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# West Europe Report

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## WEST EUROPE REPORT

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## EFFORT TO REINVIGORATE LABOR PARTY DESCRIBED

## Problems, Opportunities Noted

Amsterdam DE VOLKSKRANT in Dutch 27 Sep 86 p 19

[Article by political correspondent Jan Joost Lindner: "The PvdA in a Rapids"]

[Text] The Hague -- While the VVD [People's Party for Freedom and Democracy] (which lost nine seats on 21 May) is once again beating itself on the chest, the PvdA [Labor Party] (which won five seats) seems to be in the grip of reflection, repentance and an urge for renewal. There are calls all over for windows and/or blinds to be opened. A statement made by Den Uyl in 1966 (!) was even quoted: "Better a broken than a frosted window pane."

There is also a craving for fresh, creative "outside experts," who are to provide the PvdA with new ideas. Alas, anyone taking a look at the controversy which has been revived since 21 May does not run into such ideas, but rather into worries (quite rightly so) about a social democracy which has landed on the defensive and internally fallen into routine, bureaucracy and rigid position taking. The tone is generally somber and sustained and fits more readily with a loss of nine seats.

Yesterday evening the Amsterdam party council dealt with the Netelenbos Committee's memorandum of evaluation of the election results and the position of the PvdA. The party leaders proposed technical improvements for the next campaign (States and senate elections, March 1987). Including a slimming down of the Political Campaign Committee, the famous PolCa, which went every which way in April and May, with 17 members plus "ad hoc members."

In addition, the leaders want permission from the party council to prepare a memorandum and initiatives for a more thorough renewal in the party's thinking and actions. That is where those imaginary playful spirits from outside should come trotting along. A discussion of the renewed PvdA would then begin at the April congress, to be completed in the fall of 1987. Indeed, to think takes time and possible thundering within the party can better wait until after the states elections.

The Netelenbos report is not at all "broad and well thought-out," as instructed, but a careless document with a great deal of uncertainty and things to be talked up and down, obviously aimed at buying time. The party leaders obviously did not care for a real struggle over power and ideas within the party

before March. It specifically would have feared the actions of rightwing "scientists," such as the ever angry Bart Tromp and Paul Kalma (WBS) who promptly turned dissident within the Netelenbos Committee.

Kalma rightly criticizes the way the party leadership "put pressure" on the committee from the beginning. There was strong "chaperoning" by (then still) President Max van den Berg, party Secretary Wim van Velzen -- who pushed party leader Tineke Netelenbos as committee chairperson and rapporteur -- and campaign leader Peter Kramer. According to Kalma, this service by top figures declined substantially when the committee asked to see internal reports on the campaign. It all looks just like real politics.

Tactically it was evidently too early to turn much upside down. The committee was an innocent bone for the pursuing wolves and in terms of content far too light actually for the major work of renewal. And yet it cannot be said that since 21 May the PvdA leadership has been luxuriating in tactically clothed passivity. Two bold proposals were put on the table, albeit for the April congress: amendment on candidature for the Second Chamber by the party regions and a choice for the legislative referendum in the manner of the Biesheuvel Government Committee.

#### Crony Politics

There is increasing talk of "regional barons" within the PvdA, presumably for the gratification of many party council members this afternoon. Party historian Johan S. Wijne noted in the 1 July issue of VOORWAARTS: "Under the guise of the idea that decentralization brings greater democracy, the organization of the party has actually been feudalized."

The barons have -- in addition to regular consultations with the top party leaders -- control over the list of candidates, a detestable system. Because of their predominance in the party council they were able, in the seventies, to suppress a Van Thijn report which sharply outlined the enormous disadvantages of crony politics and the one-sided composition of the parliamentary party.

The party leadership proposed that a national convention after the fact be made possible for those regions with more than one electable seat. A modest renewal, in which a mixed system with D'66 [Democrats '66] type elements of direct elections is thinkable. But they are afraid in the Hague that the barons will prevent even this nibbling at their privileges. However, to do this they will have to influence their departments and their delegations to the party congress. An interesting test for the level of feudalization of social democracy.

The choice for the legislative referendum is no less surprising, as this idea was repeatedly brushed aside with ease even early this year. As a matter of fact, such public utterances did not provide an accurate picture of the relationships: in the program committee the results on this issue were four to three.



When this breakthrough does succeed it may have major consequences, because the D'66 and large segments of the VVD are also sympathetic to the referendum in approximately this form. Then a majority would dawn for a very desirable supplementing of the national democratic instrument.

Much more essential of course is the question of how the PvdA will get off the defensive, how it will fill the content vacuum (Kombrink). It would seem to be a less good idea here to make a direct link with the electoral results of 21 May. Indeed, if in thinking about a new leftist content attention is directed primarily to electoral opportunities, then a kind of market research would be better suited.

Then they would do what the voters apparently want now, and then the ideal and future value would soon suffer.

It is understandable that Tromp, Kalma and the like, would want to exploit tactically Lubbers' success in May in order to throw a great deal of ballast overboard and to persuade the PvdA to invade the middle. That fits more or less with the current culture stage in which all signals are set on the right. The PvdA would then line up (maintaining a distance) behind the CDA [Christian Democratic Appeal].

A cramped and oppressive way of thinking, which is definitely not strengthened by myths about the PvdA as the "natural government party," as Kalma and Krop tried to argue in the September issue of SOCIALISME EN DEMOCRATIE. The PvdA was a government party to the extent that the really natural government party agreed to it, also at the time of Father Drees under Romme. That government party has had three names since 1917: RKSP [Roman Catholic Social Party], KVP [Catholic People's Party] and CDA.

#### Shift to the Right

The PvdA will never be able to fully compete with the VVD, the CDA and the D'66 concerning the material interests of workers who do not make a bad salary. Unless the ideals of equal opportunities (in terms of income, power, knowledge and work) become nothing but Sunday preaching. The idea of equivalence is the heart of social democracy.

If large segments of society are no longer in favor of this, then the elections will be worse, and so be it. However, the question is very much whether the current phase of shifting to the right, of individual moral performance and social Darwinism will last long. Anyone who bases the party's whole strategy on this could well be greatly embarrassed a few years down the road.

Sometimes it looks as if the rightwing critics within the PvdA would like something Drees-like or like the DS'70 [Democratic Socialist Party], while their opponents seem to cling rather rigidly to the PvdA welfare state thinking, planning ideology and distrust of new technological developments. Hence, reactionary versus conservative-defensive, not a happy choice for a leftwing party. It is unlikely that either of the camps will have many tangible and fruitful contributions to make to PvdA thinking in the nineties.

The rigidity -- which is fairly often associated with Max van den Berg, even though Den Uyl's role in recent years should not be underestimated -- is now clearly being fiddled with. The windows are open, even though there is not much yet that comes in besides draft. The de-Jooping and de-Maxing has started, although cautiously and with the pleasant realization that Wim Kok -- even though he is neither a visionary nor a heaven stormer -- is doing a good job.

Those who are seeking new paths for social democracy will have a difficult time. Simple statism (the government does what we want for society) is no longer possible. It is only after far-reaching, laborious reforms that a (slimmed down) administration will once again (and then only in part) be useful as an instrument for social improvement. The PvdA must look for a much better and more astutely developed administrative concept.

The PvdA will also have to economize and preferably without following the CDA and the VVD at a distance in a kind of ideological chopping away which threatens equal opportunities. Hence economizing on the left, a little trodden area. It is convincing only when the choice of priority has been thoroughly worked out and justified.

The PvdA -- like other parties, but they are also still largely leaving it alone -- will have to estimate what the consequences of computerization, the data processing revolution and the (probably quickly) increasing amount of leisure time will have on society in the nineties. Futurology in the area of existential judgements. That appears more difficult than it is. And it is totally indispensable for anyone who does not want to work too loosely with future administrative thinking.

This anticipated development offers enormous opportunities in the area of decent jobs, broad-cultural blossoming and democracy (spread of information and knowledge). But also dangers of new major inequalities: large groups are likely to stay behind for a long time in such a revolution. Or to become increasingly superfluous, as nearly all hand and routine work is being taken over by intelligent gimmicks.

A wide field of problems on which social democracy, precisely because of its own central principles, cannot get to work fast enough. Only now, five and a quarter minutes before twelve, does the climate within the PvdA seem favorable.

#### Kok on Party's Needs

Amsterdam DE VOLKSKRANT in Dutch 29 Sep 86 p 3

[Unattributed article: "Kok Feels that Strengthening PvdA Is Necessary -- Pay More Attention to Diversity of Rank and File"]

[Text] Amsterdam -- PvdA leader Kok feels that in political-strategic and organizational terms his party should implement a number of strengthening measures to make government participation possible. What those "strengthening measures" will consist of, Kok, who addressed the PvdA party council on Saturday in the Meervaert in Amsterdam, did not specify. He announced that he wanted to run ahead in developing concrete ideas and proposals to this end within the PvdA.

Kok said that the PvdA "was not always able to avoid the impression that it overestimated its power and underestimated its possible influence." According to him, at the base of PvdA action there should be the will to achieve results whenever possible through consultation and discussion with others. "Anyone who confuses this for too large a dose of pragmatism or matter-of-factness is indeed mistaken. The possibility for agreement is always determined in part by the program space," said Kok.

He carefully avoided providing any clarity as yet about possible changes in political strategy or program positions. He did say that the PvdA will have to adapt the party's nature to technical and social developments. He made a comparison with the labor movement which is also faced with a different social reality. "The relationship between capital and labor has not been changed in a revolutionary but in a far-reaching manner. That process has not ended. It is hard to imagine that the nature of the PvdA would not change as well under the circumstances."

Kok feels that the PvdA should pay more attention to the greater diversity within the rank and file. "We have to make it more obvious that there are similarities of interest among diverse population groups. To this effect, we need the input of a younger generation which does not always, and in any case not automatically, feel at home in the traditions and methods which have determined the party's nature," said Kok to the party council.

#### Evaluation

The council needed a good part of Friday evening to settle on a delay of the evaluation of the parliamentary elections which virtually everyone wanted. Originally the intention had been for the party council to discuss the political strategy and the electoral campaign, which led to the so-called "victory defeat" (strong seat gain, yes, but no government power). But the Netelenbos Committee report, which was drawn up for the party council, was found to be unsuitable for this.

Following a chaotic discussion, the party council decided to await further data on the course of the elections (the National Election Study) before drawing conclusions which could be important for future parliamentary elections. A proposal to incorporate PvdA member Kalma's minority position in the follow up study was rejected. Kalma was a member of the Netelenbos Committee but could not agree with the content of the report. According to Kalma, the majority in the committee concluded too easily that the non-negotiable PvdA position on nuclear arms was a correct position. Kalma, a staff member of the Wiardi-Beckman Foundation (the party's scientific bureau), feels that with this "controversial point" the PvdA has made it too easy for its political opponents to keep the party out of the government.

#### Strategy

According to some members of the party council (including those from the region of the Hague), the fact that the proposal to include Kalma's opinions in further discussions was rejected is politically significant. Others (from Groningen and Gelderland) on the other hand, felt that no great value should

be attached to the rejection of the motion. "During that follow-up study all data, facts and positions will come up again as a matter of course anyhow," they said within these circles.

The party administration, under the temporary leadership of Poppe, is first of all responsible for this further study. According to Poppe, the 1986 political and campaign strategy could also come up "in the margin" of the PvdA congress (April 1987), hence after the states elections.

The party council further discussed the Lubbers administration's budget memorandum and passed the nearly traditional motion which states that gas prices must go down. Detailed instructions to the parliamentary party in the Second Chamber with an eye on political and general considerations, failed to materialize.

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## POLLS REVEAL BIPOLARIZATION, NO SUBSTANTIAL CHANGES

## Need To Publish Poll Results

Lisbon SEMANARIO in Portuguese 4 Oct 86 p 2

[Editorial by Victor Cunha Rego: "Polls"]

[Text] We insist that polls are trustworthy and that there is a need to allow their publication until election campaigns are over.

It is scandalous that a minority should have the right to know what the majority does not know.

Polls are subject to error--they are photograms, but they are not film--and their unrestricted publication removes the passion surrounding an unappealable verdict that turns out to be an absolute surprise. Moreover, a body of jurors--in this case, the thousands or millions of voting citizens--needs isolation following the debate in court in order to render a better verdict.

But it is also a proven fact in the most solid democracies that the secret knowledge of poll results by a privileged minority leads candidates to change their words and behavior in ways that surprise and often deceive the voter.

It is a sign of cultural underdevelopment to allow the paraphernalia of propaganda--where money rules, noise and meanness corrupt, and waste threatens--while banning polls. If anything, the reverse should be the rule.

In democratic societies, polls are the best way for each citizen to learn whether he is in the majority or the minority. It is everyone's right to know the opinion of others and his own when a question of public interest arises. Religion, health, education, and sex, for example, should be the subject of periodic polls by competent firms using appropriate methodological procedures.

In the case of polls concerned with voting intentions, there is reason to add the opinion of Harold Wilson, one of the rare statesmen who managed to end his political career at the right time. He said: "Publication (of polls) must not be prevented in electoral periods or at any other time. They (polls) must be viewed as an honest effort to depict the state of public opinion at a specific

point in time.... We must fight for their free and open dissemination without wire-pulling, omissions, or distortions so that they can provide a public service."

In the elections in October of last year, the shift by the voters that deprived the PS [Socialist Party] of almost one-third of its votes and raised the PRD [Democratic Renewal Party] to 18 percent occurred precisely during the election campaign. Two days before the election, the executive committees of the parties knew, within 3 percentage points, what was going to happen. The voters--regarded as mentally deficient--did not.

We are publishing a poll of voting intentions in this issue [see below]. There are no elections in sight, but party propagandizing is intense, and "messages" to the voters are coming one after the other. And even though the upcoming PRD convention and the return to the political scene by Eanes may change the electoral picture substantially, this poll is a way of contributing to a better knowledge of reality at this particular moment.

Whether the figures please or displease this or that person is the least of our concerns. The polling institute is competent, the polling method has been tested internationally, and SEMANARIO is unperturbedly publishing them.

#### Poll Shows PSD Leading

Lisbon SEMANARIO in Portuguese 4 Oct 86 p 7

[Article by Antonio Pinto Leite]

[Text] Portuguese voters, subjected to the most devastating electoral stress in the history of European democracies--13 elections in 12 years--seem tired and stabilized following the electoral earthquake in October of last year and the subsequent minor aftershocks--examples being Cavaco Silva's political self-assertion and the blockage of the CDS [Social Democratic Center Party] on the right and, on the left, the "dialectic without adversaries" or "fraternal dispute," as they call it, between the PS and the PRD, marked by Eanes's progressive bankruptcy and the awakening of the Socialists from their ruins.

As a matter of fact, the poll being published here today confirms and underscores the results of the last poll on parties, which had reference to May and was also published by SEMANARIO.

The growth of the PSD [Social Democratic Party] since the elections in October 1985 remains, but it turns out that that growth has its limits, with political consequences that are rather important.

The truth is that the PSD is unable to penetrate the barrier of 42 or 43 percent--and breaking that barrier is the only way it could govern alone with a majority of its own.

The extrapolated results give the Social Democrats a score of 35.6 percent, and while that is no doubt remarkable in terms of electoral growth (+5.8

percent since last year), it must be frustrating from the standpoint of developing a viable strategy for exercising power on one's own.

### Majority in Their Pockets

It is true that there is a significant percentage of undecided voters (25.9 percent) and that Cavaco Silva's potential prestige may come into play, but it would not be normal for the final distribution of hesitant voters between abstention and the various parties to result in a jump of over 8 percent for the PSD.

This means that the strategy for winning a majority would compel the PSD to establish political agreements with other forces. Heading the list of possible partners, naturally, is the CDS, which is holding its own quite well, since Lucas Pires is still scoring about 9.7 percent.

Since the combined total for the PSD and the CDS (45.5 percent) would exceed the minimum required for a majority by a quite comfortable margin, the possibility of winning a parliamentary majority without the use of joint lists would not be ruled out. That option would leave the PSD freer to pursue its conquest of the voter market on the center-left, a task to which Cavaco Silva has been applying himself in a masterly manner and with obvious success.

Since the voters are holding a virtual parliamentary majority in their pockets, and considering the well-known difficulty of dialogue between the PSD and Adriano Moreira's CDS, it seems clear that the "task of convergence," as the PCP would call it, is urgent. If dialogue becomes impossible, will that convergence force the sacrifice of the CDS leadership?

Calculations on the left are less ambitious. The PS is not dreaming of majorities and, indeed, is modestly advocating the country's bipolarization with two minority poles (the PSD and the PS). The PS has neither the political possibilities for attempting anything else nor the historical courage to do so.

### PRD's Leftovers

Its "war" is one to hegemonize the Left and then lead it comfortably by wiping out the PRD and leaping over the traditional boundaries of the APU [United People's Alliance] and substantially reducing the latter's size.

