badly used -- of advancing firmly toward the construction of a socialist society, radically different -- as far as political structures and ideological formations and struggles are concerned -- from what is going on in the countries of Eastern Europe.

Such criticisms, analyses and changes are absolutely necessary in order to avoid future dreams being converted into nightmares again, to prevent the omelets -- both real and symbolic -- from turning golden brown on distant horizons. For me, criticism, analysis and change cannot be renounced either.

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CSO: 3110

SPAIN

PSUC CONGRESS CALLED FOR LATE OCTOBER

Madrid MUNDO OBRERO in Spanish 9 Aug 77 p 5

[Text] The Unified Socialist Party of Catalonia [PSUC], the Party of the Catalan communists, will hold its Fourth Congress from 29 October to 1 November of this year. This congress will bring together more than 1,000 delegates democratically elected by the various groups--on a ratio of one per 50 militants--and will constitute an extremely important event for Catalan communists, besides exercising a far-reaching influence on all the political life of Catalonia.

The PSUC is holding its congress with a membership of nearly 50,000 militants, which ensures its introduction into all the population groups in Catalonia, and with electoral results which award it first place among Catalan parties and make it the second strongest political force in the "Principality."

The PSUC central committee has established the first standards for the preparation for the congress, the discussion of the political theses included in the draft of the program published last year, and the election of the delegates. In this connection, one must emphasize the numerous procedural innovations which have occurred, in contrast to prior congresses which were hampered by the clandestine circumstances and by internal practices characteristic of an era when democratic centralism translated usually to the disadvantage of debates and participation. Thus the solutions approved by the PSUC basic groups will be collected in a bulletin ("Platform of the PSUC IV Congress"), edited by the executive committee and distributed to the delegates with the purpose of facilitating the debates. This bulletin will also include all proposals made by minority groups, as well as the debates taking place within the groups, for the benefit of the delegates. It will also be open to suggestions and opinions from sympathizers, who will thus be given an opportunity to bring their views to the attention of the congress which, being a communist congress, does not want to present the PSUC as a party isolated from society, but wishes instead to show that it is a political entity open to outside criticism. In the central committee's call to meeting was stressed the need for large meetings with the people of the different districts in social centers, movie theaters and other public locations, and for debates in the local press, on radio, television, etc., "to promote an interest in the discussions and the theses of the congress."

SPAIN

EDITORIAL REAFFIRMS COMMUNIST PARTY'S NEW DIRECTION

Madrid MUNDO OBRERO in Spanish 9 Aug 77 p 14

[Editorial by Victor Diaz Cardiel: "The Party Today"; portions enclosed in slant lines were printed in italics in the original text]

[Text] During the years of illegality, the structure of compartmentalization by sectors was an essential requirement for the continuation of the Party's struggle, as was also the concentration of the effort on limited fronts--the labor front, the university front, the peasant front, etc.--because /we lacked the strength and the political conditions to undertake the whole spectrum of social problems/.

These organizational procedures--still in existence in some quarters--have spawned a number of deviations, such as the situation in which militant workers (the labor movement's militants) /dealt almost exclusively with trade union problems/, while certain party members and militants in the university were devoting themselves completely to political direction.

This arbitrary division of the work was changing the character or the nature of our party, as a party of the working class; in certain quarters, such a division, we repeat, was /depriving/ the labor militants of an effective participation in political direction, something which is essential in a party such as ours. True labor leaders, who mobilized thousands of workers, were barred, in practice, from contributing their own experience and that of the masses to the Party leadership.

What is the situation now? Plainly, we are in an era of legality. For this reason, we must no longer concentrate our efforts /on limited fronts/, but instead on the whole or totality of /social problems/.

We believe that the integration of thousands of comrades from the branch (sector) organizations, such as those pertaining to banks, insurance, textiles, graphic arts, etc.; to transportation and communications (sectors) such as those comrades in telephone communications, metro, Renfe, taxicabs, Iberia, EMT [expansion unknown], etc.; to professionals and technicians as,

for instance, teaching and health personnel, metallurgy and construction workers, and others, can help our regional district organizations and their militants to fully perceive the entire social perspective of our society. In turn, our comrades, organized into a regional system, will be able to convey their experiences, important ones in many instances, to the thousands of communists belonging to our sectoral organizations. We feel certain that both sides will contribute to the whole Party and the totality of its militants a more universal and complete view of the complex political, economic, social and cultural situation in which we Spanish communists must conduct our struggle in 1977. At the same time, they will succeed in instilling more harmony in the Party struggle.

Likewise, we believe that at this juncture when the process of the Party's adaptation to an administrative division is beginning, we should pay a great deal of attention to the various committees of professionals, branch organizations and transportation and communications and to their extraordinary and vast experience, in order to integrate those comrades who are members of these committees into the district committees.

At the same time, we must make an effort to achieve the ever greater integration of our policy into the "Eurocommunist" line, which means that our respect for political pluralism and individual freedom, our commitment not to fall again into socialist patterns which do not satisfy us, are not superficial, but are instead profound and genuine. This is the spirit and the manner in which we must educate the full membership of the party with its policy, identifying both cadres and militants with it.

Fundamentally, our party--which has grown quickly, and continues to do so--is a young party lacking a communist education. At the same time, the party includes militants who have prior education; also there are militants of the 1936-1939 years. In other words, the party has great diversity. Leadership must be fully aware of this fact, so that the homogenization process will be fully understood by all.

8980

CSO: 3110

SPAIN

ITALIAN COMMUNIST YOUTH SECRETARY VISIT

Madrid MUNDO OBRERO in Spanish 9 Aug 77 p 4

[Text] "In general, Italian and Spanish youth have many problems in common, even if their immediate political tasks are different." Massi D'Alema, secretary general of the Italian Communist Youth Organization, was present at a press conference in Murcia, organized by the UJC [Union of Communist Youth]. In his only public appearance in Spain--he was in Murcia on his way from Granada where he had spent the summer--comrade D'Alema spoke to local newsmen. Introducing the Italian comrade, Maria Angeles Molina, the official in charge of the political organization of the Murcia UJC, said: "The fundamental tasks of Spanish communist youth are to lower the legal and voting age to 18 years of age, to solve the unemployment problem among the young and to change the educational system." "The Italian youth lives in a capitalist country which is also undergoing a period of crisis," D'Alema replied to the newsmen. "Unemployment, especially among the young, the educational crisis in schools and universities, the phenomenon of social and moral disintegration, juvenile delinquency, political violence, etc., are confronting this type of capitalist society head-on."

8980

CSO: 3110

SPAIN

BRIEFS

ARMS SHIPMENTS TO MOROCCO--The POLISARIO Front denounced the sale of Spanish arms to Morocco to be used against the Saharan people, in Madrid yesterday. Mr Ahmed, representative of the secretary general of the Front, met with journalists to announce that the organization has sufficient proof that five ships with arms valued at \$10 million have left the ports of Cadiz and Valencia for Morocco. The names of two of the ships which transported Spanish arms to Morocco are "Albiz" and "Cap Camat." [Excerpt] [Madrid YA in Spanish 6 Aug 77 p 13] 8926

EUROCOMMUNISM DEFENDED--RUDE PRAVO, the official organ of the Communist Party of Czechoslovakia and TRIBUNA, and ideological and political weekly put out by the Central Committee of the Czechoslovakian Communist Party as well, have expressed under the heading "New Times" some strange ideas about Eurocommunism. They also explicitly mention our secretary general, Santiago Carrillo. Our Central Committee has already expressed something which we nonetheless feel needs repeating: the attacks on Santiago Carrillo are attacks on a policy which has been formulated by the Communist Party of Spain, and by other parties along general lines. "Eurocommunism, that fatherless child, monster produced by the anti-communism which has crept into the communist parties of the West, has expressed the intention of dividing the international communist movement. . . , disrupting the solidarity of the working class." (TRIBUNA, 6 July). "The imperialist centers, in order to conceal their anti-communist purposes and intentions recently, have invented a new monster (Eurocommunism)." RUDE PRAVO. To claim that the desire to unite liberty and socialism which inspires our parties is a response to mere maneuvers on the part of "imperialist centers" is simply an attempt to hide opposition to these aspirations. It is sad to see these attacks coming, as if by dictation, from the country that 9 years ago tried to achieve this combination of socialism and liberty in its own way. "Eurocommunism" is spoken of today as a "fatherless child," and those who say it have over-possessive parents themselves. [Text] Madrid MUNDO OBRERO in Spanish 3 Aug 77 p 4] 8926

CSO: 3110

SWEDEN

SEVERAL FIRMS EXPRESS INTEREST IN FUTURE ANGOLAN INVESTMENT

Stockholm SVENSKA DAGBLADET in Swedish 16 Jun 77 p 19

[Article by Christina Jutterstrom]

[Text] Angola became independent 1½ years ago, and Swedish firms began an offensive against this developing country the like of which had never been seen before. Angola seemed to have emerged as an African Klondike. The country's oil, iron ore, diamonds and coffee gave the impression that here was finally a developing country which needed Swedish investments and could afford to buy Swedish commodities.