Its victory is assured as far as the PRD is concerned, but the benefits that will accrue to the PS from the PRD's leftovers are not at all exciting if we consider that the Eanist voters were "its" voters originally but strayed and are now divided between Constancio, Cavaco, and a profound hesitation that will have unpredictable electoral consequences.

Moreover--and this is strange--the number of undecided voters increased between May and September, and the results are detectable: the PRD is not doing better, the PSD and the PS are down, and the mass of floating voters is larger.

On the other hand, the PRD, more or less like the CDS, is holding on at 9.7 percent--a disastrous result compared to the 18 percent it had in 1985 but still too high to suit the PS, since that percentage completely frustrates Constancio's chances for beating Cavaco in the battle for the minorities--that is, for winning more votes for the PS alone than the PSD has and thus being invited to govern as the prime party if there are early elections.

Even worse is the way the APU is holding steady at around 15 percent and thus constituting a real obstacle to any plan for a majority of the "democratic Left" that Constancio or anyone else might want to try.

Another point in this quick analysis of the NORMA poll is this: if revision of the Constitution were carried out by a new Parliament, the PS would see its power increased because in negotiations with the forces most committed to revision (the PSD and the CDS), nothing would be accomplished without the PS, but everything could be accomplished with it. The fact is that the PS, the PSD, and the CDS combined would control two-thirds of the deputies, whereas the PSD and the CDS could not muster the required two-thirds with the PRD alone, and the APU, by definition, will remain an impossible party when it comes to dialogue on the subject of constitutional revision.

#### Electoral System

This poll leads to the conclusion that the Portuguese party system has reached a state of deadlock and is incapable of generating homogeneous parliamentary majorities.

If we had an electoral system making it possible to form majorities based on election scores of 37 or 38 percent, for example--as is common in European countries--we might expect the next elections to give the majority to the PSD alone or, alternatively, to entice the PS and the PRD into a preelection agreement with the potential for giving them the majority.

With our system, there are no healthy majorities: we must be resigned either to self-destructive blocs in the center, to a leftwing majority including the PCP, or to a rightwing majority (PSD and CDS) which--let it be admitted--is not currently in a position of political homogeneity enabling one to predict a great future for it. There remain the hopeless dreams: that the PSD, thanks to Cavaco Silva, will jump from 29 to 43 percent in the space of a few months and thus record a leap unprecedented in electoral history. Or--the final possibility--that Cavaco Silva and Freitas do Amaral will agree to reestablish their ticket against "all forms of conservatism" and then hope that the 49.5 percent they had in February will rally once again.

#### PRD Voters Undecided

The level of indecision recorded by this poll varies from city to city, sometimes significantly (see table 4 below).

Of the three large cities polled, Lisbon shows the fewest undecided voters (22 percent), compared to 30.7 percent in Coimbra and 34.7 percent in Porto.



Not unrelated to those differences is the fact that in the two cities where indecision seems greatest, support for the PRD has dropped markedly. In other words, many of the PRD's former voters have not decided what to do with their votes.

That circumstance--the fact that the origin of a significant portion of the undecided vote has been identified--will have a decisive effect on the political discourse of the parties competing for that vote--specifically, the PSD, the PS, and, naturally, the PRD itself.

The phenomenon is exactly the same in the other cities: where the PRD shows a drop, indecision shows an increase. The pattern is typified in Viseu, where, all told, over one-third of those polled "did not respond."

Table 1  
Voter Turnout

	Voted in Oct 85	Would vote today
Yes	76.8	76.1
No	21.5	15.9
Don't know	1.5	7.7
No answer	.2	.4

Table 2  
Distribution of Vote

	Nationwide election results	Poll (six cities)		
		Voted in Oct 85	Would vote today	Extrapolation of "today" vote
CDS	9.7	9.5	7.3	9.8
PSD	29.8	26.5	26.4	35.6
PS	20.8	18.3	18.4	24.8
PRD	18.0	18.2	6.8	9.2
APU	15.6	15.6	11.0	14.8
Other	3.5	1.6	1.3	1.9
Blank ballot	2.6	2.0	2.8	3.9
Don't know		2.5	20.8	
No answer		5.8	5.1	

\*Note: The calculation was made using the total expressed intention to vote--74.1 percent--as the "universe" and ignoring the 25.9 percent who did not know or did not answer.

Table 3  
Comparison of May and September Polls

	May poll*	September poll*
CDS	9.6	9.8
PSD	35.0	35.6
PS	25.6	24.8
PRD	12.3	9.2
APU	14.6	14.8

\*Note: Results extrapolated by taking only the total expressed intention to vote in each poll as the "universe."

Table 4  
Poll of Six Cities

	* LISBON			* PORTO			* COIMBRA		
	10/85	5/86*	Today	10/85	5/86	Today	10/85	5/86	Today
CDS	9.6	5.4	7.7	10.1	13.0	7.7	9.2	7.2	4.5
PSD	28.3	28.7	25.5	31.5	24.4	26.5	29.4	31.5	34.2
PS	19.0	15.3	18.6	20.2	31.6	18.5	24.1	17.1	18.4
PRD	19.8	13.7	7.2	19.7	1.2	5.9	17.8	5.9	1.6
APU	18.3	11.8	13.1	14.6	9.9	6.6	15.3	8.5	8.4
Other	—	1.2	2.2	—	—	—	—	—	—
Blank	5.1	—	3.9	3.9	3.4	—	4.3	1.5	2.1
Don't know	—	16.4	19.8	—	12.0	26.3	—	27.3	15.6
No answer	—	7.6	2.2	—	4.5	8.4	—	1.0	15.1

Table 4 (continued)  
Poll of Six Cities

	* EVORA			* V. REAL			* VISEU		
	10/85	5/86	Today	10/85	5/86	Today	10/85	5/86	Today
CDS	4.5	2.5	1.4	9.5	10.0	9.9	17.7	16.1	11.1
PSD	23.3	26.2	25.6	33.3	31.9	24.0	34.6	27.1	31.0
PS	14.3	12.4	15.2	32.1	44.8	15.7	23.1	33.0	19.2
PRD	21.4	14.6	18.7	11.9	—	9.8	14.6	7.1	7
APU	31.2	31.7	16.0	9.5	1.4	16.6	6.2	1.7	—
Other	2.9	2.6	—	2.0	1.7	—	1.4	4	—
Blank	2.4	4.1	7.8	1.6	5.1	3.8	2.5	2.2	1.4
Don't know	—	6.1	15.3	—	4.1	10.4	—	12.3	6.3
No answer	—	—	—	—	1.0	9.8	—	—	30.2

\*Note: NORMA/SEMANARIO poll with interviews conducted between 2 and 7 May; results were published in our edition of 17 May.

\*\* Election figures

Technical data: Universe: the universe being studied consists of individuals over 18 years of age and residing in the cities of Lisbon, Porto, Coimbra, Evora, Vila Real, and Viseu. Sample: a valid sample of 600 individuals was polled, with nonproportional imputation at the city level and with weighting in the data processing phase. Sampling: random, using the random route method to select homes to be visited and the Kish method to select the individual (in each home). Method: direct personal interviews using a structured questionnaire. Fieldwork: the interviews were conducted between 20 and 24 September 1986. Margin of error: the overall level is plus or minus 4 percent with a confidence level of 96 percent for  $p = 50$  percent. Responsible institute: the poll was conducted by NORMA, Inc., the Portuguese member of Gallup International.

## Poll Results Analyzed

Lisbon SEMANARIO in Portuguese 4 Oct 86 p 6

[Article by Marcelo Rebelo de Sousa]

[Text] Poll and Convention

Were it not for the dangerous proximity between today's publication of the results of the NORMA/SEMANARIO poll and the PRD convention that is (finally) going to enthrone that party's longed-for party chief, the problems of citizen Antonio Ramalho Eanes, although cyclopean, would not really be all that dramatic.

The only thing is that this poll is merciless to the PRD, and being merciless, it becomes shocking.

Of the 18 percent that the PRD had in October 1985, only 9 percent are left. No more and no less.

The hope, momentum, and presidential blessing of a year ago have become the frigidity of a drop in support, the cutting bite of a letdown, and the sharp disappointment of seeing one's forces depleted.

Citizen Eanes may be constantly on the move, but so far no one is listening.

Nuncio Herminio Martinho may be promoting a program that is different, airy, and streamlined, but the voters are shrugging their shoulders and passing by on the other side.

Perhaps, thanks to some unofficial good will, the PRD and its most outstanding figures are being shown the kindness of a mention, the thoughtfulness of being remembered when it comes to appointment to a post, and a nod of comprehension.

But the raw and naked truth is that in this poll, the PRD winds up a little less than one-third the size of the PS and much smaller than the PCP. And--big surprise--it is even behind the slightly recovered CDS.

The figures are striking, but may not be final. Scope may exist for a slight increase in coming weeks or months. But any increase will be temporary.

The trend is there--and it is pointing toward collapse, limbo, and political triviality. And the convention is only a few days away. It can no longer be a triumphal one, partly because triumphs come from leaders who take charge, not from those pushed into the job, but also because no galvanizing atmosphere can arise out of disillusionment, debility, and failure.

Illusion of PRD Equal to PS

Moreover, if the claims being made for the PRD are too clamorous in absolute terms, they are doubly so in relative terms.

We will not speak of that impossible chimera of rivaling the PS in leadership of the opposition--of embodying a possible alternative to the PSD.

The PS is up by 4 points, while the PRD is down by 9 points.

The PS is more than 15 points ahead of the PRD.

And this with a PS in which Victor Constancio insists on running a marathon when the distance assigned to him was only a league (until the next PS congress) and with Cavaco Silva having chosen the 1,500-meter obstacle course for his trial run.

Even at that, the PRD is many miles behind the PS. Perhaps to the disappointment of those apprentice theoreticians in the PSD who still want to believe that the two parties can be forcibly placed on an equal footing.

Besides demonstrating clear, consistent, distinct, and credible opposition, the PS has roots, possesses a history, has established a membership, and forged a faith.

The PRD has no roots except perhaps its belief in a man who advances only when forced to. It possesses no history, it lacks a membership stimulated by time and events, and the faith that inspires it is not far from that which led Morgan Glistrup to establish Denmark's colorful Progressive Party.

We are talking about parties. We are not mentioning their leaders, because if we had to consider them, the comparison would not be any more favorable to the PRD.

Constancio is running a risk--that of being no more than an implausible substitute for Cavaco Silva.

General Eanes is a known quantity: he aspires to be another De Gaulle, something that he never could have been and would not have known how to be.

#### Contrast With Parties Holding Their Own

So we will not talk about the dream some people have of replacing the PS with the PRD. And at this point, permit us to mention that grandiloquent tirade by Medeiros Ferreira on the RTP [Portuguese Television System] on the evening of 5 October 1985, when he inveighed against the hapless representative of the PS with the dogmatism of someone who once symbolized Portugal's future.

But the thing that is also impressive in this poll is that the PRD has been surpassed by the PCP and the CDS.

The Communists dropped only slightly, thus demonstrating an ability to resist that cannot be minimized.

Cavaco Silva is therefore on the right track when, in his political speeches, he denounces the role of the main enemy. He is showing that he has not

forgotten the time (in mid-1975) when many of us in the PSD saw the revolutionary face of the PCP in the field: in boycotted political meetings, stirred-up violence, and offices set on fire. He--who was among those who did not remain in the rearguard, did not flee the tests of strength, did not remain in the salons of the "right-thinking people," and did not refuse the tests of militancy--has not forgotten.

He is also revealing that he remains faithful to the teachings of Sa Carneiro in 1980, when the latter led all of us to see the finger of the PCP behind Gen Eanes' candidacy.

He who saw those times of confrontation from within the government--times in which some elements of the Right were happy to abstain or even to support the PCP's candidate--has not forgotten.

Lastly, he is showing that his feet are firmly planted in this country. He is not making it a testing ground for theories developed elsewhere, and for that reason, he is not unmindful--cannot be unmindful--of the PCP's real weight.

Its weight in this poll surpasses that of the PRD and does so by a big margin.

It is also necessary to note that the CDS is ahead of the PRD, although only tangentially.

Clearly, this is not the CDS that had 14 or 15 percent in the local elections of 1982 or even the 12.5 percent it won in the legislative elections of 1983.

But it is a CDS with about 10 percent. That may be the best it could do in the present internal and external circumstances, and it is undoubtedly doing better than the declining PRD.

In a word, the party that wanted to be the nation's hope, destiny, and redemption has wound up in fifth place, obscure and wretched.

Losing to PS and PSD

A decline in absolute terms: that is the first lesson of the poll.

Inability to compete with the PS: that is the second lesson.

Behind the PCP and the CDS: that is the third enlightening lesson to remember.

To those three lessons is added a fourth which is no less important than the others.

The 9 percent lost by the PRD are being gained almost fraternally by the PS and the PSD. And practically nothing is being transferred to the PCP.

This means that at least for the moment, the PCP, although declining, is also showing no signs of recovering the 3 percent it lost to the PRD a year ago. That is a good sign for the PS, provided that the latter is able to take over

as the alternative pole on the left with more conviction and attractiveness than it has demonstrated during its current leader's brief apprenticeship.

It also means that Cavaco Silva and the PSD may continue to pick up votes from the PRD.

It remains to be seen whether they will pick up many more in the near future.

Hasty strategists may conclude from this that the PSD will only gain by not supporting the idea of bipolarization, not presenting itself as the pole on the right, and cultivating that model of autocratic economic leadership about which we wrote a week or so ago.

Nothing is more doubtful. We are convinced that bipolarization continues to be the correct cultural model, and this poll is confirming it.

First, because bipolarization is a slow and gradual institutional process that does not require the taking of radical rightwing stands in the immediate future--in fact, it counterindicates such a step.

Second, because bipolarization forces both poles to centralize their proposals for government (a fact that any ordinary political scientist recognizes), and the PSD can only gain if, on the social and even the economic level, it adopts populist stands that will "grab" the voters on the left.

Third, because what is currently at issue in the PSD's tactics is its conduct with respect to the PRD and Gen Eanes.

Concerning Eanes, there are two theories. One calls for engaging in affable dialogue and favoring the PRD so as to keep the PS from growing and to continue attracting PRD voters. The other calls for showing the PRD no special favors, accepting the PS as a potential pole for alternation, and attracting PRD voters without having Gen Eanes around one's neck.

This poll supports the second of those options.

The reason is that it shows without a doubt that it is farfetched to try to equate the PRD with the PS and Gen Eanes with Constancio.

Also because it confirms the PS as the potential pole for alternation in government.

And especially because it creates a new dilemma for Gen Eanes--one that will make the idea of a discreet or concealed courtship between the PSD and the PRD difficult.

Eanes: Retreat, Attack Cavaco, or Fall Faster

Gen Eanes knows now that he is losing voters to Cavaco Silva. He does not know how many, but he knows that the phenomenon is obvious.

There are not many ways out of that situation. He could turn down the leadership of the PRD, perhaps by sending his wife to plead sudden illness, unexpected conscientious objections, or a sudden crisis of faith (and that would not be easy).

Or he could accept the leadership and be forced to assume that Cavaco Silva is as dangerous to him as Constancio is (or even more so, since Cavaco has the trappings of power). That would demolish the idea of PRD affability toward the PSD and/or PSD affability toward the PRD.

Or the liking and admiration he feels for Cavaco Silva might be so strong that he would prefer to waste away by sacrificing those elective affinities, in which case we would have an example--rare in national political life--of a leader with 3 or 4 percent of the vote being happy in the knowledge that he is losing 0.1 percent every month to a party headed by a Portuguese politician whose image is closer to the one he would like to have but does not have.

Of those three solutions, Gen Ramalho Eanes is apt to choose the third by proposing to Cavaco Silva an agreement that would only diminish the prime minister and be useless to him.

But facts are more powerful than those masochistic deliriums, and he would soon find himself in the position of having to contend with Cavaco Silva step by step for his fleeing voters. As a result, Social Democratic strategists most disturbed by bipolarization may lose their emotional energy, since that cultural model, still to be institutionalized, will not interfere with the war between Gen Eanes and Cavaco Silva--a war that it will be difficult to avoid despite the courtship proposal that may be made initially.

Cavaco Silva: Man for the Next 20 Years?

It remains to mention the PSD's score of nearly 36 percent. That is far from a majority, but it is still quite high, and it shows that Cavaco Silva's popularity is rubbing off on his party.

It is a result which only increases the historic responsibility of the PSD leader and prime minister.

We have already written to the point of weariness that he is currently the best of the best in the PSD.

We also reminded our readers a week ago that he is currently the best of the best in the other parties.

It has already been stated that he is in a unique position to head the PSD and the government for years at a stretch.

It is now written, for the record, that if he can cut the Gordian knot represented by the very specific position occupied by that born politician, Freitas do Amaral, he may be a winning presidential candidate in 1996 (and perhaps in 2001 as well).

He is Portugal's strongest politician at the moment, stronger even than Mario Soares.

His most ambitious opponents have not realized that by not defeating him at the start of the escalation, they will now face increasing difficulties in eliminating him. They may win battles with him. But they will not find it easy to win the war.

His most unconditional fellow party members can only follow him with docility. And those who are only conditional members are either young enough to wait another 10 or 20 years (and are therefore really free to praise or criticize him) or must continue to negotiate with him as required in the hope of not falling into disfavor with the chief.

The only thing is that a man in that objective position (even though not cultivating any kind of Messianism by considering himself better than many already think he is) has historic responsibilities.

Such a man can bring the institutions to a halt and make everything revolve around himself--in the government, in the opposition, in the media, and even, someday perhaps, in Belem Palace.

He can also shape the institutions, just as Sa Carneiro, had he lived and been able to do so, would have established structures to outlast men, who by nature are temporary.

It will be said that this is a false question, that we have a commendably durable Constitution, and that the political regime and the system of government are beyond challenge.

But when it comes to their vitality, both depend on the men who enforce them or suppress their potential.

From 1974 to 1986, Mario Soares was the leading figure of the Portuguese Left and, as leader of the PS--then a nuclear party--the essential symbol of the constitutionalism of 1976. His victory in 1986 had therefore begun more than 10 years earlier.

Cavaco began a career in 1985 that is benefiting from the objective legacy of 7 years of PSD government and from that bequeathed by Sa Carneiro. In 1986, also by inheritance, he received 49 percent from Freitas do Amaral--we will see whether he has received it permanently or temporarily. An heir such as that, the actual leader of the Portuguese Right and a candidate to be the symbol of post-1976 constitutionalism, may well find himself 10 or 12 years from now in the same position as that which favored Soares (partly against his will) last February. And in conditions that may very well be unbeatable.

We now know what Soares wants: a presidency with no surprises, the system as it is, and the status quo with its bias toward Parliament. And we are familiar with Freitas do Amaral's thinking, the direction in which he is moving, and the action he wants to see.



We would like to know what Cavaco Silva wants--in the long run. What is his political, ideological, and cultural plan? What is his world view?

Particularly those of us who believe in bipolarization recognize him as the leader of our own pole. We have supported and do support him, but without subservience and with complete freedom to criticize. And without impatience except when it comes to what is best for Portugal.

P.S.: After the above was written, the new PRD program attacking bipolarization appeared. It desperately acknowledges all the reasons which have always led us to recommend bipolarization. And when that program was being written, the PRD leaders were not aware of the results of the NORMA/SEMANARIO poll.

#### Other Poll Results Summarized

Lisbon EXPRESSO in Portuguese 11 Oct 86 p 1

[Text] The most significant fact in this month's EXPRESSO-Euroexpansao poll is its revelation that Mario Soares has overtaken Cavaco Silva. The president of the republic made a spectacular leap from 45 to 60 percent in favorable opinions, winding up 1 point ahead of the prime minister (who also rose in the polls from 57 to 59 percent).

The improvement shown by Soares is probably explained by his promotional activities (his visit to Guimaraes, for example) and also by his return to involvement in politics through his veto of the Azores Statute, a move that was well received on the mainland.

On the other hand, Cavaco's advance, combined with a slight decline for Constancio, has further widened the gap between the leader of the government party and the leader of the main opposition party--it now totals 23 points.

As far as the standings of the parties are concerned, the PSD is up again (on the threshold of 40 percent), and the PS shows a slight decline, thus confirming the scenario of bipolarization that has been taking shape. The fact is that the other three parties (the PRD, the PCP, and the CDS) are all below 10 percent as far as voting intentions are concerned.

No great change was recorded in the case of the other party leaders.

Ramalho Eanes, who will become leader of the PRD next weekend following 8 months of "suspense," is behind Constancio, with 25 percent of those responding calling him "good" or "very good." Close behind him is Adriano Moreira, who has 21 percent, the same as before. Alvaro Cunhal is once again in last place, with only 10 percent pleased with his activity and 59 percent displeased.

It should also be pointed out that the differences between the EXPRESSO-Euroexpansao poll and other polls that have been published are due basically

to the fact that the latter, unlike the EXPRESSO-Euroexpansao poll, covered only urban areas, thus presenting a distorted picture of the voters.

### Popularity of Parties, Persons Measured

Lisbon EXPRESSO in Portuguese 11 Oct 86 p 6

#### [Text] Constancio Loses Another Percentage Point

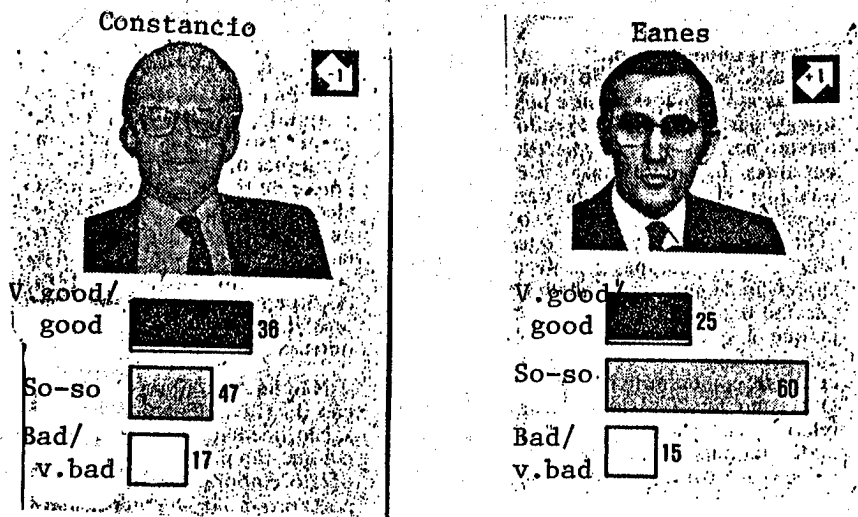
The most striking feature of the popularity poll as it concerns the leaders of the main political parties is the continuing drop in popularity for the new leader of the PS, Vitor Constancio. After his election at the last party congress, his popularity rose almost to the level of Cavaco Silva's, and he was even more popular than Mario Soares himself. Since then, however, the former governor of the Bank of Portugal has been losing points steadily.

Even so, he continues to have the best image of any of the leaders of the opposition parties.

Let us take a look: Ramalho Eanes recovered 1 of the points he had lost the month before, but he is a long way from Constancio; Adriano Moreira is still regarded favorably by the same percentage, but his critics have increased, with the result that his overall image is negative; and, lastly, Alvaro Cunhal seems consigned to a blind alley, since he has practically no audience outside the universe of his loyal voters.

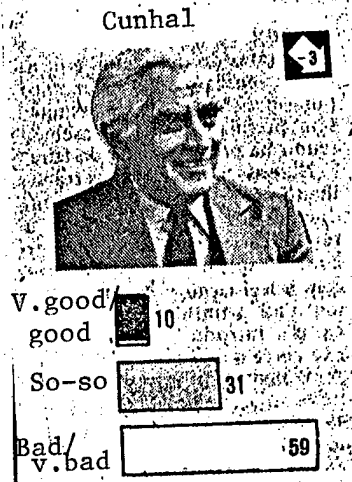
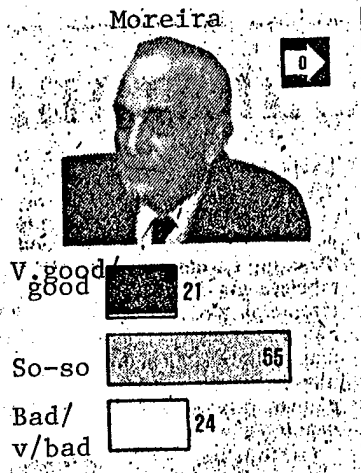
But the upcoming PRD convention and Ramalho Eanes' assumption of the party leadership will constitute an important test of the popularity of both the former president of the republic and his rival in the opposition, Vitor Constancio.

### Popularity of Opposition Leaders



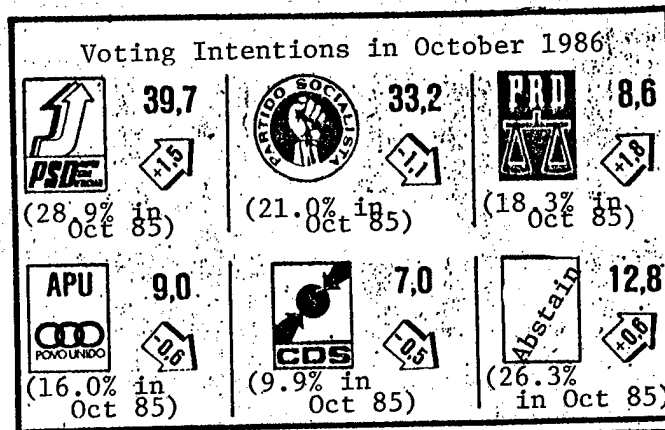
[Graphs continued on following page.]

[Graphs continued from preceding page.]



PSD Again Close to 40 Percent

As measured by consulting the EXPRESSO Popularity Panel, voting trends among the electorate seem to be moving toward stabilization in a scenario of bipolarization headed by the PSD and the PS. Each of those two parties is continuing to reap over 30 percent of the voting intentions among members of the panel. This month there was a slight advance by the PSD, placing it once again on the threshold of 40 percent, while the Socialist Party registered a slight decline.



None of the other three parties shows any sign of possessing enough strength to climb out of the subordinate position in which they find themselves. All of them are still below 10 percent as far as voting intentions are concerned, with the CDS being worst off (only 7 percent of those polled expressed a preference for it).

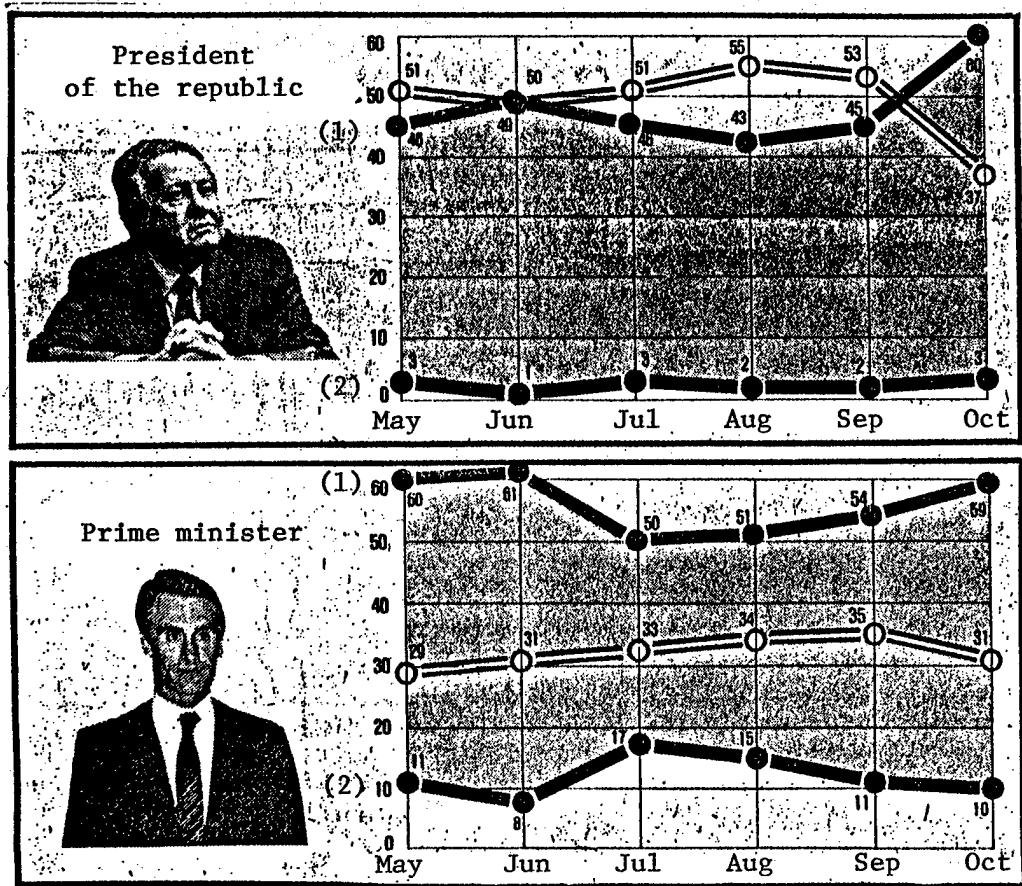
After the rapid rise by the Socialists in the period immediately following their congress, the current stagnation seems to reflect the PS' difficulties

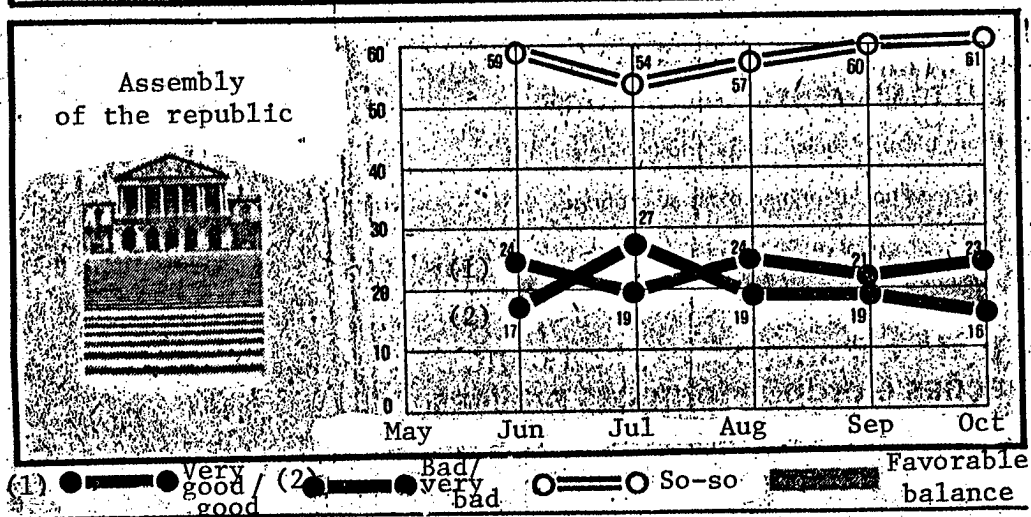
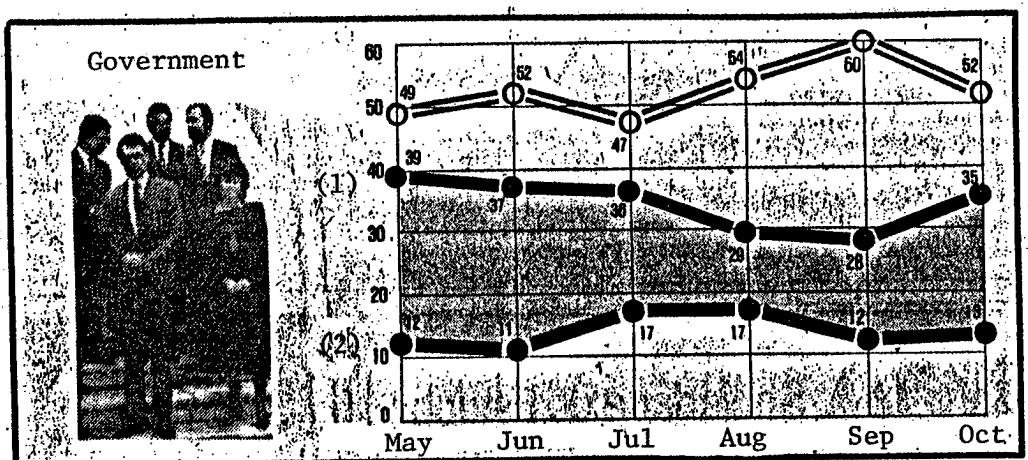
in finding its proper stride, those difficulties being very obvious in the slow but continuing drop in popularity for its new leader, Vitor Constancio. Even the launching of its "shadow cabinet" does not seem to have helped the situation, and perhaps that is not surprising: only 43 percent of those polled knew about the move, and even fewer (37 percent) connected it with the PS. Even worse, most of the interviewees who knew about the move did not see it as serving any purpose (54 percent), while only 28 percent regarded it as the correct thing to do. In other words, of all the members of the panel, only 12 percent knew about and supported the establishment of a shadow cabinet. Oddly, it was not the PS' voters but the PRD's voters who were most familiar with and most understanding of the establishment of that cabinet.

### Soares Ahead of Cavaco

There has been a switch in the name at the head of the Popularity Panel: Prime Minister Cavaco Silva, who had headed the list since the start of these regular polls, has been replaced by Mario Soares. The chairman of the PSD has not lost points, however. On the contrary, he is now up from 57 to 59 percent

Popularity of Chief Institutions





in popularity, thus approaching the approximately 60 percent he enjoyed a few months ago and from which he fell after presentation of the motion of confidence.

It was the progress made by the president of the republic that was spectacular, since he jumped from 45 to 60 percent. Mario Soares, who was particularly active during September, especially as a result of his stay in Guimaraes, is proving that he does not know how to leave the front row on the political stage and does not want to.