About 40 Swedish firms have shown interest in this socialist nation since its independence. All the 'top 20' firms are represented on the list, and the Swedish embassy in Luanda is still receiving several inquiries a week from firms in Sweden, one of the few Western countries which in general supported the liberation movement MPLA [Popular Movement for the Liberation of Angola] since the time it was founded.

The fact that the MPLA is today in a government position in Angola has resulted in an openness towards even capitalist Swedish firms. And yet a certain reserved attitude towards the non-socialist Swedish government could be felt during foreign aid minister Ola Ullsten's visit to Angola in May, maybe stressed by the fact that the Liberal Party previously supported MPLA's opponent, FNLA [National Front for the Liberation of Angola].

Olof Palme spent two hours at Luanda's airport one night during Ullsten's visit. He was photographed and interviewed by the government's daily newspaper. Ullsten was not even mentioned.

Criticism

There is a clearly pronounced criticism within the MPLA ranks against the pragmatic line of policy which is being followed by the Neto administration. That criticism was one of the elements which found expression in an attempted coup some weeks ago. But there is still no indication that the MPLA government will change its pragmatic line of policy regarding the attitude towards the West and capitalistic enterprises.

What results have been reached through the activities of the Swedish firms so far? Have they been able to do business in this 'African Klondike'?

Up until this moment the results have been meager, and the main reason is that Angola's riches, which no doubt exist, are still largely hidden. Besides, the bulk of the money which is present in the form of foreign currency is still being spent on defense.

Rebuilding

Few Swedish firms seem to have realized that the civil war, which led to an MPLA government, brought deep disruption to the country, and that the work of rebuilding has as yet barely begun.

Approximately half of the 40 firms which have shown interest in Angola have also visited the country and met with high officials. But most of them have afterwards expressed feelings similar to those of Atlas Copco:

"We can do nothing here for at least 1-1½ years."

Only three firms have so far completed business transactions with President Agostinho Neto's government. They are Volvo which has sold more than 1,000 trucks and trains for 170 million kronor, Scania which has sold 450 Brazilian made trucks and Beijer Invest which has bought 400,000 tons of oil with low sulphur content from this oil-rich country. In addition, L M Ericsson is doing some repair work and some paper has also been sold.

Consultant Assistance

Angola is presently looking into a paper mill project, and MoDo is interested in assisting as consultants. LKAB and Granges are expected to become engaged in the question of how to utilize the rich iron ore discoveries in the Cassinga mine in southern Angola.

What Angola is primarily seeking and needing today is assistance in starting the many industries which lie dormant and the large coffee, cotton and sisal plantations which the Angolans are also unable to operate since the skilled Portuguese left in connection with the independence.

As for the plantations assistance is needed with agricultural equipment of various kinds, and among the Swedish firms Alfa Laval's products could be of interest.

Fishing

Angola also needs to buy new and repair old motors for its fishing boats. Fishing is an important part of the Angolan economy both because it brings in money and because it provides nourishment for the often underfed Angolans. There are plans of having Volvo/Penta and the Cubans take care of boat motors.

Anders Bjurner, first secretary of the Swedish embassy in Luanda, makes the following evaluation regarding the Swedish firms' future prospects in the People's Republic of Angola:

"Nobody should have short-term expectations of doing business here. It takes a long time for the Angolan government to make decisions even when it comes to the work of rebuilding. On a long range basis there should be great possibilities of doing business, although it is difficult to predict them today."

Volvo Trucks and Service Progress

Volvo is formally only a consultant in Angola. We are supposed to stand behind the backs of Angolans and tell them how to do things. But so far there are no backs to stand behind, so we are still doing the jobs ourselves.

The above is the local Volvo manager Bengt Ahlstrom's description of the Swedish automobile company's activities in Angola until now. He is sitting in the company's new office premises, which were formerly a coffee dealer's office with a view of the Atlantic.

Volvo's personal investments in Angola are very small. They consist of a service training center in the capital of Luanda, salaries to nine Swedes who are participating in the project, tools and a number of cars.

The state of Angola is paying for office premises and has purchased the extensive stock of spare parts. The premises which were previously called Casa Americana, the American house, has changed names to the more neutral Manauto 1.

Trucks

The state of Angola has of course also paid for the more than 1,000 vehicles, mostly trucks, which Volvo has succeeded in selling to the young people's republic. That was a deal worth around 170 million kronor. The Swedish state has put up credit guarantees. The trucks together with 450 Scania cars are to make up the spine of the rebuilding of the almost totally destroyed transportation system of Angola.

"What more we get to sell remains to be seen, but we have presented a number of new offers," Bengt Ahlstrom says.

Quite recently Volvo presented Angola's president Agostinho Neto with a lengthened model of one of its cars, a gesture which was viewed with skepticism by certain people. After that came an order of another 20 cars.

Service

The Swedish automobile company is also going to help Angola establish five large service centers across the country. In addition to this, a number of

smaller centers are being built in the countryside, including mobile service units.

Volvo in Angola is today functioning as an integrated part of the socialist state's transportation ministry. Bengt Ahlstrom thinks that the cooperation with the ministry is going well, but there are many other things which do not function well in the new state, he says. For example, Volvo cannot manage to get hold of sufficient personnel to dispense with the Swedish Volvo employees.

Lack of Drivers

A lack of drivers is the biggest problem. The majority of the Volvo trucks which have been delivered to Angola so far still remain immobile in Luanda's industrial areas due to a lack of native drivers. It was only the now vanished Portuguese who during colonial times were allowed to learn this job, like most others.

Until now there has hardly been any driver's education. But together with 12 Cubans in Angola Volvo has recently started courses to train driving instructors who will then in turn teach people how to drive.

"But in spite of everything I must say that the work here is going well in comparison with what I have previously seen in other developing countries," Bengt Ahlstrom says.

8878

CSO: 3109

SWEDEN

FORTHCOMING INVESTMENT DEAL IN ECUADOR DESCRIBED

Stockholm SVENSKA DAGBLADET in Swedish 15 Jul 77 p 17

[Article by Fabian af Petersens: "Swedish Chance to Secure 300 Million Kronor Order"]

[Text] The OPEC [Organization of Oil Exporting Countries] meeting in Stockholm is the background for a giant investment deal between Skanska Cementgjuteriet, Alfa Laval and the oil country of Ecuador. After a government offer of credit support, the Swedish firms have very good prospects of receiving an order from Ecuador worth 300 million kronor.

The small oil country of Ecuador, which in only a few years has become South America's second largest oil producer next to Venezuela, now wants to invest its oil revenues in new industrial projects.

One of these concerns the fishing industry.

Ecuador wants to build two new fishing harbors, complete with processing plants, at a total cost of 300 million kronor.

The Swedish companies Skanska Cementgjuteriet and Alfa Laval stand a good chance to receive the order, in competition with British and Spanish companies.

Contacts During OPEC Meeting

The discussions about the project, in which the Danish company Skageraks Fiskeeksport AS is also involved, have been going on since last fall. But not until the OPEC meeting in Stockholm could the necessary contacts on the government level be made.

"The contacts which we made during the OPEC meeting have been of enormous value, and the development of this project is a proof of that," Industry Minister Nils G. Asling says.

"We now hope that our deliberations will lead to the result that the Ecuadorian parliament decides to give the order to Sweden."

Last Thursday the industry minister met with some members of the Ecuadorian OPEC delegation, headed by Oil Minister Eduardo Semblantes Polanco. Close details for the conditions of making a deal were discussed, above all the matter of state export credits.

Credit Guarantee

Ecuador is anxious to have the Swedish government show good will by putting up credit guarantees.

A Swedish industrial delegation has already made a visit to Ecuador in order to make initial contacts regarding the building of the harbors. Harbors and fishing industries are to be built on two Ecuadorian sites, in Manta and in Posorja.

The Humboldt Stream off Ecuador is rich in fish, among them tuna.

Valuable Contribution

"Unfortunately we do not have the facilities to utilize all the fish in the waters off Ecuador, so the two new harbors will be a valuable contribution," Eduardo Semblantes says.

"Great Britain and Spain are also interested in building the harbors, and whether Sweden will receive the order depends on the tenders."

Included in the tender will be the training of the personnel necessary to operate the plants, and also the marketing of the fish products outside Ecuador.

"This is a very interesting project which could become a model in other fields," Industry Minister Nils G. Asling says.

8878
CSO: 3109

SWEDEN

SOUTH KOREAN EMBASSY OFFICIALS ACCUSED OF ESPIONAGE

Stockholm EXPRESSEN in Swedish 11 Jul 77 p 21

[Article by Arne Lemberg: "South Koreans Say Ambassador Is Espionage Leader"]

[Text] A group of South Koreans in Stockholm demand that several top officials of their embassy in Stockholm be sent home.

The men whom they want deported have been pointed out as top men in the South Korean intelligence service KCIA. They are: Ambassador Kim Se Won, Counselor Song Young Won and Dr. Han Yung-Woo who is connected with the embassy.

In a letter of protest to organizations in South Korea and to the government in Seoul the South Koreans in Stockholm have raised the demand that their countrymen be deported.

The background is as follows: South Koreans residing in Stockholm who are opposed to the Park Chung Hee regime in Seoul say that they have been harassed by embassy officials.

Their children are not allowed to attend the South Korean school in Sweden. They are themselves being barred from meetings held by various South Korean organizations in Stockholm, they are exposed to mail terror and threats of not getting their passports renewed unless they support the Park regime.

Worst of all: Relatives still living in South Korea are being harassed as a result of reports from embassy personnel.

They lose their jobs, they are called for police interviews, they are prevented from leaving the country, some are jailed.

Kim Se Won, the South Korean ambassador whom they want deported from Sweden, arrived here in 1975.

According to the South Korean "Who is Who" Kim Se Won was in 1951 put in charge of the Information Core's 111th unit, a central intelligence service.

"I know that there is a group of South Koreans in Stockholm which is working against our government. They are trying to throw dirt on it in all possible ways. They stage demonstrations etc. The accusations which are aimed at these three persons are groundless."

8878

CSO: 3109

SWEDEN

EFFECTIVE MARKETING TECHNIQUES ABROAD CAN LOWER PRODUCTION COSTS

Stockholm SVENSKA DAGBLADET in Swedish 12 Jul 77 p 13

[Article by Bengt-Olof Heldt]

[Text] With well-planned and effective marketing techniques abroad Swedish export companies can to a considerable degree mitigate the consequences of the high production costs at home.

These are the conclusions drawn after having listened to economy director Gunnar Ehrlemark, a well-known business consultant who is internationally oriented. The following is a summary of his reasoning:

It can be said with a certain generalization that there are two business cultures in the Swedish economic life.

One is represented by consumer enterprises, which are primarily directed towards the domestic market. They are in general very skilled in marketing techniques. Why? The Swedish market is very open, a playground for the import business. It quickly became a buyer's market after the war.

Making No Efforts

The other is the export industry. In this field marketing techniques are not of the same importance. One explanation may be that the Swedish industry remained intact when the export markets dwindled after the war. It was not necessary to make great efforts to obtain orders.

We are therefore not only talking about different types of products, but also about differences in the historical background.

In the export industry the marketing costs are usually paid with contributions from the production, and marketing is regarded as a secondary operation. With such an attitude the will to stake resources is lacking.

On the Way

According to an opposite and more correct point of view, marketing as such is profitable. Progressive enterprises in various parts of the world are proof of that philosophy, and large Swedish companies are fortunately headed in that direction.

How productive is the marketing? In Sweden we are good at measuring the effectiveness of the production and arriving at the conclusion that we have X or Y percent higher production costs than the competitors.

Typical of progressive enterprises is that they actually measure the marketing productivity against the costs in profit per 'marketing krona' spent. This is being done even in Swedish retail businesses, but the same reasoning can be applied regarding companies which manufacture and sell tools, machinery or steel.

Until we start reasoning like this we will not be successful in the export market.

Drastic Changes Possible

We know that drastic changes in marketing effectiveness are possible. If the differences in the effectiveness of the production can be measured in percent, there is often a question of hundreds of percent in the field of marketing.

In West Germany, for instance, we are competing on the same cost level as everybody else, West Germans, Japanese, Swiss etc., as far as marketing is concerned, and whether it becomes profitable depends on our skill.

As an example, let us look at a Swedish product: steel for the tool production.

When the steel is sold abroad about 40 percent of the sales price stems from costs incurred locally in the country in which it is being sold, that is costs of distribution, storage and service. In that respect the Swedish enterprise suffers no disadvantage as far as costs are concerned.

Profitable in Crisis

As for the Swedish special steel crisis, it is worth noticing that a Swedish steel company on the whole can be a losing enterprise while certain of its branches abroad can be extremely profitable.

This is a good example of what difference it makes when the effectiveness of the marketing techniques change.

8878
CSO: 3109

SWEDEN

EXCLUSIVE SCANDINAVIAN BROADCASTING RIGHTS DISCUSSED

Stockholm DAGENS NYHETER in Swedish 16 Jul 77 p 7

[Article by Lars Ag: "Scandinavian Broadcasting System?"]

[Text] The Nordvision is one of the classical questions in the Nordic Council. Ever since the beginning of television parliamentarians from various camps have had great expectations regarding the new medium. With quite meager results. A Nordic radio and television satellite risks the same fate even if the goal is only marginal gains.

It goes without saying that 'the technical development' should not determine whether public means are to be spent on a satellite (DAGENS NYHETER 12 June). There must be a clearly expressed need for the services which the new unique distribution system can offer. One may doubt the need, at least if judging by the program alternatives which have been presented so far: a multiplicity of national programs or an edited channel of the same kind.

But there is a third alternative which corresponds better with 'the Nordic idea'. The question is actually how great emphasis we are willing to put on a common Nordic mass medium. The model, taken from a different field, could be SAS [Scandinavian Airlines System] and the new company could be called Scandinavian Broadcasting System (SBS).

SBS should be given exclusive rights to make broadcasts in the Nordic territory via satellite. It should furthermore be given the same status as the national companies which broadcast via ground networks.

Ownership Group

The group of owners could be sought among the Nordic cooperation organs which are already established within most of the interest organizations and public movements. The basic organizations are today represented in the national broadcasting enterprises. Through the parallel build-up the stability is safeguarded and guarantee created against commercial side interests. The finance question could be solved by issuing a satellite subscription license, payable together with the regular subscription fees.

As a starting point the Swedish model of responsibility should be selected with mutual respect for integrity and journalistic liberty. SBS would thereby mean a considerable contribution of cultural workers to the market, and the satellite would not become an unemployment threat.

The nature of this matter implies that SBS primarily must try to provide the kind of traditional art forms which are common to the Nordic countries. It is just as evident that the new working market must be opened up to independent theater groups with current repertories, to independent film makers, writers, musical groups. Maybe we would finally get the Nordic news which we have been awaiting and the current reports from our neighboring countries which we have been missing for a long time.