The good relationship between the president of the republic and the prime minister, which has been the subject of comment particularly during the past month, seems to have helped strengthen the prestige of the nation's two most outstanding public figures. And the absence of open conflicts--especially confrontations involving the Assembly of the Republic--seems to have benefited both that body and the government. Both progressed favorably in the critical assessments made by the panel members.

As an adjunct to this poll, opinions were requested concerning the usefulness of the president of the republic's stay in Guimaraes. The answers confirm the

idea, already expressed, that that stay contributed to the spectacular rise in Soares' popularity: 69 percent considered that visit useful, compared to only 21 percent who saw no benefit in it. The number of those pleased to see the president of the republic in Guimaraes totaled 81 percent among the residents of Greater Porto, 76 percent among the inhabitants of the North, and 78 percent among those with more than a primary education. Naturally, it was the Socialist voters who saw the greatest merit in his visit to the "cradle city," but oddly, the percentage of support for the visit was greater among Social Democrats than among the APU's voters.

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CSO: 3542/15

POLITICAL

TURKEY

YOUNG BLOOD IN POLITICS VIEWED

Istanbul HURRIYET in Turkish 20-26 Jul 86

[20 Jul 86 p 11]

[Interview with Fikri Saglar, SPP deputy, by correspondent Selma Guven; in Ankara, date not specified]

[Text] The young man was shaken out of bed by his best friend Sait: "Hey, prince of darkness get up! We're off to Beyoglu to have some soup!" As the clock struck midnight the 'prince of darkness' started to get dressed. The two managed to slip past the nightguards in the dormitories and corridors, made their way through the garden unseen by the three guards making the rounds, climbed up the iron gate without a hitch and found themselves amidst the bright lights of Beyoglu heading for the entrail soup restaurant. Of the two young men the one known as the 'prince of darkness', due to his dark complexion, was Fikri Saglar, the youngest SPP deputy, vice-president of his party, and member of the Assembly Secretariat. Saglar is of Yoruk origin, comes from a Mersin family, says he loves his brothers and sisters, mother and father very much. Speaking of them his eyes start shining:

Tightknit Family

[Answer] My mother Ilhan Saglar is a housewife, my father Mustafa Saglar is a medical doctor retired from the social security hospital. He never had a private practice. I have an elder sister and a younger brother. Both are married with children.

[Question] You are single, aren't you thinking of getting married?

[Answer] Of course I do. I love children, they are our future.

[Question] What are you looking for in a wife?

[Answer] Honesty and sincerity. I want her to be able to represent me in every situation in the same way I would. She must have a certain view of the world, and most importantly, must be a productive person.

The Importance of Number Three

[Question] Is three your lucky number?

[Answer] Not really. Maybe it's just a coincidence.

[Question] How come?

[Answer] For instance I was born in 53, elected member of parliament in 83 at age 30, in 86 when I was 33 I was elected to the 33-member SPP central executive council and I was ranked third on the slate. The traffic code of Icel, my birthplace and constituency, is - whatelse- 33.

[Text] Our conversation is taking place in the Kavaklidere district of Ankara, in a well-maintained "bachelor" house. Saglar does all the housework. He explains the overall neatness saying, "I am very particular about these things." After completing the Galatasaray Lycee in 74 he graduated from Hacettepe University's faculty of economic and administrative sciences. He is one of the most active members of his party and of the Assembly. Does he have any spare time amidst all this intensive activity?

[Question] What do you do in your spare time?

[Answer] I am a lover of nature. I like to travel, going to picnics with my friends. I walk whenever possible. I go to the theatre and to the cinema. I used to paint during my lycee years. I had a stab at poetry. For a time I played soccer in the junior team of Galatasaray.

[Question] What position did you play?

[Answer] It was defence at first. Playing defence is a bit like being the opposition. You get bored somewhat. Then I started playing offense. That's how I came to know the power of being on the government side.

[Question] Which team do you support?

[Answer] Galatasaray, of course.

Intertwined with Politics



[Question] Lets talk about how you started your political career.

[Answer] One can say that I grew up intertwined with politics. My grandfather Suleyman Fikri Mutlu served as RPP member of parliament representing Icel between the years 30-36. My maternal uncle Orhan Mutlu served as leader of an RPP district branch during the years 50-60 when being an RPP member was considered a crime. My other uncle Kaya Mutlu is a former mayor of Mersin. And my mother used to be a very active member of RPP women's organization.

[Question] How did you become a deputy?

[Answer] I was a reserve candidate just below third rank on the People's Party (as it was called then) Icel slate. The original candidate was vetoed so I took his place. It so happened that People's Party produced three members from my electoral zone.

[Question] Were you interested in politics in your university years?

[Answer] When I was at the university I made several attempts to join the RPP, continuing a family tradition. However, as I was opposed to the then governing group within the party the attempt failed.

[Question] That must have been the lowest point in your political career.

[Answer] No that's not so. The lowest point has been witnessing the parliamentary transfers. And most of all the transfer of those elected by social democratic votes to rightist parties. These individuals dealt a heavy blow to politics which happens to be an important and respectable profession. I wonder how they will account for their actions.

[Text] Among his school friends Saglar is known for his organizational abilities and active social life. His write-ups in both the lycee and faculty yearbooks confirm this. Once interested in technical aspects of the theater Saglar organized the first culture and arts festival in his lycee. He now maintains this particular interest at the General Assembly's Council of Culture and Arts. Talking cheerfully about his student days Saglar smiles as he starts to reminisce:

[Answer] In my senior year at the lycee we had established a rule that "freshmen could not go to Beyoglu!" but learned that this rule was being breached. Then one day returning from

Beyoglu in the middle of the night we saw a shadow climbing the iron gate. No one recognized the person so we assumed him to be a freshman. To give him a little scare we shouted: "Stop, don't run, we caught you!" Then we started running towards the 'shadow'. But whom do we see? It turned out to be the school director who had lost his key and tried the students' route!

[Text] Leaving the student days behind we come back to the present.

[Question] How do you evaluate the present stage in Turkish political life?

No More 12 Septembers

[Answer] Lets clarify one point first. During the years 73-80 democracy and human rights have been widely discussed in Turkey. The prime minister and others are continually harping on the theme of returning to the bad old days before 12 Sep. I am not daunted by that prospect because like many others I was in the streets facing the barrel of guns. Therefore I wouldn't be unduly worried about returning to those days. Not that I would like those days to return. It would most likely be followed by another 12 Sep. As someone who has been through those years I could say that in Turkey the major shortcoming is the lack of democracy and human rights. We do not want a Turkey where only a few are able to speak. What we need is where the unions are able to speak, every single individual can speak. What we have instead is a Turkey which is silenced with the exception of a few people.

[Question] Well then, what sort of Turkey do you envision yourself?

[Answer] I dream of a Turkey where people are aware they are people, live like human beings, move with the times. A land where people are not exploited, a happy, free and beautiful land . . .

#### PHOTO CAPTIONS

1. Primary school years -- Fikri Saglar (right) in primary school years with father Dr. Mustafa Saglar and younger brother Ismail.
2. The 3's in his life -- Number three holds an important place in Fikri Saglar's life: born in 53, elected member of

parliament in 83 at age 30. Traffic code of Icel, his electoral region, also 33.

3. Age 18 -- Already a young man in 71 with father and mother Ilhan Saglar at an RPP ball.

4. Like being in opposition -- Playing soccer as a defenseman in Galatasaray junior team during his youth, Fikri Saglar likens playing defense to being in opposition.

5. Member of Assembly Secretariat -- Fikri Saglar (SPP) member of the Assembly Secretariat (corner right) with the other members (from left) Yagcioglu (MP), Ozbilen (MP), Koymen (MP), Sakarya (MP). Speaker Karaduman in the chair.

[21 Jul 86 p 11]

[Interview with Gokberk Ergenekon, secretary general of CWP; in Ankara, date not given]

[Text] A warm afternoon in Ankara . . . The second floor of an apartment in the Asagi Ayranci district . . . A large and cool living room furnished with comfort in mind . . . Yet, despite the prevailing feeling of comfort, it is not easy to draw him out at the start of our conversation. Either he does not like talking about himself, or he is uneasy with the subject.

[Question] You are a politician who is single. Aren't you thinking of getting married?

[Answer] Of course I do. Actually I may have missed the boat already.

[Question] What kind of marriage do you have in mind?

[Answer] Like everyone else.

[Question] Sorry, I guess I couldn't phrase it properly. Would you like to meet your wife beforehand or have a prearranged marriage?

[Answer] I'd like to get to know my wife. Love grows as one gets to know the other.

[Question] What kind of person would you like to marry?

[Answer] Someone whom I like. The important thing is to share

the same values.

[Question] Well, what are those values?

[Answer] Faith is quite important. I would like to see her subscribe to spiritual values.

[Question] What else?

[Answer] No criterion is more important than faith.

#### Getting Started at External

[Text] These were the answers given to our questions on marriage by Gokberk Ergenekon, secretary general of the Correct Way Party. The youngest politician in our serial Ergenekon is the son of the late Yilmaz Ergenekon, a former Justice Party minister of finance and transportation. Ergenekon was born on 20 Mar 53 as the first child of Zemzem and Yilmaz Ergenekon. The couple had married in 52. Attended primary school in France where his father was posted, then secondary school at Tevfik Fikret Lycee, and then Saint Joseph Lycee. He followed in his father's footsteps graduating in 1975 from the faculty of political sciences in Ankara. Served with the ministry of external affairs for 8 years. Ergenekon says he joined the ministry by his own volition and liked working there.

[Question] How many times were you posted abroad?

[Answer] Only once. I was posted to Rome. Went there in 79, came back Mar 82.

[Question] You went through an unpleasant experience there. Can you tell us about it if there is no objection?

[Answer] Of course. There was an attempt on my life. In those days Armenian terrorists were engaged in frequent attacks against Turkish diplomats. It was one of those. In such attacks our Ministry must have lost about one-tenth of its personnel working in legations abroad.

[Question] What happened in your case?

#### Story of Attack

[Answer] It took place on Sunday 25 Oct about 4 pm. I was on my way to the embassy. Just got into the car. The attacker came from behind and fired at me.

[Question] Did you fire back?

[Answer] Yes, there was half a meter between us. We fired three shots at each other.

[Question] Were you unscathed, such a short distance?

[Answer] No, I was wounded. I received two bullets in my left arm and one bullet in the right arm. It was God's mercy that nothing more serious happened.

[Question] Did you enjoy being a diplomat?

[Answer] Yes, very much.

[Question] If you had to make a comparison, would it be politics or External Affairs?

[Answer] I haven't thought of that. I like politics too. But I can't make a choice. There are certain factors that necessitate my being in politics at this time. Until such time that we realize our goal of a "Turkey free of prohibitions" I feel obliged to remain in politics.

#### In His Father's Footsteps

[Question] How did you enter politics?

[Answer] My father Yilmaz Ergenekon passed away having suffered a stroke on 8 Jul 83. About two weeks after that I got in touch with the people involved in the establishment of the CWP.

[Question] Had your father not died would you still be in politics?

[Answer] Absolutely not!

[Question] Are you glad to be in politics?

[Answer] I would have been ashamed of myself had I not gone into politics and served with the CWP. Not to have taken part in such a cause or to have carried on business as usual would have made me uncomfortable. When my father was alive his political rights were taken from him, just like Mr. Demirel. These rights needed to be repossessed. As a family we had to be inside politics. I had no other option but take the course I did.

[Question] Nowadays there are quite a few young people holding

executive positions in many parties. How do you view all this?

[Answer] It would have been impossible for young people like ourselves to come to these positions in normal circumstances, or during times when politics is open to everybody. This situation has been caused by certain people. Experienced politicians have been subjected to prohibition. I am not saying this for parties alone; it is the same for government. There is no substitute for experience which takes time to acquire.

[Text] Ergenekon lives with his mother and his sister Ebru, a medical student in her final year. He says party work takes nearly all his time. He explains how he spends his spare time:

[Answer] Mostly I like being with friends. We have a very harmonious group. Apart from that I watch TV, play billiards and bridge. For music, I listen to Turkish music.

[Question] What about books?

[Answer] I don't particularly like novels and short stories. Excepting these I read almost any type of book.

[Question] And sports?

[Answer] I support Fenerbahce. In my lycee years I tried almost every sport together with my friends. However, like them, I could not be successful in any of the sports.

[Text] A fluent speaker in both French and English Ergenekon's eyes smile when talking about his childhood and lycee years: "I lived a very happy, nice and satisfactory childhood", he says. In his lycee yearbook his friends wrote of him as follows: "Above everything he deserves the admiration of everyone by his loyalty to his friends, his honesty, earnest demeanor and maturity." Leaving those years behind we return to the present.

[Question] How do you feel about the present stage in Turkish politics?

People not Equal

[Answer] People in Turkey are not equal. At present there are five classes of people. First there are the "super citizens". These are the ones who occupy undeserved positions due to an irregular election. Then there are the "normal citizens" who have been forced to vote for a limited number of

choices thrown in front of them. Then there are those, like ourselves, who belong to parties which were barred from participating in the last elections. The fourth class of people are those who are prohibited from taking part in any political activity for 5 years, and the last are those who are barred for 10 years. Moreover, Turkey has been turned into a country that exists one day to the next, with no high ideals or purpose. In a press conference three years ago the prime minister had singled out inflation as the cause of anarchy. Yet, instead of lowering the rate of he has raised it.

[Question] All right, what kind of Turkey do you want to build, dream about?

[Answer] Our goal is to create the Turkey that Justice Party wanted to build. A great country where the villages will have everything that can be found in the cities. I dream of a Turkey which is democratic and without prohibitions, where everyone is equal. I dream of a country which has attained the rank it deserves in the world - to be among the first ten to start with - and a country which looks to the future with hope.

#### PHOTO CAPTIONS

1. Fired at his attacker -- Attacked by an Armenian terrorist in 1981 when serving as second secretary at the Rome embassy Gokberk Ergenekon explains what happened on his return to Istanbul.
2. The new generation at work -- Ergenekon (second from left) with young party members from all over the country, in front of his office.
3. Spiritual values first -- Attaching great importance to spiritual values. Ergenekon openly admits he is late in getting married and does not conceal his intention of getting to know his wife beforehand.
4. Young blood -- Young people have come to high positions due to the banishment of experienced politicians, maintains Ergenekon, seen here in his office with members of his party's Ankara organization.

[22 July 86 p 9]

[Interview with Suleyman Yagcioglu, MP deputy; in Ankara, date not given]

[Text] [Answer] I have as many superstitions as anybody. For instance I don't like number 13 at all. I won't walk under a ladder. Before starting an important job I drink sanctified water. I won't hand over things like scissors, knives directly. I also wear amulets, carry religious inscriptions at all times. There are some more such beliefs but I can't recall them right now.

[Text] Suleyman Yagcioglu, one of the youngest politicians in the Motherland Party, Samsun deputy and a member of the Assembly Secretariat, was offering these explanations on the subject of superstitions. He was born on 3 Jan 52. His father Ali Yagcioglu was a public prosecutor in Sivas at the time. The only male child in his family, has an elder and a younger sister. Married his wife Zumrut in 78. They have a 7-year old daughter named Cigdem. The couple first met under circumstances due to a traffic accident. He explains:

[Answer] The year was 78. While travelling my car had overturned. I broke a couple of ribs. I had to get a few injections after the accident. In those days my wife used to operate a pharmacy near where my mother lived. I started going to the pharmacy every day to get the injections. That is how we met.

[Question] You went out together for a while, I presume.

[Answer] No. We asked for her hand through an intermediary right away. And she accepted it.

Good Student

[Text] Yagcioglu was living alone when we talked to him. His wife and daughter were in Istanbul and thus could not join in the conversation. He graduated from Kabatas Lycee for Boys and then from Capa faculty of dentistry. He talks of his school days with obvious pride.

[Answer] I was a boarder and a student representative at the lycee, determined to become a politician. I used to say that I would "become a deputy one day". My father had once entered a parliamentary election as a candidate on the Justice Party ticket. And my grandfather had served as president of the local Democrat Party branch.

[Question] Well, did this political involvement continue during university years?



[Answer] Yes. I wanted to go to the faculty of political sciences in Ankara. But it didn't happen. Instead I entered the Capa faculty of dentistry. It turned out a blessing in disguise because, in Turkey, the most lucrative profession is dentistry.

[Question] Are you practising your profession these days?

[Answer] Yes, I have a private practice in Istanbul. My wife's pharmacy is also operating. We also own the Yagcioglu yogurt factory. We have a number of other commercial operations.

[Question] You have a good income then?

[Answer] We are not complaining!

### Being Fat No Problem

[Text] Yagcioglu is one of the colorful personalities in the Assembly and the MP caucus. Though he has excess weight he does not complain. He lists 'meat and vegetable in the oven' as his favorite dish.

[Question] What do you do in your spare time?

[Answer] I go duck shooting, ride horses. I am a member of the riding club. My greatest hobby is to change cars often. I drive a car 5-6 months at most, then sell it and buy another one. I make sure that the cars are the latest models.

[Question] This is the first time I hear of such a hobby.

[Answer] Yes, after I drive for a while I get bored with the car.

[Question] Are you interested in sports?

[Answer] I support Samsunspor as well as Fenerbahce. At lycee I played soccer and did some wrestling.

[Text] Yagcioglu's involvement with politics started in the youth organization of Justice Party where he held responsible positions.

### Family of Rightists

[Answer] We are rightists, the whole family. Therefore, I support the unification of the right.

[Question] Did you join in the process of founding the MP immediately after 12 Sep?

[Answer] No, I first played a part in the founding of the Great Turkey Party. But I didn't quite like the general atmosphere there. All the good positions had been taken by certain known people. I realized that they had no good positions to offer to us and that's how I lost my enthusiasm for the movement.

[Question] How did you enter MP?

[Answer] I filed my application to MP on the last possible day. I acquired a slot at the top of the MP slate in Samsun which was approved by our prime minister. Thus I love Mr. Ozal like my father. He has always acted like a father to us.

[Question] You became a deputy in the end. Now there are quite a few young people like yourself in politics and in the Assembly. How do you view all this?

[Answer] I view it as "assistants replacing captains" that's how I call it. It has been a good thing but if not for Mr. Ozal this wouldn't have happened. All the credit is due to him. We young people should also come to good positions. It all makes me very happy.

[Question] How did your wife react to your entry into politics?

[Answer] At first she was opposed to it. But I had an ambition in life dating back to lycee years. I wanted to become a deputy. So she relented. Now she is in politics too.

[Question] How come?

[Answer] She joined party activities, like Semra Ozal, our prime minister's wife. Our party conducts educational activities for women. She takes part in those.

[Question] How do you view the present political situation in Turkey?

[Answer] Excellent! Turkey is growing and developing every passing day. All this because of our prime minister, of course. Better days are ahead, that's what I believe.

[Question] What would you like to say about Turkey's future?

[Answer] I would like to see Mr. Ozal as prime minister in

the future. I would like to see our customs and mores continue and not disappear. We should know one fundamental truth: As Turks the only friend we have is ourselves. I want to see those who love their country in power. I would like to see a Turkey not afraid of the private sector, where free market economy is solidly established.

#### PHOTO CAPTIONS

1. On their way to Ataturk's tomb -- Speaker Karaduman leading members of the Assembly Secretariat towards the spiritual presence of Ataturk. Yagcioglu as one of the secretaries among them (fourth from left).

2. His favorite hobby, food -- Yagcioglu does not conceal his liking for food, demonstrating this by his weight. His wife Zumrut and daughter Cigdem make up a happy family.

3. Dentist -- A dentist himself, Yagcioglu's wife is a pharmacist. He claims that dentistry is a very lucrative profession.

4. Admirer of Ozal -- Yagcioglu gets carried away when speaking of the prime minister. The young MP deputy wishes to see free market economy solidly established in Turkey.

5. Always jolly -- Yagcioglu says he owns many companies. The deputy from Samsun can be seen smiling at all times, as he is among the villagers of his constituency.

[23 Jul 86 p 11]

[Interview with Cuneyt Canver, deputy in the Assembly and SPP assistant secretary general; in Ankara, date not given]

[Text] [Answer] I have never been involved with anarchy and terrorism during my university years. This was practically impossible. As my day usually started in the afternoon, by the time I arrived at the campus the events had long been over with.

[Text] So says Cuneyt Canver, assistant secretary general of SPP. An active deputy in the Assembly who attracts a lot of attention, Canver was born in Adana on 15 Apr 52. His father Hihat Canver was an employee with Sumerbank at the time. The

family moved from one town to the next during his childhood. Canver is the only male child in his family. Has an elder and a younger sister. He attended primary school at various towns and entered the Ataturk Lycee for Boys in Ankara at second grade of secondary school. Finishing lycee there, he graduated from the law faculty of Ankara University. Canver refers to his wife as "uncle's daughter". They got married on 27 May 77 so as to celebrate their anniversaries on a holiday. Thus abolition of that holiday made him unhappy. He says jokingly, "maybe they did it deliberately to upset me".

[Question] Is it a custom in your family to marry relatives?

[Answer] No, we were the first. Oya is my uncle's daughter. But until our marriage we saw each other very rarely. They were in Adana, we were in Ankara. Thus it can't really be considered typical.

Aries Man

[Text] Canver has two sons each better looking than the other. The elder is 8-year old Mithat and the younger is Cevdet who is 3 years old. Both have been named after their grandfathers. According to Canver, those who might want to know about him "should open an astrology book and look up the characteristics of Aries". By his own admission he cannot sit still for a moment and goes out for a 10-minute walk even when most important subjects are under discussion. Canver gives the impression of being an affectionate father. His concern and love for his children are easily detected. About his own childhood he makes the following comments:

[Answer] I had a very active childhood. I amply benefited from being the only male child.

[Question] How was your school life?

[Answer] The fact that I attended a lycee for boys from secondary school onwards must have influenced my character formation. We had a director nicknamed 'Mad Veli' known to many as an ultra-rightist. He used to beat the kids real bad. Anyone who has graduated from that school must have received at least one beating from him. He was a man of many interesting sides. I remember once he shaved the heads of two boys -- one on the right side and the other on the left. For a while the boys had to join their heads together so as to conceal their bald sides from public gaze.

[Question] Did you have a nickname yourself?

[Answer] Yes, you may not believe it but friends used to call me 'Tony Cuneyt' after a presumed likeness to Tony Curtis. Another of my names was 'Aristotle Cuneyt' due to my interest in philosophy.

Bad Student

[Question] How were the university years?

[Answer] If I told you that it took me seven years to complete the four-year law school you might understand the kind of student I was. I used to work at establishments involved in music. These jobs ranged from sales to disc-jockey and stage manager.

[Text] Canver believes he has lived a full and satisfying youth. A Pink Floyd fan he takes a cassette of the famed group everywhere he goes.

[Question] What else do you like apart from music?

[Answer] My wife and I both like to travel. Even if it is for only two days we would not shy away from a 1000-kilometre journey. Among writers I like Jack London best. For a while I collected stamps.

[Question] What about sports?

[Answer] Never interested. Once I went to a soccer game. They told me it was Fenerbahce's game. Since then whenever I'm asked I say I am a Fenerbahce supporter.

[Text] Sport is an area where the Canvers are in full agreement. Oya Canver is also a fan of the 'yellow and navy blue'. This harmony may be extended on politics quite soon. Mrs. Canver says she is thinking of taking part in SPP women's committees; that despite her initial opposition to her husband's involvement in politics. For the moment though, little Cevdet stands in the way. Our conversation with Canver is taking place in his home in Dikmen, a district of Ankara. The subject turns to politics.

Newcomer

[Question] How did you enter politics?

[Answer] It doesn't go back that far. I was practicing law in Ankara. I entered politics just before 6 Nov elections with the encouragement of our late brother Yuksel Babur. Initially I took part in the organizational activities of the People's Party (as it was then called). Later I was elected

to the central disciplinary council of the party.

[Question] How did you become a deputy?

[Answer] When candidate lists were being prepared brother Ayhan Fırat asked me: "Where would you like to stand as a candidate, and what ranking?" My choice was Adana but I did not specify the ranking. Though my sights had been set high I simply said, "Put me down on the list so that some of the honor rubs off." I was placed fifth on the list initially, but then I requested Necdet Calp to move me to fourth place. When the second place candidate was vetoed my ranking moved up despite Mr. Calp's opposition. And I was elected in third place on the list. As it turned out People's Party produced three deputies.

Laughed at First

[Text] After his entry to the Assembly Canver managed to attract everybody's attention in no time due to his vivacious and somewhat different style. When asked how his demeanor was received the party his response was interesting:

[Answer] At first I was mocked. There were people laughing under their moustaches. Then it turned into apprehension. In the end most of them admitted defeat, though reluctantly. I guess my colleagues in the party view me as a rugged individualist. I am alone not because I like being so but because I am left on my own.

[Question] For a time you had good relations with Prime minister Turgut Ozal. How are relations these days?

[Answer] The prime minister and I were both engaged in politicking. We were saying things which we wanted the public to hear by using each other as foil. Now the situation is slightly different because apparently there have been complaints in the MP caucus to the effect that, "Ozal doesn't show us the same attention he shows Canver." Now Ozal is acting 'disgruntled' towards me.

[Question] As a young deputy what kind of things do you have in mind?

[Answer] I don't have grand designs. I don't expect much to happen in one year or in two years. I would like to trust that the Turkish state is my state. I want to see that the wealth of my country is fairly distributed. I want to live under the minimum socio-economic conditions taken for granted by people in the West. I believe we should be able to live without fear in this country, I want to see it happen but I

don't expect miracles. I believe that even if they want to move Turkey backwards they won't be able to do it. The country stood its ground despite 12 Sep. There is constant gaining of new ground and overall progress. This has clearly been demonstrated by the way people rejected 12 Sep at the first electoral opportunity presented to them.

#### PHOTO CAPTIONS

1. Active in parliament -- Cuneyt Canver has been the centre of attention in the Assembly. A very active deputy, during 85 budget discussions he alleged that components of an army field telephone had been used as an instrument of torture.
2. Newcomer -- Canver telling correspondent Selma Guven he is a relative newcomer to politics. Though not interested in sports supports Fenerbahce.
3. Affectionate father -- Married to his uncle's daughter Canver has two sons. Having been a vivacious child himself he is understanding with his children.
4. The Aries man -- The fiery SPP deputy from Adana is assistant secretary general of his party. "Those wanting to know about me should get an astrology book and read characteristics of Aries", says Canver.
5. 'Tony Cuneyt' with Dalan -- Canver, with beard, together with Bedrettin Dalan, mayor of Istanbul. At school his friends used to call him 'Tony Cuneyt' because of his good looks.

[24 Jul 86 p 11]

[Interview with Sirri Ozbek, SPP deputy; in Ankara date not given]

[Text] [Answer] I think it was the year 56. On that day there was a good deal of consternation in Kahta, Adiyaman. Everybody was informing each other of the imminent arrival of 'cinema' without quite knowing what it was. At last the long-awaited moment arrived. A white screen was placed in market square after dark. I was 5-6 years old then. I sat on the floor facing the screen full of apprehension like everybody. Then the film started. A truck appeared far away

on the screen. But it got closer and closer. Then it covered the whole screen and we heard someone shout "run for your life!" Everybody scattered all over the place.

#### Prearranged Marriage

[Text] The story was narrated by Sirri Ozbek, a Social-democratic People's Party deputy representing Adiyaman and a member of his party's central executive council. Ozbek was talking about his childhood. He was born on 26 Dec 50. His father Mehmet Ozbek was a state employee and his mother a housewife. He is from a large family with three brothers and two sisters. Pervin, his wife of 9 years, is a primary school teacher. The couple have two daughters one more beautiful than the other. Rukan is 8, Eda 7. They attend Ayranci primary school. Ozbek briefly tells us how he met his wife and how they got married.

[Answer] It was a conventional, prearranged marriage. When we got engaged Pervin was a lycee grade one student. We got married as soon as she finished lycee. It was 77.

[Text] Mrs. Ozbek has not been affected by her husband's new status as a politician. She keeps her teaching job. Our conversation took place in Ozbek's apartment in the Yukari Ayranci district of Ankara. We mostly talked about his school days and political career.

[Question] Which schools did you attend?

[Answer] I attended primary school in Refahiye, Erzincan. At the time of the 1960 revolution I was in grade three. My father, a Democrat Party member, was banished from Adiyaman. But I finished secondary school in Adiyaman. Later I went to teacher training college (primary school) in Gaziantep, followed by a higher degree at Erzurum Institute of Education (sciences).

[Question] Did you actually go on to teach?

[Answer] Yes. As soon as I finished school in Erzurum I was enrolled in the law faculty of Ankara University. I taught while attending law school. By 78 I started my law practice.

#### Accomplished Musician

[Text] Ozbek views himself as an accomplished musician. Regards himself as much a musician as a politician.



[Answer] I play almost all musical instruments. The ones I don't play take me a couple of months to learn.

[Question] What kind of music are you involved with?

[Answer] Mostly folk music. But I like all kinds of music. My interest in folk music derives from folk dancing. I organized the Adiyaman folk dancing festival which is known countrywide.

[Question] Do you have an interest in sports?

[Answer] These days I am simply a spectator.

[Question] Which team do you support?

[Answer] I used to be a Besiktas supporter but no more. Since Semra Ozal (prime minister's wife) has been proclaimed "godmother" of that team I switched my allegiance to Galatasaray.

#### From Right to Left

[Text] Ozbek's interest in politics started when he was young. He was attracted by the social democratic philosophy unlike other members of his family who were of the 'right'. But since then he managed to convert some of his relatives to the social democratic view. He has started with his relatives, as he puts it.

[Answer] My active participation in politics dates back to the latter part of 78 when I became a registered member of RPP. But that ended in 12 Sep. Later, when party activities were restarted, it seemed obvious that People's Party (as it was then called) would contest the elections as the social democratic party. I was asked to establish the Adiyaman branch, and was placed first on the candidate list during elections. As you see, I was elected.

[Text] Pervin and Sirri Ozbek agree that politics leaves little spare time. "Party work takes all my time so I can spare time neither for my family nor myself", says Sirri Ozbek. And Mrs. Ozbek refers to the difficulties of being a politician's wife: "Politics was a bit premature for us, Sirri acted much too early." I ask her about the difficulties of being a politician's wife. She responds: "I don't recall exactly who it was but an elder of the family, commenting upon Sirri's entry into politics, had said: 'A politician's money goes up in smoke, his wife becomes a widow and he himself turns into a slave.' I now think he was right." Sirri Ozbek,

on the other hand, says he is quite satisfied with being a politician, despite everything.

[Answer] We are quite happy with being in constant touch with the people. Unless you know someone in high places it is difficult to get things done. People come to us to resolve their problems and I help them willingly. And we have certain ideals concerning our country. To realize these ideals one has to be in politics.

[Text] The Ozbeks agree on almost everything. Sirri Ozbek feels positive about women's role into politics. If such an issue were to arise in the future, he says he will be the one to decide whether his wife enters politics or not. He adds that he entered political life with the aim of creating a democratic Turkey.

[Answer] As far back as I can remember I have always believed that it was through social democracy that Turkey might reach someplace. Now I am progressing along that road.

[Question] What kind of Turkey do you have in mind?

[Answer] Nothing much. We simply want to see a country respectful of human rights and democracy. Without these two conditions none of the other demands can be met. They constitute the foundation of economic and social development. Among existing parties that could be accomplished only through SPP.

#### PHOTO CAPTIONS

1. Lawyer by training -- An SPP deputy representing Adiyaman Sirri Ozbek is only 36 and his wife thinks he entered politics prematurely. Lawyer and teacher by training, now up to his neck in politics.
2. Politician defined -- Ozbek speaking on the Assembly podium. Wife Pervin comments upon his choice of becoming a politician: "Politician's money goes up in smoke, his wife becomes a widow and he himself turns into a slave."
3. Happy family -- His wife also a teacher who has kept up her teaching job, Ozbek is a good father and a good husband. They present the picture of a happy family.

[25 Jul 86 p 11]

[Interview with Ali Koc, leader of the Nationalist Labor Party; in Ankara, date not given]

[Text] [Answer] When I completed the lycee I was already married and had a son. But I never regretted it, I have a happy and harmonious marriage.

[Text] So says Ali Koc, leader of the Nationalist Labor Party. When Koc married his wife Emine they were both 15 years old, still children in other words. "It was a childhood romance", says Koc.

[Question] Didn't your families oppose such a marriage?

[Answer] They did, but what could they do? They clearly saw we were adamant, they had to give way. I call the episode the modern Leila and Majnun.

[Question] Were you married in secret?

[Answer] No, but there was a lot of opposition. My first child, Adnan, was born a year later in 66. I had to be a student, husband and father all at the same time.

[Text] Koc was born in 50. There are two conflicting dates regarding his date of birth. On his birth certificate it writes 15 Mar. But he claims his real date of birth to be an unspecified date in autumn.

[Question] How come?

[Answer] Well, I needed a birth certificate when I finished primary school. In fact, for a time I couldn't even get a diploma. So first I used the birth certificate of my dead brother. Then my present certificate was processed.

#### Unselfish Father

[Text] Koc is from Bozkir, Konya. His father had brought them to Ankara when he was of primary school age. He is the eldest of three sons, and talks with obvious sentiment about his father's support during his childhood and youth.

[Answer] My father Ramazan Koc was a lower-scale state

employee. He had not received much education and had paid dearly for it. We were living in a shanty town in the Altindag district of Ankara. My father channelled all his resources towards us and wanted to make sure we received an education.

[Question] Let's talk about your school life.

[Answer] After graduating from Gazi Lycee I was enrolled in Ankara University faculty of law. That was back in '69. I graduated four years later in '73. My career as a student was quite successful.