Against Blandness

The model can be developed. SBS could purchase reruns of national programs and finance the large quality productions with which the Nordvision for various reasons did not succeed. With a longer perspective the foundation would thereby be laid for an actual contrast to the bland products of the international television program factories.

But SBS will be expensive. Well, that is exactly what needs to be proved. Nordic satellite broadcasts must mean quality to majorities and minorities. If not, we can do without them. The choice will therefore be between expanding the national broadcasts of the individual companies and as an alternative trying for a common Nordic type of programs.

It is understandable if the national broadcasting companies take a negative attitude towards such ideas. They know the flaws in their own resources only too well. SBS would limit the companies' individual possibilities to develop.

Costing Billions

In the end the central question is the cost of a radically increased quality production, which must be done through a SBS or in some other way. Otherwise the satellite project will be stillborn. The problem is hardly whether we can afford the new distribution system. It seems possible, even if Bert Levin's figures (DAGENS NYHETER 18 June) of 15 kronor per year for each television owner in the Nordic countries sound a bit too optimistic. We have to decide whether we want the operation of yet another program initiative in the billion kronor bracket.

If we are prepared to undertake something brave and far-sighted in order to benefit the Nordic togetherness, this is a project we can sink our teeth into. There are few technical breakthroughs whose usefulness the consumers are given a chance to contemplate in peace and quiet. Evaluate advantages and risks and try to make an overall calculation. We should therefore take our time, and also therefore does SBS belong to the debate about a Nordic television satellite.

SWEDEN

1979 EARLIEST FOR FEMALE SUCCESSION

Stockholm DAGENS NYHETER in Swedish 16 Jul 77 p 7

[Article by Magdalena Ribbing: "Falldin Wants Monarchy Despite Center Youth Opposition"]

[Text] The question of female succession to the throne will be a hot political topic for Parliament to handle. The non-socialist majority may through voting win approval for a constitutional amendment to that effect in good time before the next elections, but afterwards a parliamentary election and yet another voting must take place before the amendment can be ratified. The Social Democrats and the Left-Wing Communists do not want female succession. There are gaps in the non-socialist front, caused by the youth organizations which want neither monarchy nor female succession.

"If we are to have monarchy it must be for both sexes," Prime Minister Thorbjorn Falldin said last Friday after the special cabinet meeting where the king announced to the government that a princess had been born.

Thorbjorn Falldin feels that Sweden should remain a monarchy, and says that this institution has functioned well for so many years that there is no reason to change it. He furthermore believes that a large majority of the Swedish people want Sweden to remain a monarchy.

This is the basic problem in the question of female succession. Since the Swedish public is presumed to prefer monarchy it would be politically unfortunate to demand a change to republic. The female succession is one way to ensure the monarchy; it is primarily the Moderates who for years have been pushing for a parliamentary debate on this topic.

The Social Democrats have stubbornly been voting against the proposals of a debate, and not until the Social Democratic parliament member Eva Asbrink joined the non-socialists in voting against a debate about female succession did the proposal gain majority in the well-balanced parliament of 1975. Eva Asbrink was not reelected to Parliament.

The non-socialists have used the equality argument in the question of succession. The three non-socialist parties feel that women and men should have equal

Two years later he was made head of intelligence for the navy, and in 1960 he advanced to the position of chief of the Central Intelligence Institute, the espionage body. The following year he became head of espionage with the South Korean general staff.

The South Koreans who sent a letter of protest to the government in Seoul accuse the South Korean embassy in Stockholm of being the intelligence center for Scandinavia.

The main purpose of the embassy: to try to influence mass media people, Swedish parliament members and those in power within the administration to take a positive attitude towards South Korea's military regime.

The leader of the group tells EXPRESSEN:

"We are an organization of 20 members, but we have many more sympathizers among the South Koreans in Sweden. The majority of them are afraid to work actively. They still have a father, a mother, a brother or a sister left in South Korea, and these persons would be harassed by the authorities if it were to be revealed that they are opposed to the Park regime."

Besides the ambassador in Stockholm, the counselor Song Young Won and Dr. Han Yung Woo are also criticized in the letter of protest.

Dr. Han, who has been residing in Stockholm since the 1950's, has acted as a link between the South Korean embassy and Swedish parliament members and men in power.

Dr. Han is being accused of inviting influential Swedes on vacation trips to Seoul, paid with money from the intelligence service KCIA through the embassy in Stockholm.

Dr. Han, who owns a private practice in Stockholm, is confidential physician to government officials. He confirms his sympathy with the Park regime, but denies any connection with the KCIA.

The South Korean embassy in Stockholm repudiates the accusations made by the group.

Press attache Choi of the South Korean embassy in Stockholm tells EXPRESSEN:

"Our ambassador is paid by the Korean state department and has been so since 1960. It is true that he has worked for the military intelligence service, but that is not the same as the intelligence service called the KCIA."

"As far as Dr. Han is concerned, he sympathizes with the South Korean government but is not paid by it. He has worked as a guide for groups of parliament members and other people to South Korea, but they have paid their own way. The government has only paid for their stay in the country; they were our guests."

rights to succeed to the throne. But the youth organizations of both the Liberal Party and the Center Party, with 20,000 and 90,000 members respectively, demand that the monarchy be abolished and oppose female succession. The Center youths are presently keeping a low profile regarding the question of succession, in order to avoid a conflict with their mother party which supports female succession.

The Liberal Party has several confessed republicans; among them is Per Ahlmark. The Liberal youth organization has answered the report which former governor Ingvar Lindell made on a parliamentary assignment, and where female succession is proposed, with saying that female succession has nothing to do with equality. The answer simultaneously mentioned that there are very good reasons for making Sweden a republic.

Trouble Keeping Royal Distinction

The constitution in its present form limits the throne succession to the male heirs of the Bernadotte family through men, the primogeniture principle. The Lindell report proposes the same succession rights for women and men, the cognate order of succession. Parliamentary approval of marriages should be necessary. "Kinship between the royal house and the people could make it more difficult to maintain the idea of royal distinction," Ingvar Lindell writes. He proposes that the law be given a retroactive effect for the royal couple's children.

Turning Sweden into a republic is an old Social Democratic idea. But the Social Democrats have been reluctant to launch this delicate question during their administrations. The new form of government, which was enforced during Social Democratic rule, clearly states that Sweden is to remain a monarchy and that the king is the nation's head of state.

Palme Refuses Comment

On the other hand, the Social Democrats have taken the initiative to reduce the king's personal power so that he now remains as just a figurehead. Last Friday the Social Democrats chose not to make a public comment regarding the question of female succession. Olof Palme was not available for comments, but he sent the king and queen a congratulatory telegram from himself and his wife Lisbet Palme.

In its reply to the Lindell report the county administration of the Stockholm province wrote that female succession implies an expansion of the monarchy which is incompatible with the present general trends in our country. The six non-socialist members of the county administration did not commit themselves, but the majority, consisting of Social Democrats and one Left-Wing Communist, asserted that the self-evident equality of the sexes has nothing to do with the position of the monarchy.

Female Succession Earliest 1979

In 1979 at the earliest, after the next national elections, a potential constitutional amendment can take effect and give Sweden female throne succession. But for this to happen the present non-socialist government must introduce a bill to that effect, and the bill must come up for voting in Parliament despite the non-socialist doubts in certain areas. And in addition to this the next elections must be won by a non-socialist majority.

8878

CSO: 3109

NEW HEAD OF INDUSTRIES' FEDERATION DISCUSSES ECONOMIC OUTLOOK

Stockholm DAGENS NYHETER in Swedish 14 Aug 77 p 25

/Interview with Lars Nabseth, managing director of the Industry Federation, by Lars Ramklint; date and place not given

/Text "If we had made the same demands in 1950 as we do today -- that every job should remain in the home town -- all of Sweden would by now have been one big home craft shop." This is what the new head of the Industry Federation Lars Nabseth says in a DAGENS NYHETER interview, in which he explains his view on how the federation should work and on the situation in industry today. Among other things, he believes that unreasonable demands are imposed on industry when it is asked to be able to pay the world's highest wages at the same time as it is no longer the best in the world.

/Question What are your intentions as the new managing director of the Industry Federation?

/Answer A change of managing director in an organization does not mean a change of direction in the same manner as is usual when a company changes its managing director. A new company leader can get his board of directors to agree to alter the activity on decisive points. The policy of the Industry Federation, on the other hand, is established. The managing director is a spokesman for the organization. In that role it is of course possible that I could have a different profile than my predecessor, Axel Iveroth. My background as an economist and scientist means partly that I am especially interested in the economic issues, partly that I feel a need to have well supported facts as a basis for my presentations.

/Question It sounds as if the Industry Federation is to become a giant institute of analysis. Should not its task instead be to channel the knowledge of the industrial world from the practical field to the decision-makers in the Chancellery and Parliament?

[Answer] This is exactly how we work. The colleagues in the Industry Federation cooperate all the time with experts brought directly from the companies, company managers, financial managers, lawyers and technicians, depending on what the actual questions are. The people who carry out the work are always included in reference groups and committees. Because of this we can contribute facts which do not come from any other direction.

[Question] Isn't such gathering of facts exactly what the Department of Industry and industrial agencies are doing? Why would the Industry Federation be able to contribute a better foundation of facts than the authorities themselves?

[Answer] The reason, in my opinion, is that the companies are always in a divided position toward the authorities. One day the authority wants to have certain information, the next day the authority sits on the other side of the negotiating table and is an opponent. That conflict of interest does not exist between the companies and the Industry Federation.

[Question] No, there is instead a mutuality of interests. A little maliciously it can be called an association of industry managers. It is the viewpoints of the company managers which is brought forward in your statements.

[Answer] It says in our statutes that we are to promote production which is useful to society, which primarily implies industrial production. That goal is not a partner interest but is of overwhelming importance to the country's economy. In addition, I want to emphasize that the company managements (that is to say not only the managing director but his managing group as well) bring up their viewpoints in their professional capacity; they do not speak exclusively for the owners.

[Question] So your view as a company manager is that the manager is a balancing actor, who tries to achieve justice between different interested parties in the company?

[Answer] No, it is not a question of a balancing act. If industrial development is to be promoted through changes in production and improvements in production this is in the common interest of all those affected. We in industry and in the Industry Federation see it as our duty to increase the pie we all have to share. It is not our task to discuss how it is to be divided. The responsibility for that division between wage-earners and stockholders is up to the SAF [Swedish Employers' Confederation].

[Question] Then how can it be that the representatives of the Industry Federation speak so much about the necessity of improving the profitability of industry? Isn't it a question of altering the sharing of the pie between capital and wage-earners?

[Answer] We bring up profitability because in our opinion it is of central importance to the development of industry. Without profitability we don't get new investment, no new companies and no new jobs. We see it as our

task to illuminate the consequences of various alternatives of sharing and then we cannot avoid the questions of division. But we do not negotiate for the stockholders in order to give them a larger slice of the pie, but the argument from our side is that we must have profitable enterprises in order to get good industrial expansion.

Question But can the Industry Federation close its eyes to the consequences for the distribution policy resulting from the increased profits in industry? Isn't it urgent to simultaneously try to solve the question of giving the wage-earners a share of the companies' capital formation which results from increased profits?

Answer The question seems strange to me. Do you mean that as soon as things go well for industry a part of the profit is to be taken away from the stockholders, but when they go badly, the stockholders alone have to bear the losses? In that case the advice must be to discourage everyone from investing in stocks; then it is better to buy paintings, stamps, boats, and things which do not contribute to the increase of production.

It is not possible to have a system in which only the situations of normal and bad are allowed but not the good situation. I don't understand how such a system is to function if profitability is not permitted to be there as an incentive.

Question One reason for discussing the share of the wage-earners in the capital formation of the companies is that this is largely a result of a liberal tax system; the companies are allowed to build up large untaxed funds for reasons of economic policy. The returns from these funds are for the exclusive benefit of the stockholders.

Answer No, that is not true. You must first define what the stockholders' returns are. Take for example Granges, which has built up a lot of funds, but the company is in a crisis anyway and the stocks have lost value year after year. Have the stockholders profited from the funds which no one now wants to pay for? The decisive matter is how the funds are used. If things go well, yes, then they can contribute to increased returns for the stockholders, but also to higher wages. It is wrong to assert that the formation of funds benefits the owners exclusively. This was already pointed out by Knut Wiksell, who put it in these words: "The capitalist-saver is basically the friend of the worker." Greater investments increase the value of labor in relationship to capital. If you invest, wages increase and you get a higher standard of living.

Question So you see no need for finding new means of distribution policy?

Answer I do of course think that it would be good to have a spread-out ownership of the stocks. And it is open to all to buy stocks. But how can you believe that there are people prepared to invest in stocks if you are not prepared to give profits, if all you get is the risk of losses but

no decent return? If you want stockholders you have to accept normal profitability, meaning one which attracts new stock investors. If society will not permit it, then it is almost the same as saying that we don't want private stockholders.

If production increases and new investment founded on profit calculations are desired, it is necessary to accept profits not only as a possibility in the future but as a fact once in a while. If you don't accept this, you are into a system in which profit calculations no longer are the central issue; then you can make Stalverk 80 investments and bring in the money through the state budget. I don't believe in such a system.

Question Thus, you doubt the ability of the politicians to decide about the "correct" investments?

Answer Yes, this is true in particular for a country like Sweden, whose commerce and industry are so internationally dependent. The investment decisions are largely tied to the demand for goods which are wanted in other countries. It is easier to direct investments and demands in a closed economy. But how can the politicians know about market conditions in the world? It is not their job. The danger is great that we would get even more ski factories, clothing factories and Stalverk 80 decisions.

Question Then how do you regard the mixture we have today of market-economic and regulatory economic elements in our mixed economy?

Answer There is a risk that there is too much emphasis today on too many measures which preserve the existing structure in industry. We must not forget that the moving force behind the development of productivity, the increase in standard of living we have had during our entire industrial period -- and perhaps particularly pronounced during the 1960's -- is change. At one end there have always been industries in crisis -- the manufacture of horse-drawn carriages was a branch in crisis long before the textile and clothing industry -- but at the other end an expansion has simultaneously taken place which has absorbed the labor from the troubled industries. If we put a halt to that process, there will be a negative impact on the continued development.

But we have coped with the changes before. Imagine if in 1950 there had been the same demands as today for continued jobs in the same place for the entire population. Sweden would today have been one big home craft shop. Since then, one-half million people employed in agriculture have had to leave their homes and have moved to the urban areas where they got work in industry or service professions. This change has certainly had consequences for many people and meant an impoverishment to the regions which has naturally been negative to those who have remained, but one must also see what the consequences would have been if this change had not been allowed to take place.

The move away from agriculture has amounted to 20,000 people annually over a period of 25 years. This is more people in 1 year than those who are

employed in an entire branch of industry currently in trouble such as commercial steel. Even so, a violent debate ensues when the commercial steel report anticipates that 3,500 jobs must disappear over an 8-year period. Where are the proportions, I ask myself.

[Question] Everything has its price. If today we value security in the job we have, won't we have to make concessions to some other demand?

[Answer] Yes, but the tendency is that you want both the job, the high wages and the security right where you live, and it will be very difficult to manage that task for an industrial society such as Sweden, which must compete internationally. Our wage level is the highest in the world and I, for one, doubt that we can justify that top position in the long run. But even if we are satisfied that our wages are on the same level as the West German, we must accept a change which implies that we sometimes change jobs and place of work, if we are not to be forced to pay for it with a lower standard of living.

Other countries are always emerging to compete with our industries. They can underbid the Swedish prices with lower wages. Our industry must then go further in order to maintain its lead, try to find new items to make with new production processes. This must mean changes for us who work in industry.

[Question] You say that industry must invent new products and processes all the time. In order to pay the world's highest wages we must constantly be best in the world at whatever we are doing. Is that a realistic level of ambition?

[Answer] Every country has its specialties, but no one manages to be a specialist in everything it does. It would be nice if we Swedes were that good, but it poses an enormous demand on industry to find such products which can support our high wages and still be sold in large quantities.