[Text] We are having the conversation in Koc's house in the Asagi Eglence district of Ankara. His wife, his daughter Selcenay, and younger son Ramazan Altug are at home. Elder son Adnan is out preparing for university examinations. Koc tells us he likes Turkish folk music very much and that he sings folk songs whenever he can.

#### Sings Folk Songs

[Question] Do you have a beautiful voice?

[Answer] No I can't say that. But I like singing folk songs. At friendly gatherings I demonstrate this specialty.

[Question] What else do you like apart from music?

[Answer] I like reading, I follow the press quite closely. These interests date back to my childhood. I am also interested in history, particularly Turkish and Islamic history in which I am well-read and have researched quite widely. I still maintain that interest. And I like hunting very much.

[Question] Are you interested in sports?

[Answer] I used to exercise tae-kwon-do at one time. Now I can find neither the place nor the time for athletic activity.

[Question] Which team do you support?

[Answer] I am a Fenerbahce supporter.

[Text] Despite their marriage at an early age the Koc couple say they agree on almost everything. Ali Koc says, "My wife gives me support in all respects." We turn to Emine Koc asking whether she wanted to see her husband enter politics. Her response: "I always respected his decisions. It was

quite natural for him to decide upon something that directly concerns him. Now my job is simply being supportive of my spouse." Koc tells us that since his lycee years he has been interested in nationalist and conservative movements.

### Political Past

[Question] Tell us about your initial entry into active politics.

[Answer] After the university I worked as a judge in different places. But as you know, being a member of the judiciary bars political involvement. Therefore I resigned in 81 and rejoined the legal profession on a private basis. I participated in the founding of Conservative Party, becoming deputy leader in charge of party organization. At the last general council the party's name was changed to Nationalist Labor Party, and I was elected leader.

[Question] Were you in contact with people holding similar views before all this?

[Answer] Before 12 Sep there was Nationalist Action Party. I didn't have an organic tie with them but I knew the party's leader Alpaslan Turkes and a few others personally. I still maintain a certain degree of friendship with these people.

[Question] Any other politicians in your family?

[Answer] No, there isn't. But my family, my father in particular, has been very influential in my political orientation. My father used to support Democrat Party, and raised us with rightist views. My brothers don't have anything to do with politics as they both are state employees.

[Text] In almost every corner of the house there are pictures and statuettes reminiscent of Turkish history. There is a picture on the wall depicting an oak tree and the new emblem of the party -- a moon surrounded by 11 stars. Then there are the flags of the 16 Turkish states that occupy an honored place in the room. At the entrance of the house a picture depicts a wolf howling at the full moon.

Koc thinks it natural for young people to be in politics and reach good positions. He adds that it would be wise to trust young people, and that the youth raised with nationalist sentiments would be able to take Turkey to higher reaches.

[Question] What kind of Turkey do you conceive as an ideal?

[Answer] It is not easy to explain this. It would take time. But if we were to summarize it, what we want is to create a Turkey where nationalist and religious sentiments have not faded away, a country respectful of human rights, economically and socially developed, where people are genuinely happy.

#### PHOTO CAPTIONS

1. Active leader -- Ali Koc thinks it important to have regular contacts with other parties. He visited Rahsan Ecevit, leader of DLP, last February and had a brief meeting with her.
2. Happy family -- Married when both were 15 and against family opposition the Koc couple now present the very picture of a happy and harmonious family with their children.
3. 16 Turkish states -- The Koc house reflects their political views. In one corner there are little flags of the 16 Turkish states established in history.
4. Likes sports, but -- Koc complains about not finding enough time or a suitable place for athletic activity. Exercised tae-kwon-do at one time, does not hide he supports Fenerbahce either.
5. What kind of Turkey? -- Leader of NLP, here with our correspondent Selma Guven, outlines the Turkey he envisions and argues for placing greater trust in young people.

[26 Jul 86 p 11]

[Interview with Cemal Ozbilin, MP deputy; in Ankara, date not given]

[Text] The year is 70...The evening of 29 May...A tea party at Luleburgaz Lycee...A young man with black hair and white complexion is wondering how to ask the young girl, sitting at the next table, for a dance. Finally he decides. Gathering all his courage he walks towards her and asks, in a shaky voice, "Would you like to dance with me?" A hardly audible

"yes" comes out of her lips. And the foundations of a marriage have been laid. The hero of this happy event is the youngest MP deputy and member of the Assembly Secretariat Cemal Ozbilen. Born on 15 Jan 53, he met his wife Muge during lycee years. After a courtship lasting 5 years they got married in 75. They have two daughters -- Irem is 10 and a primary school student, Ceren is only 3.

[Answer] We are a large family. We were four children, I am the eldest. My father Ahmet Ozbilen is engaged in commerce, my mother Aynur Ozbilen is a housewife.

[Question] Where were you born?

[Answer] In Luleburgaz. I stayed there until I went to university.

#### Hardworking Student

[Question] How were you as a student?

[Answer] Why should I tell otherwise, I was a hardworking student. My teachers used to like me. I graduated from lycee with 'good' standing. My family wanted me to enter the legal profession which I also liked. Thus I got enrolled in the law faculty of Istanbul University.

[Question] And your success continued there?

[Answer] Yes, I completed the law faculty in four years quite successfully.

[Question] Did you take part in extra-curricular activities?

[Answer] No, I was not interested in anything other than classes. And our friendship with Muge was continuing throughout those years.

[Text] Our interview took place in Ozbilen's office in the Assembly. His wife and two daughters were in Istanbul. He gave short, quick answers to all our questions which made us realize that he was something of a silent type. Though not interested in social activities in his student days he has apparently changed since entering the Assembly where he is now involved with the Culture, Arts and Publications Council. He is also president of the sports committee.

[Question] Have you ever participated in sports?

[Answer] No, but I am a good spectator. I like watching

soccer and basketball.

[Question] Which team do you support?

[Answer] Kirklarelispor and Fenebahce.

[Question] Any other interests?

[Answer] I like the cinema very much. I go whenever possible. I also read. And I like all kinds of music.

[Text] Ozbilen started practicing law in 78. This lasted until becoming deputy in the Assembly.

[Question] Are you still practicing law?

[Answer] No, unfortunately it is not possible. Being a deputy is a full load in itself. Hard to manage all at the same time.

[Question] Does your wife work?

[Answer] No, there are the kids. They are quite small.

[Question] Was there any resistance on the part of your wife to your becoming a politician?

[Answer] She did not want it at first. When she saw everything was going fine she started supporting me.

[Question] How did your entry into politics come about?

#### Political Past

[Answer] It started with the youth organization of the Justice Party which I joined in 78. The same year I was elected president of the youth organization in Luleburgaz where I stayed until 12 Sep.

[Question] Any other politicians in your family?

[Answer] All my family were first Democrat Party, and then Justice Party supporters. But none has been as active as I have been.

[Question] Have you joined MP directly?

[Answer] Yes, in Jul 83 I registered with MP as a member. Mr. Ozal gave me the job of establishing the Kirklareli party organization and I accomplished that. While candidate lists



were being prepared I was placed in first ranking and was elected.

[Question] Your constituency is generally known to vote for left-of-centre candidates. Have you encountered any difficulty establishing the party organization?

#### Political Anecdote

[Answer] You are quite right but that doesn't mean a complete absence of vote-getting potential for the right. I recall an incident during our party work which is quite interesting. Allow me to tell you. We were on the campaign trail before the 6 Nov elections. Addressing the crowd in Vize we had been claiming that our party was "the party of good management, good planning." Then on our way to another engagement we had to cross a shallow stream. But right in the middle of the stream our car ran out of gas. This prompted one of our friends to comment jokingly, "What kind of good management is this? You can't plan even the gas."

[Text] Ozbilen thinks it natural for young people to reach good positions in politics. He adds:

[Answer] That's how it is. After a time, experienced people leave their places to the young. I believe that is beneficial.

[Question] As a young politician what are you doing for the young?

[Answer] We have been working on a number of things. There was the student residence problem. We resolved it completely. We are trying to provide better opportunities.

[Question] How do you view the present political situation in Turkey?

[Answer] Given the present resources and constraints Turkey is doing quite well. It is continually developing and growing. Nobody doubts we will be doing even better in the years ahead.

[Question] What would you like to say about Turkey's future?

[Answer] The future of our country is the young generation. They should not deviate from the Ataturk line. It is also necessary to bring Turkey to the level of contemporary civilization. This was Ataturk's testament to us. As a member of the governing party I want people to believe that under our leadershipo better things lie ahaed for Turkey.

## PHOTO CAPTIONS

1. Young man at the podium -- Cemal Ozbilen, MP deputy from Kirklareli, taking his oath and becoming a representative of the young generation.
2. Happy family -- Ozbilen met his wife during lycee years. His wife Muge and daughters, Ceren and Irem, make up a happy family.
3. Politician of the silent type -- Ozbilen (corner left) is a politician with not much taste for speaking. Joined social activities after his election as deputy. Here at a reception with his wife Muge. Tekirdag deputy Atasever and Bursa deputy Askin also seen with their wives.
4. Youngest MP member -- Born in 53 the MP deputy from Kirklareli is the youngest parliamentarian in his party. Also a member of the Assembly Secretariat.
5. Harder than being politician-- Her daughters being small Muge Ozbilen takes care of them and does not work. She admits that motherhood is more difficult than being a politician like her husband.

12466

CSO: 3554/164

## BRIEFS

APPOINTMENT CHANGES AT FOREIGN MINISTRY--Extensive changes are being made among top administrators consisting of the under secretary and deputy under secretaries at the Foreign Ministry within the framework of the new missions edict. Returning Baghdad Ambassador Nuzhet Kandemir will become Foreign Ministry under secretary, replacing Foreign Ministry Under Secretary Necdet Tezel, who has been appointed to Rome. All of the "top jobs" at the Foreign Ministry are changing as, in addition to the under secretary, Deputy Under Secretaries Ecmel Barutcu and Cenap Keskin will be assigned abroad. Tokyo Ambassador Nurver Nures is expected to become deputy undersecretary for economic affairs and Islamabad Ambassador Inal Batu, deputy under secretary for administrative affairs. Returning Stockholm Ambassador Haluk Ozgul and La Hague Ambassador Ayhan Kamer are expected to be assigned to active duty, taking on deputy under secretary posts. [Test] [Istanbul DUNYA in Turkish 10 Sep 86 p 11] 8349

CSO: 3554/23

## YOUNG WORKERS DISPROPORTIONATELY AFFECTED BY UNEMPLOYMENT

Madrid ABC in Spanish 15 Oct 86 pp 60-62

[Article by Paz de Laorden; passages enclosed in slantlines printed in boldface]

[Text] According to a report recently written by the Organization for Economic Cooperation and Development (OECD), nearly half of Spanish youths under the age of 25 will be unemployed by the end of 1986. The measures adopted by the administration, in the form of special contracts for that sector of the population (for whom businesses pay much lower Social Security contributions), are apparently not enough to put a dent in this serious social problem. The fact that the studies conducted do not reflect the real needs of the market is another key factor in this problem. Most projections estimate that this problem will not be solved until the year 2000, when the birth rate will have fallen low enough to keep large surpluses of youth from flooding the labor market in search of their first jobs.

The economic crisis that has been plaguing our country for so many years has hit hardest at the young people who are looking for their first jobs. More than 48 percent of all unemployed workers are under the age of 25, and of them, women represent a high percentage. In the first 6 months of this year, unemployment among women rose 10 percent above the figure for the same period of last year.

In the opinion of the director general of the Youth Institute, Josep Maria Riera Mercader, two very distinct problems are involved in youth unemployment: "In the first place, we must distinguish between youth unemployment and total unemployment, and in the second place between the latter and the workforce. We at the Institute are more concerned about the first ratio, and in that regard we see that jobless youths account for about 48 percent (48.4 percent, to be precise) of all such workers." Compared to other European countries, youth unemployment in Spain is much higher than in the rest of the European Economic Community (EEC). According to data supplied by the OECD, the countries with the most jobless youths, after Spain, are Italy and France. Their rates are 37.7 and 26.2 percent, respectively, figures which are nowhere near as high as ours.

In the opinion of Josep Maria Riera, this problem has several causes, including the weakness of the Spanish economic structure: "When the economic crisis first came on strong, the number of young people in Spain was on the rise. This, together with the fact that our economic structure is much weaker than that of other European countries, has aggravated the problem of youth unemployment. In any case, it is not that other countries have taken stronger measures or positions on this matter; the problem has simply always been more serious here."

#### Projection to 2000

Although there is hope that our country will undergo major economic growth, with some experts pegging it at 3 percent, the problem of youth unemployment will continue to have a serious impact on the Spanish population through the year 2000. According to some studies on population growth, the birth rate will have dropped sharply by that year, and the number of youths looking for their first jobs will be much lower than the present figure. Eduardo Barga Diaz, director of the Planning Office of the National Employment Institute (INEM), asserts in this regard that although the birth curve began to turn downward at the end of the 1970s, the youth unemployment problem will not begin to dissipate until the year 2000. "Although it may be premature to make predictions over such a long period, according to studies of population growth, it appears that until that time the number of youths will be disproportionate compared to market demand."

On the other hand, some studies conducted in France reveal that 25 percent of the careers and professional endeavors that will be most in demand by the year 2000 have not even been invented yet. Among those that will be most popular are marketing, communicology, cutting-edge technologies (nuclear, laser, telematics, biogenetics, robotics . . .), services and food, ergonomics (the organization and planning of productive processes), and human relations. In addition, in the short term certain production sectors are expected to experience higher demand in very specific development areas. This situation undoubtedly leads to the conclusion that the theoretical assumptions that are used in schools and universities are out of synch with the demands of the labor market. On this point, both the director of the INEM Planning Office and the director general of the Institute of Youth agree: "It is imperative that education be reformed," asserts Josep Maria Riera Mercader. "The reform of the intermediate levels of education has already begun, but we must bear in mind that even if we try to reinforce these measures, the development and evolution of the educational system is much slower than that of the production system. Thus, we will have to wait several more years for an adjustment to the real needs of the market."

It is interesting to note in this regard that the failure to look at the real needs of the market has lost the administration, and therefore the taxpayers, a great deal of money. Thus, as ABC has learned, the INEM has on occasion offered professional training courses in fields for which there was no demand on the labor market, but actually a glut. Other jobs, meanwhile, were being called for in certain social sectors, but there has been a lack of specialized personnel to fill the positions. In other words, there is a complete absence of coordination between supply and demand, and although certain studies and

projections are in the works, so far they have not been implemented extensively enough.

Cutoff at 25

This issue is of great concern to the Spanish Confederation of Business Organizations (CEOE): "From the standpoint of professional training as well as university degrees, there is no coordination with the labor market. In the first case, professional training, there are two major areas: occupational professional training, which is under the Labor Ministry and for which measures are being taken to keep pace with the market; and regulated professional training, which is governed by Education and Science and which is totally out of touch with the market. The same is true of university studies, where a CEOE spokesman contends a cutoff should be set for the number of students as an initial step.

Moreover, though surveys on youth-related problems suggest different ages as the ceiling for differentiating this social group from adults (in some cases people as old as 29 are considered youths, while in others the cutoff is 20), in fact the general practice in Europe is to set 25 as the ceiling in this age bracket.

"For example, to participate in programs in the European social fund, 25 is considered the maximum age, and although it is an arbitrary limit, it has been formally established," said Eduardo Barga Diaz. Nevertheless, perhaps because of the arbitrariness of this chronological cutoff, among the special hiring programs for youths are ones for those between 25 and 30 years of age. Businesses that hire young people between these ages who are seeking their first jobs are rewarded with a 12-percent cut in their Social Security contribution. Other special programs for youths include internship and on-the-job training contracts.

The first of these, the internship program, is designed to help young people who have a recognized university degree or apprenticeship certificate to enter the job market, as long as no more than 4 years have passed between the time they received the degree or certificate and the time they sign the contract. The maximum duration of the contract is 3 years, the minimum 3 months. The pay they receive depends on the job involved and the number of hours worked. As for on-the-job training contracts, which are also designed to help people obtain their first job, the target group is young people with little or no qualifications or professional experience, ranging in age between 16 and 20 years. This type of contract requires that the recipient spend between 1/4 and 1/2 of his workday studying theoretical subjects. As in the previous case, the maximum term of the contract is 3 years, the minimum 3 months.

Businessmen are not entirely satisfied with these measures, however. Thus, the CEOE has certain reservations about this kind of special contract for young people. First of all, businessmen feel that not only does it fragment the labor market territorially, at the level of the Autonomous Communities, but it also makes it difficult for businessmen to find out what benefits are available. In addition, they believe that the seniority of the personnel working for Spanish businesses is not taken into account sufficiently; the

average seniority is 15 years, one of the highest in Europe. From this point of view, these contracts are rather unfair to traditional businesses, which have had the same people on the payroll for many years, compared to new businesses that hire youths at less risk. Both the CEOE and CEPYME proposed that the administration reduce Social Security contributions as a valid way of promoting employment in our country, but it would be a more even reduction than the one now in effect. The organization called the present system a "veritable jungle of benefits in which the businessman does not know which way to turn." Moreover, businessmen favor reviving a modernized apprenticeship system, with the corresponding reductions in Social Security contributions. In this way, these measures are regarded not so much as bandaids during this crisis situation, but rather as isolated formulas that are playing a positive but insufficient role.