I cannot see that there is any reason to believe that we Swedes should be that much more capable than all others. I have asked politicians and other responsible persons what reasons they consider exist as to why Sweden should manage to pay these high wages, but I have not received any answer. Imagine, if we imposed the same demands on Swedish athletes as we seem to impose on industry, that they should throw further, jump higher, run faster and kick a ball better than the athletes of all other countries. The athletes would surely say it is insane.

We were unusually good after World War II. Everyone remembers that we took many medals at the Olympic games in London in 1948, but today we are extremely pleased if a Swede gets into the finals. But to the company manager it is not enough to have a place in the finals -- then he is out -- because he has to be best in the world.

For many years we have enjoyed the lead we got from being spared in World War II, but now our competitors have caught up with us.

[Question] In the noise about the high wages it is not easy to hear any difference between a director of the SAF and of the Industry Federation. As an economist, can't you make a better diagnosis than only to blame the wage situation?

[Answer] My diagnosis is that the situation for the Swedish economy is serious. We have the English disease throughout. Stagnating industrial production for the last 3 years, a lack of willingness to invest and a growing deficit toward foreign countries. Against this background the cost level must be characterized as too high. We have put ourselves in a difficult position where we risk being forced out by competition in one branch of industry after another. And the worst thing is that there are not very many expanding companies at the other end.

Remember the 1960's, when the attitude toward a continuing change in industry was more positive. When a company or a branch of industry got into trouble there were always growth companies such as L. M. Ericsson and Volvo prepared to set up a new local factory. Today, the municipal administrators have no such growth companies to turn to. Instead, the municipal district may perhaps get an AMU [expansion unknown] center. It is this which is so serious -- not that there are branches in critical trouble -- such must always exist in a changing world -- but that there are no companies which are prepared to absorb the freed production resources.

[Question] Then what is your prescription for solving the crisis?

[Answer] It is essential that something is done about the cost situation in industry. I am not one of those who cry for a devaluation, since that has obvious disadvantages as well, primarily inflationary effects on the economy. Above all, I want to point to the fact that the social insurance payments represent a total of about 40 percent of the personnel costs of the companies. I cannot understand why a substantial reduction cannot be achieved in a critical situation which we now have. The government also ought to lower the cost of energy to industry; that would be a not inconsiderable relief for many companies.

[Question] But the financial situation of the state? Such reduced payments would surely increase an already unparalleled budget deficit.

[Answer] That isn't necessarily true. If industry gets new faith in the future and improved ability to compete internationally, the expansion might soon mean new jobs and increased pace in the economy. The state will then get back on the swings (that is to say increased income taxes and lower costs for labor market measures) what it lost on the merry-go-round.

[Question] Then you don't believe in increased employment in industry if only the companies get lowered state taxes. Do not the long-range studies, which you yourself have had close contact with during your previous activity as a research man, speak of reduced industrial employment in the long run?

[Answer] In the long run industry may release labor to the growing service sector, but up to now industrial employment has been surprisingly stable, while the expansion of the public sector has primarily taken place at the expense of agriculture. And today we would need 50,000-100,000 new jobs in industry in order to pay for our imports.

[Question] So it is not enough with investments in increasingly automated plants in order to increase exports so that the deficit in the balance of exchange is eliminated?

[Answer] No, I don't think that we can produce export goods for another 10-20 billion without the industrial sector providing jobs to more people. If we are to be able to pay our big bill for imports, aid to the underdeveloped countries and vacation trips the industrial sector, which is to be responsible for export production, must increase its share of employment at the expense of the public sector.

[Question] So you have not completely abandoned hope regarding the Swedish economy?

[Answer] I am seriously worried that we will remain in an English situation, but it is not anything determined by fate. It is necessary, however, that the government acts rapidly and determinedly. A substantial helping hand for industry right now is absolutely in the interest of the entire economy and the entire people.

Lars Nabseth, 49, who a few months ago became director of Sweden's Industry Federation, for 25 years has alternated an academic career with tasks for the Industry Federation and Industry's Institute for Analysis. Doctor of economics in 1961 and adjunct professor of economics in 1973 are other stages in his academic career. His daily work, however, has been located at the Industry Federation as head of the department of economic policy of the Industry Federation for 1961-1966 and of Industry's Institute for Analysis in 1966-1972. 1973-1976 Nabseth was managing director of Jernkontoret [Iron Office]. The professional knowledge from that was utilized in the task of analyzing, as sole investigator, the situation in the commercial steel industry, and that led to the task of being the government's coordinator of the now current negotiations between the commercial steel works.

11949
CSO: 3109

SWEDEN

SKEPTICISM EXPRESSED ABOUT NUCLEAR FUEL DEVELOPMENT

Stockholm DAGENS NYHETER in Swedish 13 Aug 77 p 2

[Editorial article by OA: "No to Reprocessing"]

[Text] In a DAGENS NYHETER inquiry on 10 August, a number of politicians plus the heads of Asea-Atom and the Waterfall Agency said yes, no, hum or don't know regarding the issue of whether Sweden ought to reprocess nuclear fuel -- that is to say separate out plutonium and uranium from the actual waste -- in France.

The question is rather academic, however, as long as the United States on no condition allows us to ship our spent nuclear fuel to France or anywhere else for reprocessing.

At the conference on nuclear power in Salzburg in May, President Carter's representative, Joseph P. Nye, stated that the United States (which itself has now abandoned the reprocessing line) will no longer allow countries such as Sweden, Switzerland, Japan or Spain to reprocess or let others reprocess nuclear fuel which originated in the United States. Possible exceptions: acute emergencies, such as overflowing fuel basins.

As late as July, when Cabinet Secretary Leif Leifland and Department Secretary Johan Lind of the Foreign Office discussed the sensitive fuel issue with Carter's people in Washington, cheerful notes were heard in Swedish commentaries. This would probably turn out all right, the Americans are so understanding and so on, it was said.

Not at all.

The Americans maintain their moratorium-on-reprocessing line, both on behalf of themselves and their uranium customers. In addition, both Canada and Australia, the other two major or potential uranium suppliers, have stopped the deliveries of uranium to Europe and/or stipulated the same veto right as the Americans.

In other words, it looks grim on the uranium and reprocessing front for nuclear power in Sweden. The quantities of uranium fuel we have or will

get access to after the main supplier Westinghouse has now dropped out will not suffice for more than a short period into the 1980's, if the reactor program planned in 1975 is to be completed. Is this not reason enough to refrain from starting up any more reactors than are already operating? Then, at least, there is fuel available until about 1985, or however long the now famous parenthesis may last.

"I respect the stand of the United States ('no' to reprocessing of nuclear fuel), but we have not received any official promise of help with other waste methods from the United States," Energy Minister Olof Johansson said in a DAGENS NYHETER interview. An invitation as good as any.

At least a semi-official promise was given at the IAEA /International Atomic Energy Agency/ meeting in Salzburg. There, Carter's man declared that the United States might buy back spent fuel it does not want its uranium customers, for example Sweden, to reprocess.

The U.S. Ford Foundation/Mitre report and President Carter's message in April about a moratorium on reprocessing and breeding reactors maintain that reprocessing does not provide improved fuel economy and not lesser but rather greater waste problems than final storage of the fuel without reprocessing and that it is not necessary in order to manage the demand for uranium with the current cutback in construction plans.

Work on storage of nuclear fuel without reprocessing -- because reprocessing causes plutonium hazards and stimulates the spreading of nuclear weapons and the development of the extremely dangerous breeder reactor -- is now given top priority in the United States. We ought to do the same. Asea's proposal with high-pressure pressed coffins of aluminum oxide for whole fuel elements is said to be already controversial among nuclear industry experts. Then other things will have to be tried.

As we pointed out on this page when the AKA [expansion unknown] report came out more than a year ago, when most people still firmly and blindly believed in reprocessing, we in Sweden have more reason to choose the method of final storage without reprocessing. For the time being this is better than to plunge into the dangerous reprocessing adventure.