### Labor Instability

These measures to promote the hiring of young people, in any case, represent a certain amount of instability that can and does affect the young person hired. In the opinion of Eduardo Barga, this factor should gradually be accepted as a reality of the new labor market. "It is inevitable that one must adapt to a certain temporariness. The lifetime job will gradually disappear as this field becomes much more mobile." Josep Maria Riera agrees, stating furthermore that this type of hiring gives the impetus for the first job above all, and in his opinion that is the key to breaking the vicious circle of unemployment. "We have to realize that in the future, jobs will no longer be permanent, and it is better to work sporadically than not at all. In addition, the most difficult thing for the young person is to find that first job, because once a person has become 'socialized' in the labor setting, he can make contacts and it will be easier for him to avoid unemployment."

But not all youths looking for their first job are content with this situation. For example, Juan Herrero, 21, a third-year law student, believes that working sporadically is a bad thing: "First of all, this kind of job does not usually pay well enough to provide independence, and secondly, they tend to exploit you, making you work many more hours than the usual. Often you are dependent on the employer's good will. The way things are now, the fact is that we have no alternative but a very gloomy future."

This opinion is shared by many other youths who wait in line at the unemployment office, although they are aware that a temporary job is better than nothing: "I think this may be a solution to start with, but it is not the ideal solution, of course," says Maria del Carmen Sanchez, 23, who has a degree in geography and history. "Moreover, the instability created by this kind of contract and the resultant exploitation of youths must be taken into consideration. But sure, it's better to have something, even if it's only temporary, than to remain unemployed."

The Spanish Confederation of Business Organizations (CEOE), does not agree that temporary jobs are all that common in our country at this time. "If the Spanish workforce amounts to about 10 million workers and each year 1 million new employees are hired, for example, only 30 to 40 percent of these new jobs are temporary. Therefore, we cannot talk of a general trend."

## Shortage of Resources

At the unemployment offices, where the serious joblessness problem that plagues our country is seen every day at a personal level, it is almost unanimously agreed that there is a shortage of human and material resources to deal with the huge numbers of people who flock to these offices.

Paulino Garcia, head of the Santamarca unemployment office, which covers Districts 2, 16, and 33 in the capital (that is, the zone of Lopez de Hoyos, Chamartin, and part of the neighborhood of Hortaleza), asserts that there is a tremendous imbalance of staffing. This imbalance is particularly obvious when the unemployment offices that deal with the public are compared with the central offices of the INEM, he noted. This has a direct impact on the people who are looking for work, in that they are not dealt with as effectively as they need to be. "It is not a matter of stamping documents; here we must take each case separately, and for some time we have been asking the administration for help. So far, we have received only promises. We want to be able to devote ourselves to the people who come in to our offices, but they appear to be more concerned about statistics and percentages than this kind of problem."

As for the specific matter of youth unemployment, the head of the Santamarca office contends that this age bracket accounts for one of the largest groups of people coming to the unemployment offices. In almost 95 percent of the cases, the only alternative businesses have to offer is special contracts, because they gain great advantage from the reduction in Social Security contributions and the other benefits provided by these contracts.

Aside from them, looking at the immediate future, another project that they would most like to see the administration pursue are the so-called "social employment initiatives." The purpose of this program is to encourage city and municipal governments to develop projects in conjunction with private industry to meet economic needs that exist in the community. "A great number of cities are implementing these projects and are employing many youths. They are also meeting real needs. Only with initiatives of this kind can we envision any solution to this serious problem," states the director general of the Youth Institute.

## Activities of the Future

**Agrarian Sector:** The most promising activities in this sector are, in the field of /agriculture,/ the production of legumes, grains, seeds, and cuttings, the cultivation of ornamental plants, and soil conservation. In /livestock,/ the improvement of animal health, the development of feed technology, and the extension of pasturelands. In /forestry,/ the conservation of forests. In /fishing,/ realizing the potential of the nation's fishing resources, catching different species of fish along our coastline, and aquaculture. And finally, in the /agrofood industry,/ the development of quality wines, fruit preserves, and prepared dishes, and also the production of dairy products, the improvement of the refrigerated milk transportation network, and the development of new cold-cut products.



Industrial Sector: In this sector, the fields with the greatest demand in the /energy/ subsector will be solar, wind and geothermal energy, heat pumps, and bioenergy. In /electronics,/ weapons, electromedicine and military optics, microelectronics, and didactic material. In /data processing,/ hardware and systems engineering in electronic and data processing applications. In the /defense industry,/ the manufacture of high-technology equipment. In the /aeronautics industry,/ the design and construction of aircraft for third-level service. In /capital goods,/ equipment for rail transportation, for the paper and graphic arts sector, and complex machine-tools. Finally, in /new areas of development,/ biotechnology, robotics, and automation.

Tertiary Sector: In /tourism,/ there will be a great diversification of supply in activities linked to tourism (mountaineering, water sports, etc.). In /transportation and communication,/ the extension and modernization of communications and the improvement of the transportation fleets. In /education and research,/ the extension of education at all levels, and scientific and applied research. In /health,/ preventive medicine and primary sanitation services. In /business services,/ legal, fiscal, and other services. And finally, in /recreational and cultural services,/ activities related to the use of video, television, sports, etc.

Source: "Medium-term Economic Program (1984-1987). Sectors of the Future." Ministry of Economy and Finance, 1985.

8926

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## SCOPE, CAUSES OF UNDERGROUND ECONOMY ANALYZED

Madrid YA in Spanish 16 Oct 86 p 15

[Article by Carmen Parra]

[Text] Unemployment in Spain affects 700,000 fewer people than the Labor Force Survey (EPA) estimates for the fourth quarter of last year (2,999,800 workers), according to the conclusions of the study on the underground economy that was presented to Parliament yesterday by the economy minister. He stated that the study's margin of error is 1 percent. Jose Antonio Segurado and Miguel Roca said that the solution would be less state intervention and more flexibility, while Agustin Rodriguez Sahagun of the Democratic and Social Center (CDS) offered the government a social pact to combat unemployment.

The report on the underground economy which the government commissioned private companies to conduct indicates that a total of 12,260,000 people are employed, 1,600,000 more than appear in the EPA. The difference is attributed to those who work in marginal or occasional jobs. The number of unemployed workers is 700,000 lower than the official figure, according to this report, which is titled "Living and Working Conditions in Spain" and is known by the acronym ECT for some reason.

The report also reveals that of the 10,326,000 people who are theoretically supposed to contribute to Social Security, 2,258,000 are in an abnormal situation, either because they are working without having been released to work (1,482,000), they have been released but are not contributing (344,000), they are drawing wages from a company but pay their own contribution (199,000), they are self-employed but contribute as wage-earners at the lowest level (115,000), or they are registered as unemployed but are working, underground or otherwise (118,000).

According to the ECT, 603,000 people 16 or older are not considered part of the labor force by the EPA but are in contact with the job market in some way. This phenomenon appears to involve women exclusively. Moreover, 1,093,000 people who are not considered employed in the official statistics were engaged in some kind of work when the survey was conducted, although the vast majority (950,000) had only worked 30 days or less in the last 3 months. This phenomenon also appears to affect women more than men.

On the irregular market, 74 percent of workers earn no more than 50,000 pesetas per month, compared to 36.7 percent on the regular market. Sixty percent earn less than 25,000 pesetas per month.

#### Need to Quantify Irregular Market

The purpose of the study, according to Solchaga, is not to dispute the official figures or to magnify the employment policy, nor is it to minimize the unemployment problem; it is, rather, to quantify the irregular market. The minister concludes that there is some rigidity, however, because 40 percent of workers have never changed jobs. This does not happen in any other European country, and this market places youths and women in abnormal situations.

The current socialist government's position is that the general features of the economic policy should remain intact, all obstacles impeding adaptation to a new situation should be removed, heavy investment should be channeled toward job training, statistical efforts should be improved in order to monitor and classify businesses, and taxation and Social Security should not force businesses to go underground. For all of these efforts, it believes that the support of both labor and management is essential.

#### Segurado Demands More Freedom

Jose Antonio Segurado, president of the Liberal Party and representative of the Popular Coalition, told the plenum of the Congress of Deputies that he does not feel it is proper "for the minister of economy and finance to establish a link between employment and the underground economy, as if to suggest that the amount of unemployment in the Spanish economy must be offset by the size of the underground economy." He also contended that "in a free market system, there would be less irregular, hidden activity."

In the view of the president of the Liberal Party, "thanks to black market labor, the alarmingly high jobless rate in our country has not unleashed severe social conflicts." He asserted that the underground economy makes possible a number of activities which, because of their special characteristics, would not easily fit into a regular economy, as governed by current regulations. These activities include working for family members, freely-set hours, part-time work, and self-employment.

#### Interventionist Pressure by State

The representative of the Popular Group feels that the presence and development of underground labor is a social reaction to the interventionist pressure exerted by the state, a social escape valve to counter what Octavio Paz calls the "philanthropic ogre." In his opinion, this reflects a loss of confidence in the public sector, in the volume of resources it controls, and in the voracious appetite it has for tax revenues in the use of these public funds and in the conduct of those who administer them.

He agrees with the other parties, however, with respect to the need to combat and eradicate the hidden economy. For this purpose, he proposed to Solchaga

that public spending, taxes, and the deficit be reduced; that there be fewer prohibitions, regulations, and interventions, in other words, more freedom; that the economy be made more competitive by means of a framework of labor relations that is compatible with the European system ("the commitment to the Economic and Social Agreement, AES, that has not yet been fulfilled," said Segurado); that Social Security be made less expensive and more efficient (he also recalled that that was another point in the AES that has yet to be implemented); that inspections be stepped up; that rules be adopted to encourage and facilitate private activity; and that a climate of confidence be created.

#### Sahagun Proposes Social Pact

Agustin Rodriguez Sahagun stated that his group, the CDS, will not use the unemployment figures as a weapon against the government, but it understands that the solution is not to dress up the statistics. It will also resist limiting the parliamentary debate to a quantification of the underground economy.

He informed the government that the CDS is willing to enter into a broad agreement with all social forces to achieve a wide-ranging social pact to combat unemployment. The offer was ignored by Carlos Solchaga.

In addition, Rodriguez Sahagun listed some guidelines for action, including the following: speeding up economic growth, making an effort to reconvert public spending into investment, changing the financing of Social Security, supporting small and medium businesses, allowing autonomous and municipal governments more leeway in the struggle against unemployment, and permitting more flexibility in work hours and days.

#### Roca Calls for Flexibility

The representative of the Catalanian Minority, Miguel Roca, proposed a series of specific measures against joblessness, all with the common denominator of increased flexibility. His argument is that the greatest successes that have been achieved in the battle against unemployment have been along those lines.

Roca proposed that the rise in real labor costs be moderated and that the types and terms of temporary hiring be made more flexible, in both new and old formulas. He said that we face a "jungle of regulations" at this time.

The Catalanian deputy feels it is necessary to decentralize the negotiations on working conditions at the territorial and sectoral levels, and he called for a study of dual wage scales, giving tax incentives to encourage workers to share in the ownership of their companies, and linking wages to productivity. Solchaga responded that he is willing to contemplate this possibility, but the decision is up to management and labor.

Roca also asked the economy minister why the employer Social Security contribution was not being cut 5 points in 1987, offset with an increase in the Value Added Tax rate and declining energy costs. If this is not done,

said Miguel Roca, we will export much less or we will be closing our eyes to the expansion of the underground economy.

#### More Than 60,000 Interviewed

The study presented by Solchaga yesterday provides the first information on the "hidden economy" through an analysis of how those interviewed use their time. The study was preceded by a pilot study of 5,000 individuals, designed to test the questionnaire model and to reveal any reluctance on the part of the population to respond.

The research sample was drawn from the entire national population over the age of 14 years throughout the national territory, including the Balearic and Canary Islands, but excluding Ceuta and Melilla. A total of 63,120 people were interviewed at 3,156 points. The authors say this is a much larger sample than is usually used in the United States for studies of the same type; those studies never involve more than 50,000 interviews.

8926

CSO: 3548/12

OZAL APOLOGY DEMANDED FOR STATEMENT ABOUT SYNAGOGUE

Istanbul MILLI GAZETE in Turkish 10 Sep '86 p 1

[Text] During his by-election campaign trip to Bingol, Prosperity Party [PP] leader Ahmet Tekdal said that while his party strongly condemns the assault on the synagogue in Istanbul [Prime Minister Turgut] Ozal's statements after the incident cannot be approved. Tekdal continued:

"Ozal who said that the synagogue is the house of God must apologize to the Muslims. The house of God is the mosque. Terrorism leads to terrorism. Those who resort to violence must expect violence. The world has still not forgotten the Sabra and Shatila massacres they committed."

Replying to the HHA correspondent's questions after talking to party members in the PP provincial building, Tekdal said that his party is always opposed to acts of violence. He added:

"The assault committed against the synagogue is deeply appalling. We strongly condemn that assault and all similar acts. However, we must think about another aspect of the issue. For example, these people committed the Shatila massacre. Naturally their children--I do not exactly know who--committed this assault. People take their revenge sooner or later. Killing people is very wrong no matter what their religion is. Nothing can be accomplished by killing."

9588  
CSO: 3554/25

## STATEMENTS FROM FAMILY MEMBERS OF SYNAGOGUE VICTIMS

Istanbul TERCUMAN in Turkish 9 Sep 86 p 7

[Report by Sedef Celikbas]

[Text] The families our Jewish compatriots who lost their lives at the massacre in the Neve Shalom Synagogue last Saturday said: "Our anguish is severe. These unscrupulous people have finally violated the sanctity of places of worship."

The wife of Rabbi Aser Ergun, who was killed in the massacre while conducting religious rites on Saturday, said that she has been under medical care in her house for the last 3 days and continued: "I am in anguish in two ways. Not only have I lost my husband, but I am ashamed for this incident on behalf of humanity."

One of the 23 people killed in the massacre at Neve Shalom was 76-years-old Eliyezer Hara. Eliyezer Hara, who had spent the last 10 years of his life in the home of his son, Erol Hara, was known for his devotion to his religion. Despite the stroke he suffered 3 months ago, Eliyezer Hara did his best to be present at Neve Shalom's opening rites and rose from his sick bed to go to the synagogue despite the objections of his son and daughter-in-law. Hara lost his life with three bullets fired into his head before he could realize his last wish.

While Hara's son, Erol, was busy yesterday with funeral arrangements, his wife, Solonj, was preparing for the funeral:

Solonj Hara said: "We are deeply anguished, but this is an incident about which not only we but all of humanity--particularly the Jews--must grieve." She added that many years will have to pass before this pain subsides. Stating that the choice of a place of worship as a target of massacre cannot be forgiven no matter what religion the temple belongs to, the teary-eyed young woman said: "This is an issue that goes beyond the Jews and concerns all humanity. Our grief would not have been any less if the assault was directed against a mosque or a church."

Stating that this dreadful incident has a secondary intimidation effect among Jewish circles, the young woman added:

we used to go to the synagogue frequently on various occasions. We would also attend the rites on Saturdays whenever we had the chance. I do not think that we will be able to go to the synagogue as comfortably as before after this incident. As a mother, I will never be able to send my children to the synagogue."

## CONTINUATION OF MILITARY COURTS SEEN AS JUSTICE THREAT

Istanbul CUMHURİYET in Turkish 9 Sep 86 p 3

[Article by Ali Sirmen in column "The World Today": "Problems of Judiciary"]

[Text] The judicial vacation has ended. The new judicial year has begun with a number of problems. At the outset of the 1986 judicial year we have to observe frankly that the judicial system in Turkey is beset by problems which might even influence the basic functions of democracy.

We all know that delayed justice is synonymous with injustice. Yet, in our country extraordinary delays can not be avoided. Moreover, the increasing judiciary problems further prolong lawsuits now, delaying justice when it ought to be facilitated most.

The annual growth of the shortage of judges and public prosecutors confronts us as one of the most important problems of the judiciary and is deteriorating every day. The economic hardships plaguing the public prosecutors and judges who influence people's fates make it unnecessary to stress the reasons for the lack of judges and public prosecutors. In order not to cause new polemics, we would like to be content with only a reminder, not an exposé, of the drawbacks of the economic hardships suffered by judges and public prosecutors. But, we should not forget that the financial problems of judges and public prosecutors will have great consequences for justice, especially when money is projected as the highest value in today's society. Moreover, this situation will seriously worry the people.