But a precondition is, of course, that new production of radioactive waste, the temporary and final handling of which is uncertain no matter what way is chosen, is kept at the lowest possible and reasonable level without actual convulsions. Nuclear power from the six Swedish reactors which in technological innocence have already begun operation cannot be shut off instantly. But nuclear power also need not and should not be added to any more than what is absolutely demanded by a transitional period to better sources of energy.

It is excellent that after the change of government the Social Democratic party leadership has turned around and nowadays rejects the reprocessing of fuel. In the DAGENS NYHETER inquiry, former Cabinet Minister Ingvar Carlsson points to the hazards of plutonium and to the fact that "the safety

questions have not been solved " (which, as is well known, they had been before the election, in the AKA report and in Social Democratic, Moderate and to some extent Liberal Party propaganda). Carlsson still considers the waste question in Sweden to be solved "in principle," but that it may take 10-15 years before the best method is found. "If the waste question is not solved, nuclear power should not be continued," it says in the next breath.

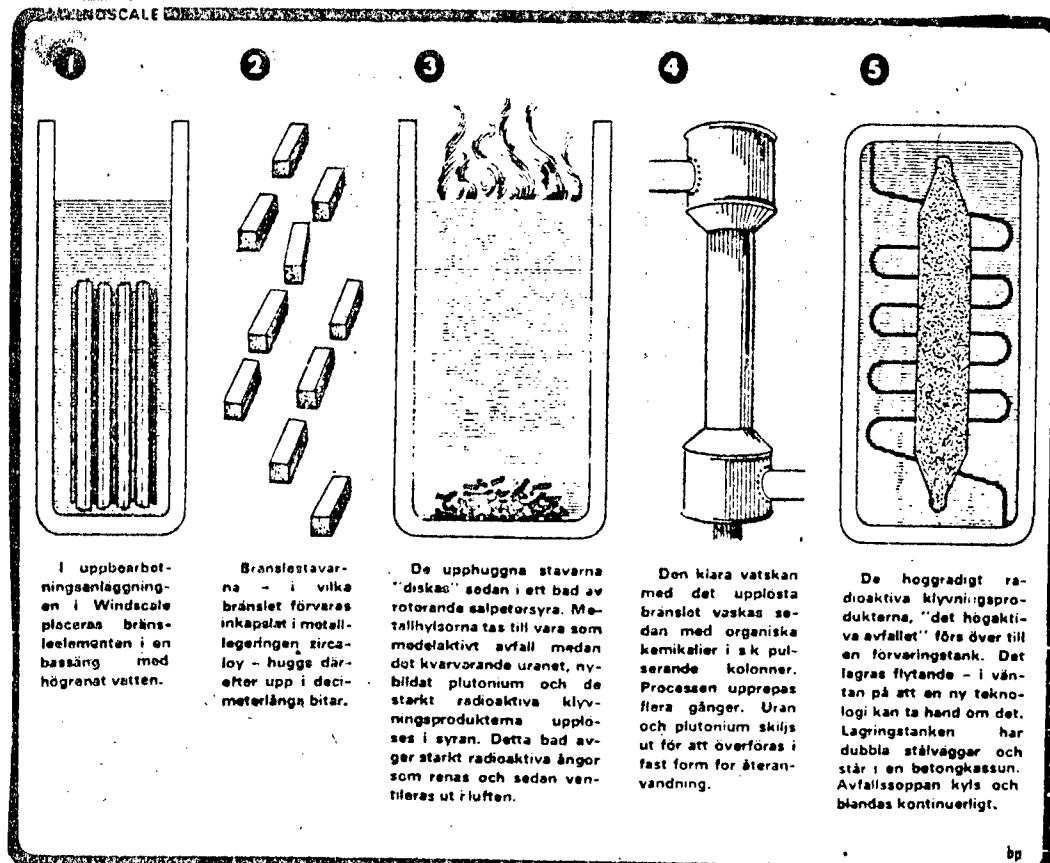
As far as we understand, the party leadership nowadays believes that re-processing should be avoided, that the question of waste may perhaps be solved, perhaps not, that one ought to wait 10-15 years for the best answer, but it maintains that in the meantime one can undauntedly take more and more reactors into operation and produce more and more waste.

This is really too much. If in 10-15 years we find out, perhaps even unexpectedly, that we cannot manage the waste, then is not the time to shut off nuclear power and wash your hands of it; then it is too late.

We would be tied down to an economic policy and an energy policy without return and without a solution. We would be stuck with many more billions buried in the dangerous parenthesis called nuclear power. Billions of crowns and labor which instead should have been and should be invested in intense energy savings and in development of natural energies, which will gradually be able to replace both the greater part of the oil and of the nuclear power. (On the other hand, nuclear power cannot replace any greater part of the oil.)

Natural energies don't run out, don't pollute, don't contaminate with radioactivity or heavy metals or carbon dioxides. And they cannot be turned into atomic weapons.

This is how reprocessing of the Swedish nuclear waste would take place in Windscale, England, it was thought at the end of last year.



Key:

1. At the reprocessing plant in Windscale, the fuel elements are placed in a basin of highly purified water.
2. The fuel rods -- in which the fuel is encapsulated in the metal alloy zircalloy -- is then cut up into decimeter-long pieces.
3. The cut-up pieces are then "washed" in a bath of rotating nitric acid. The metal capsules are collected as being intermediately radioactive waste, while the remaining uranium, newly formed plutonium and the highly radioactive fission products are dissolved in the acid. This bath gives off highly radioactive fumes which are purified and the ventilated into the air.
4. The clear liquid with the dissolved fuel is then washed with organic chemicals in so-called pulsating columns. The process is repeated several times. Uranium and plutonium are separated out in order to be converted

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into solid form for repeated use.

5. The highly radioactive fission products, "the highly radioactive waste," is transferred to a storage tank. It is stored in liquid form, waiting for a new technology to take care of it. The storage tank has double steel walls and stands in a concrete container. The waste solution is cooled and agitated continuously.

11949

CSO: 3109

SWEDEN

BALTIC 'GREY ZONE' PROBABLE COMPROMISE

Stockholm DAGENS NYHETER in Swedish 13 Aug 77 p 24

[Article by Per Sjogren: "Baltic Borders: 'Grey Fishing Zone' Probable Compromise"]

[Text] The fishermen are not jubilant over the government's decision to declare the center line in the Baltic as Sweden's limit to our fishing waters. On Thursday, the government decided to regard the center line from Gotland to the Baltic states as the fishing limit after 1 January. The fishermen the DAGENS NYHETER has spoken with first want to see the practical results of upcoming negotiations and observe the day to day behavior of the other fishing nations. But for example Herbert Hagman of Yxlo in the Stockholm archipelago, a member of the fishing board, says that the essential thing is to protect for example the spawning grounds of the Baltic herring in waters which become Swedish after January 1. The actual fishing limit will probably be a compromise with the Eastern nations, and there will have to be some trading between the countries about quotas.

Herbert Hagman says it is conceivable that the negotiations with the Soviet Union will end up with a grey zone being established in the Baltic between the fishing waters of the two countries similar to what the Norwegians and Russians are negotiating in Barents Sea to the north. The Soviet Union and Sweden, just as the Soviet Union and Norway, represent different principles in drawing up the limit. It may be practical not to be locked into a position, but to allow the grey zone to be a compromise. None of the parties has then been forced to abandon the principle.

Herbert Hagman also believes that it is not only a matter of fishing. This is also valid in the future for deposits which geologists firmly believe exist on the bottom of the Baltic, oil and minerals.

Hagman, who is now 51 years old, has been a fisherman since he was 15. He has also been a member of the fishing board for many years. He is thus able to see the problems of the industry both in perspective and detail.

During the summer he catches eel with nets in the home waters until the end of September or the beginning of October. From November to May he is out

with his trawler fishing Baltic herring in the waters about an hour's run beyond the outermost skerries. Further out is not worth going, because there is too little fish nowadays.

His catches therefore do not become bigger immediately because Sweden claims more fishing waters.

"But the most important spawning grounds for Baltic herring in the entire Baltic is Knolls bank northeast of Oland," Herbert Hagman says. "It is not within Sweden's 12 [Swedish] mile limit today, and the Eastern states are fishing very heavily there. If Knolls bank and Kopparstenarna outside Gotska Sandon become Swedish fishing waters and Sweden decides that they will be protected during the spawning season, then the prospects will be better in the future for the herring fishing. This is the most important consequence of the extension of the fishing limit, as far as I can see," Hagman says.

Violent Anger

If the herring stocks are allowed to grow, there might be more room in 3 or 4 years for the West Coast fishermen as well who now come into the Baltic during the winter, in Hagman's opinion.

Five years ago, boats from the West Coast began fishing in the Baltic. The past three winters they have fished heavily in the Baltic. This has caused violent anger on the East Coast. "West Coast fishermen" the newcomers are called.

The East Coast fishermen have voluntarily limited the fishing so that their fish is used for human consumption and not for industry in order to become fish meal. The West Coast boats in the Baltic have larger trawlers and have made such catches that they sell herring and Baltic herring for both consumption and fish meal. They must get larger catches in order to cover their expenses for larger vessels.

Increased Patrolling

"Increased coastal patrolling is a precondition if the fishing limits are expanded," Herbert Hagman says. "But I don't think it is good if the navy participates in the patrols. Then there could easily be tension in the Baltic. Aircraft and radar are good because they see far, but it is better if the coast guard keeps track of lawbreakers. In order for the whole thing to function we have to talk to the Eastern states.

Next months, the Baltic nations are meeting in order to agree on new fishing quotas for the Baltic. There is no absolute supervision that others stay within the agreed quotas, but coast guard vessels can board foreign trawlers and check equipment and catches.

"As for the rest, we have to trust each other," Herbert Hagman says.

Background: DN

Swedish fishermen made the following catches in the Baltic in 1976 and 1975 in tons:

	1976	1975
Baltic herring/herring	46,237	60,305
Cod	20,188	16,877
Pickling herring	800	2,644
Flounder	400	

The West Coast fishermen caught approximately 15,000 tons of herring and Baltic herring in the Baltic. Half of it went for food and half of it for fish meal.

During the upcoming negotiations, Sweden intends to point to the altered fishing limit and demand a quota of 83,000 tons for herring and Baltic herring and 36,000 tons for cod.

Sweden and the Soviet Union represented two different principles during the negotiations about the limit. Sweden wants to put the center line between Gotland and the Baltic states. The Soviet Union maintains that the center line should be drawn between the Baltic states and the Swedish mainland. The Swedish principle gives Sweden more fishing waters. The Soviet one gives the Soviet Union more water.

A compromise is therefore likely, possibly with a grey zone in the center.

Foreign fishermen may not fish within the present limit of 12 [Swedish] miles. It is the duty of the coast guard to see to it that they do not, but the coast guard cannot be everywhere.

In the waters outside the 12 [Swedish] mile limit which Sweden lays claim to as of 1 January, fishermen of other nations as well are allowed to fish, but they are only allowed to catch the quotas which are established internationally. To Swedish East Coast fishermen the most important thing is that the spawning grounds are protected.

Danish Minister of Fisheries Svend Jacobsen regrets the Swedish decision to expand the Swedish fishing limit.

His Norwegian colleague Eivind Bolle does not foresee any problems between Norway and Sweden.

According to TT [Press Wire Service, Inc.], Reuter, a spokesman for the Polish foreign trade ministry on Friday said that Sweden's decision to expand the country's fishing limits was "expected," but he provided no further comments.

Poland made it clear already at an early stage that it disliked Sweden's plans for a change of the fishing limits. In June, the Gdansk newspaper DZIENNIK BALTYCKI declared that the proposal could lead to a "cold war" in the Baltic.

SWEDEN

SAAB-VOLVO MERGER VIEWED WITH SKEPTICISM

Stockholm VECKOJOURNALEN in Swedish 19 Jul 77 p 20

[Article by Kurt Samuelsson: "Even More Question Marks"]

[Text] In these columns I have earlier critically touched upon the topic of the planned Volvo-Saab merger in general terms.

With the expression 'general terms' I specifically mean that it might be socio-politically suspicious to create such a giant company in a small country like ours, not through natural growth but through a merger. The result would be an enormous private concentration of power. This in turn could only be balanced through intervention by politicians and trade unions, something which would become a necessary evil.

A far too large part of the Swedish employment, directly in this automobile company but also indirectly with its sub-suppliers, would be dependent on the judgments, successes and failures of one single leadership. Furthermore, not only the size as such would be a problem, but also the isolation which the Swedish automobile industry would suffer because of the political pressure which would be a result of the mutual dependence between the company and society in general.

From this important socio-political viewpoint the question could be raised whether Volvo's threatening alternative to merge with some foreign automobile company might not be a better solution. That would at least mean decentralization of power and competition within the country, two groups to play against each other for the politicians as well as for the market. The blue-and-yellow feeling and the 'belief in Sweden' should not be carried as far as to making us accept just any patriotic dream.

But one might question the idea of a merger also from a purely economic point of view. Maybe the merger in the long run would find the competition regarding private cars to be too hard, and therefore be forced to accept the presently dreaded international merger. It would be better for two Swedish companies to do it than for one. This market will probably remain narrow for a long time to come, with keener competition and reduced demand.

In such a situation, what would be gained by a horizontal merger between Volvo and Saab? The production coordination of larger series regarding private cars will be moderate in any case. It also takes for granted that one of the markets disappear, or that the two merge to some kind of hybrid which could become either a success or a failure.

But even if it does succeed, is it certain that the benefits to be gained by a giant company will equal the present advantage of having two different products on the market? There are Volvo fans and Saab fans among the buyers, and it is not at all certain that they would band together and choose the single market which would be left, or maybe to an even lesser degree want the potential hybrid.

As for trucks, the production of which is the more profitable on a long range, the thought of any advantages at all to a giant corporation is absurd. The buyers' faithfulness to brands as well as the special features of the present products are far too important to make mergers profitable. Besides, the fact is that the quality and success of both brands to a large extent have been due to the competition between them. A considerable contribution to the development and dynamism would through a merger disappear both technically, economically and psychologically.

From this viewpoint the question remains whether the merger between the old Scania-Vabis and Saab was a mistake on the former's part. There are experts who say that the old Scania plus the Volkswagen dealership in private cars would have been a better combination today than the merger with Saab. This is at least a thought-provoking idea.

A merger would rob both companies of much of the dynamism which the competition between them created to the benefit of both. This loss of dynamism would be as likely to happen as would the fact that the planned merger would become a giant in the world of bureaucracy.

Two organizations which are already individually marked by unavoidably complex and bureaucratic buildups would surely, at least for a long period of overlapping, create a doubly complex and bureaucratic organization which would in addition be burdened by a rope-pulling between the 'Volvo spirit' and the 'Saab spirit', and this would be characteristic of the new company for a long time to come in a horizontal merger as typical as the one in question.

With a few exceptions the trade unions have already nearly approved. But there are numerous and important stipulations, and should they be fulfilled, the possible advantages of a merger will shrink further. It has been said from the Volvo side that Gyllenhammar has had more success in selling the idea of a merger to his trade organizations than the Saab leadership has had. The reason could be that Volvo as the largest, the most powerful and the one most in need of concealing problems which are partly self-inflicted, is a stronger supporter of a merger than Saab is. In that case, much speaks for the fact that the latter has better instincts in the long run.

TURKEY

BRIEFS

TRANSPORT NEGOTIATIONS WITH POLAND--Ankara--Delegations from Turkey and Poland got together at the Foreign Ministry in Ankara today to negotiate a highway transport accord. Heading their respective delegations were Deputy Secretary General Nazif Cuhruk from the Turkish Foreign Ministry, and Undersecretary of Poland's Ministry of Transport Andrzej Markowski. An exchange of letters between the two countries in November 1975 already allows vans bearing Polish licenses to pay only 25 kurus per ton/km for transit carrying through Turkey. If an agreement is signed as a result of the current talks, Polish trucks will continue to pay the same transit fee. [Text] [Ankara ANATOLIA in English 1610 GMT 3 Sep 77 TA/R]

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