The increased caseload owing to the lack of judicial staff affects even the highest echelons of the justice system. One is justified in doubting the adequacy of case examination in the Supreme Court of Appeals when one considers the limited time set aside for the consideration of each case.

The abovementioned problems of the judiciary are old, familiar problems which are deeply rooted in the past but are steadily growing more severe. In recent years, new problems have been added to them, however.

Among these new problems, one has to mention that the deterioration of the quality of education has inevitably affected the judicial system, as it has all fields. People are increasingly worried about the judiciary in that the



Higher Education Council, while decreasing the quality, has instituted an education system characterized by a conservative ideology which was introduced under the guise of opposing ideologies. It seems that in the near future these worries will reach higher dimensions.

The biggest problem faced by the judiciary today in Turkey is the practice by the 12 September [1980] order and the 1982 constitution of ignoring the independence of the judiciary and accepting it as an extension of the executive. This practice was an attempt to subjugate the judiciary to the executive and political influence. Eventually, many court cases led to serious questioning and damage in world public opinion and the public conscience.

One of the most important implementations in this direction recently has been the use of detention as de facto conviction. This has eliminated the meaning of justice in many instances in Turkey and, over time, even acquittals handed down by overriding the highest judicial authorities have become meaningless.

Justice will be steadily eroded in Turkey as long as no action is taken to prevent the use of detention -- which, in fact, ought to be procedural -- as a form of conviction, and detentions which are sometimes extended at the whim of a judge may eventually even eliminate the effect of Supreme Court of Appeals verdicts in practice.

Care must be taken to point out that the abovementioned drawback reaches much more severe dimensions in military courts where one member is not a judge but a field officer. For instance, the officer member who is not a jurist and has no relation whatsoever to jurisprudence would cast the vitally important vote in cases when the two real judges cast opposing votes. The vote of the officer member in favor of detention would put many people for months and even years behind bars. In this case an eventual verdict of acquittal is meaningless. Moreover, there have been cases like this and especially political cases in which the authoritative institutions decided freely for acquittal and the public clearly perceived the necessity of acquittal but these authorities failed to render acquittal verdicts, worried over how the past detention would be explained.

In particular, this problem creates questions in the public conscience about the compatibility between the minimum prerequisites of justice and military justice. These worries are further increased by the fact that not only the military judges but also the members of the Military Supreme Court of Appeals are appointed and promoted by authorities outside of the judicial system.

These are some of the questions which come to the mind of a layman as the 1986 judicial year is beginning.

With every passing day, we lower our quivering voices another notch when we say: "There are judges in Turkey". There is no doubt that the problems of the judicial system must be radically tackled if we want to be able to say it proudly the way we used to.

12890/12851  
CSO: 3554/22

## ECONOMY SHOWS DRAMATIC IMPROVEMENT SINCE 1982

Copenhagen BERLINGSKE TIDENDE in Danish 23 Oct 86 p 8

[Commentary by Frank Dahlgaard; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Denmark's total economic balance problem has now been reduced to the lowest level since the crisis began in 1973, according to this new assessment.

If one believes Anker Jorgensen and Gert Petersen, the government's recovery policy has been a resounding fiasco: the balance of payments deficit has been rising for the last 3 years and foreign debt has climbed to new record highs.

On the other hand if one listens to Poul Schluter and Uffe Ellemann-Jensen, the government's policy has been a success: the deficit in internal state finances has turned into a surplus, unemployment has decreased and the price increase tempo (inflation) has been cut substantially.

To give the reader a chance to judge for himself whether the government policy has been a success or a failure, the table below shows key figures for the four main problem areas in the Danish economy in the period 1973-86: state finances, balance of payments, unemployment and inflation. The figures come from the Finance Ministry's "data bank."

The first column of the table shows the state budget deficit as a percentage of Gross National Product. (A minus sign in front of a figure indicates a surplus.)

As the table shows the surplus in state finances turned into a deficit when the crisis hit Denmark in 1974. In the period 1977-82 the deficit rose steadily--also as expressed in terms of its share of GNP. When Anker Jorgensen left office in 1982 the deficit had reached 11.4 percent of GNP.

At the time this was one of the biggest state deficits in the entire western world and it was that development that led Anker Jorgensen to resign.

Table 1. Denmark's Four Economic Balance Problems, 1973-1986

<u>Year</u>	<u>State Finances</u> % of GNP	<u>Balance of Pay- ments</u> % of GNP	<u>Unem- ployment</u> %	<u>Price Increases</u> %	<u>Total Balance Problem</u>
1973	-3,2	1,7	1,0	11,7	11,2
1974	0,0	3,0	2,3	15,0	20,3
1975	4,4	1,5	5,3	9,9	21,1
1976	2,5	4,8	5,3	9,9	22,5
1977	2,3	3,8	6,4	10,6	23,1
1978	3,6	2,6	7,3	9,2	22,7
1979	4,3	4,6	6,2	10,4	25,5
1980	5,4	3,6	7,0	10,7	26,7
1981	9,1	3,0	9,2	12,0	33,3
1982	11,4	4,1	9,8	10,2	35,5
1983	10,6	2,5	10,5	7,2	30,8
1984	7,9	3,2	10,0	6,5	27,6
1985	4,3	4,6	9,0	5,0	22,9
1986	-0,5	4,9	7,8	3,5	15,7

Sources: Finance Ministry's data bank, the National Bank's quarterly survey and current estimates for 1986.

#### Surplus

Since 1982 the state finance deficit has been reduced year after year and in 1986 a surplus (of 5 billion kroner) is anticipated. Incidentally we are the only western country that will have a state finance surplus this year.

The second column of the table shows the deficit in the balance of foreign payments as a percentage of GNP.

In 1982, the last year Denmark had a Social Democratic government, the deficit reached 4.1 percent of GNP. In 1986 the predicted deficit is 4.9 percent of GNP. In other words the situation is not much worse than it was then.

As the table shows, 10 years ago we had a balance of payments deficit of around the same size as the one predicted for 1986. In 1979 the deficit was also close to the current level.

However a balance of payments deficit of 4.9 percent of GNP is quite high compared to other deficit nations.

The third column of the table shows unemployment as a percentage of the total labor force.

Before the crisis took hold in 1974, unemployment was down around 1 percent. Unemployment reached its peak in the first year the four-party coalition was in office, 10.5 percent. Since then unemployment has headed downward and the 1986 estimate calls for a 7.8 percent unemployment rate.

That is the lowest unemployment figure this country has had in 6 years.

No other EC country can show as big a drop in unemployment in recent years.

Sum Total

The fourth column shows the annual increase in consumer prices (inflation).

From 1973 to 1974 prices rose an average of 15 percent, a record in recent Danish history. From 1978 to 1982 inflation increased steadily and when Anker Jorgensen resigned as prime minister in 1982 the inflation rate had been in double digits for the previous 4 years.

After that time inflation has dropped from year to year and it is now at the lowest rate we have seen in over 25 years.

Thus three out of four economic balance problems have been reduced while one--the balance of foreign payments--has grown worse.

If one wants to express the total economic balance problem in a simple way it can be done by adding the four figures in the table for each year. If we do that we get the "problem index" in the last column.

Thus these figures show the extent year by year of the overall economic problem in Denmark--the sum total of the problems of state finances, balance of payments, unemployment and inflation.

The higher the figure in the last column of the table, in other words, the worse shape the Danish economy is in.

The following graph illustrates the development of this "problem index" in the period 1973-86. One can view the graph as the fever chart of the Danish economy.

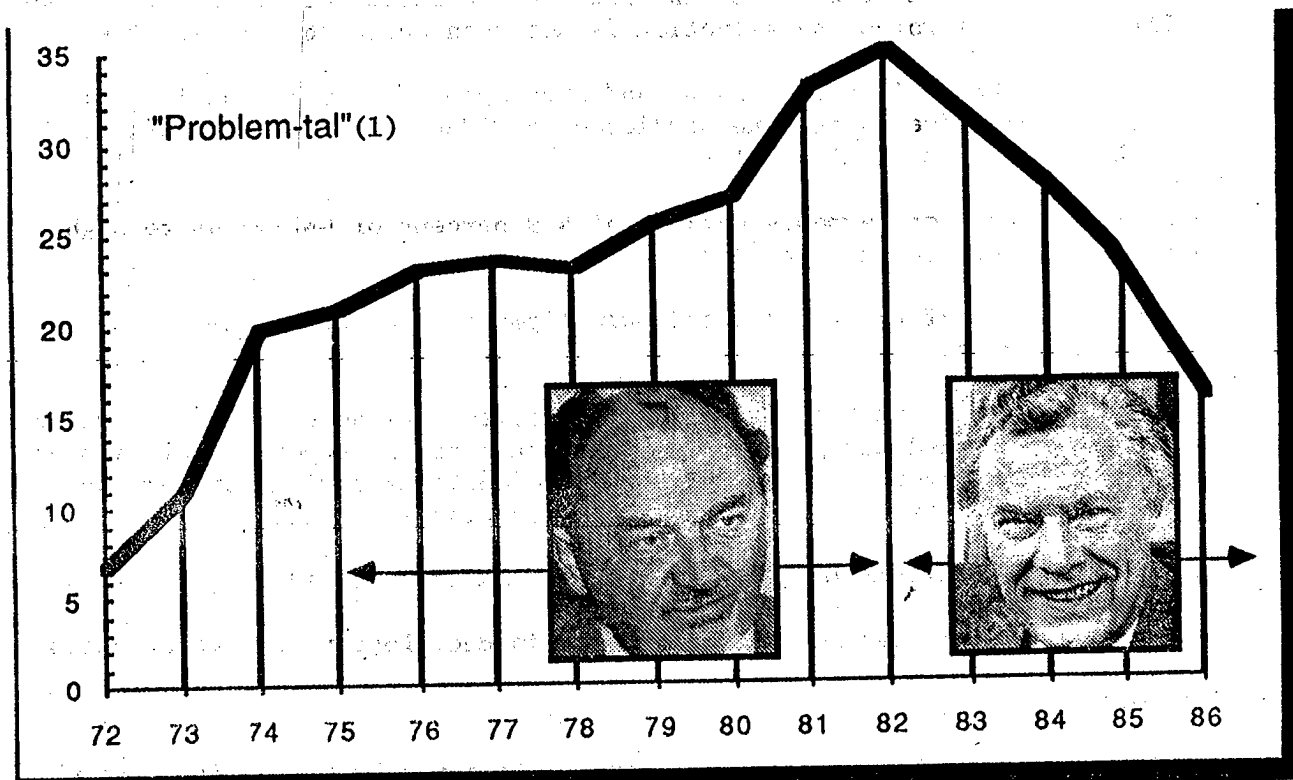


Figure 1. Extent of Denmark's Economic Problems  
(State finances, balance of payments, unemployment and inflation)

Key: 1. "Problem index"

As we can see the economic problems peaked in the last year of Anker Jorgensen's government, 1982. From 1978 to 1982 the problem index rose steadily, while it has declined sharply during the entire rule of the four-party government.

When the Social Democrats bowed out in 1982 the problem index had reached 35.5--the highest fever level ever indicated for the Danish economy. After 4 years with Poul Schluter as prime minister the problem index has shrunk to 15.7.

In other words the total economic balance problem has been more than cut in half during the last 4 years.

As this indicates we have the smallest balance problem the Danish economy has seen since 1973.

What will happen to the balance problem in 1987?

The assumption is that there will be a surplus in state finances similar to the one we have this year (0.5 percent of GNP), while the balance of payments deficit is expected to drop to 3.2 percent of GNP. Unemployment, on the other hand, will rise to around 8.3 percent of the labor force and the price increase rate will probably get up to around 5.0 percent. That gives a total problem index of 16.0 in 1987, almost unchanged in relation to this year's record low.

The table and the graph clearly document whose economic policy failed and whose succeeded.

6578

CSO: 3613/14

## RAW MATERIALS CAN REPLACE THOSE FROM SOUTH AFRICA

Copenhagen AKTUELT in Danish 3 Oct 86 p 14

[Article by Bjarne Kjaer: "Raw Materials in Greenland Can Replace Imports from South Africa"]

[Text] "Greenland can to a great extent replace Western imports of a series of strategic raw materials and minerals from South Africa. And we are ready to contribute, if we can in this way take part in removing the apartheid government in South Africa," Greenland's prime minister, Jonathan Motzfeldt, said. At the same time he demands a greater share of the profits for Greenland in the exploitation of the country's underground resources. This will be negotiated this fall with the Danish government.

The demand of Greenland's government is that all the profits in connection with the extraction of raw materials in Greenland will go to the Greenland treasury. "This is at any rate the starting point for the demands of the Greenland politicians, but we are ready to negotiate," the prime minister said.

## Phosphate in Greenland

"Most of the raw materials and minerals the Western countries import today from South Africa are found in Greenland, and we are ready to negotiate on agreements on research and concessions with all those interested," Motzfeldt said. "This applies, among other things, to a series of so-called strategic minerals and raw materials the Western countries import today from South Africa. Among them are manganese, platinum, coal, oil, uranium, nickel, iron ore, and molybdenum. We also have significant amounts of phosphate, which the Danish company, Superfos, gets today from South Africa. There is, among other things, an accessible amount of more than 200 million tons at Sukkertoppen. This can replace what Superfos gets in South Africa," Motzfeldt said.

The condition for the exploitation of raw materials in Greenland is unity with the Danish government on division of the profits.

The prime minister also complained that the government's sale of its shares in the cryolite company, Oresund, means that the state treasury and the Greenland government will lose the income from the company, which will continue its activity in Greenland for a few years. "The company alone will benefit from its

continued activity in Greenland," Motzfeldt said at a press conference in the Greenland government's Copenhagen office yesterday.

Motzfeldt said that the American oil company, Arco, which last year gave up the search for oil in Jameson Land in eastern Greenland provisionally for two years has now asked for new negotiations for a new agreement. The company wants to begin again in the beginning of 1987. Motzfeldt doubts whether this can be done, however, for the matter must first be discussed in the common Greenland-Denmark raw materials committee.

The continued activity of the cryolite company will be discussed in the joint committee. "We must have a more reasonable solution to this matter," the prime minister said.

9124

CSO: 3613/15



## INACTIVITY OF CAHORA BASSA DAM CREATES 'WHITE ELEPHANT'

Lisbon TAL &amp; QUAL in Portuguese 26 Sep 86 p 3

[Article by Carlos Vargas]

[Text] Supporters of direct Portuguese involvement in the Cahora Bassa project after Mozambican independence in 1975 believed that compromise was necessary to pave the way for cooperation. Opponents of the idea, on the other hand, considered compromise unjustified, in general citing the indisputable financial burden that it would entail. In all, Portugal has undertaken an investment in the Zambeze River of more than 60 billion escudos and Cahora Bassa now fills a place in the collective Portuguese imagination as a sort of bottomless pit.

This is not entirely correct. After all, with the cutting-by sabotage-of the energy transmission lines to South Africa more than a year ago, the Cahora Bassa Hydroelectric (HCB) has been transformed into a utility with virtually no income, its activity reduced to supplying the Peoples' Republic of Mozambique with a tiny share of electricity-about 1 percent of the facility's normal production capacity. However, the HCB maintains some 1,500 workers on its payroll, including 197 Portuguese, and has succeeded in paying off a debt service that has been heavy-especially under present conditions. The utility's debt at the end of last year approached 23 billion escudos. TAL & Qual has been informed this week that the amortized payments on this debt, plus labor and maintenance costs, currently amount to some 20 million escudos per day.

HCB financial authorities are naturally reluctant to supply details, but the utility's financial reports have for many years made repeated references to "shortfalls in income." Tactfully and technically, the phenomenon is explained as resulting from "line malfunctions," or "temporary suspension, due to unforeseen circumstances, of the contract with ESCOM"-the South African public utility receiving Cahora Bassa's almost entire production. It cannot be denied, however, that these interruptions in the supply of energy to the Electricity Supply Commission of Johannesburg are subject to "penalties," nor that the prices stipulated in the contract for so-called "hard energy" have reached record lows. The beneficiary has obviously always been the same: the Republic of South Africa.

The accumulated deficit at Cahora Bassa Hydroelectric is greater now than that anticipated in 1975 and even at later dates, due in great part to the severe damages inflicted upon the utility's high voltage lines over the last few years. Most of these have, in fact, been calmly claimed by the Lisbon representatives of RNM-Mozambican National Resistance, or RENAMO, an organization openly supported by South Africa.

The Portuguese authorities' negligence with respect to RENAMO is indescribable. This disregard has been blatant for many years, even after becoming quite evident that the sabotage of Cahora Bassa was causing severe damage to the political and economic plans and interests of the Portuguese government. Portugal owns 81.66 percent of the equity in Cahora Bassa Hydroelectric.

The Zambeze River project is today, for some, an intolerable ideological white elephant, to be eliminated at all cost. For others, however, it still represents a ray of hope.

And in the meantime, everything appears to be, in fact, prematurely lost. For more than a year some 500 high voltage structures knocked down in a single strike have been under repair, in an area of approximately 300 kilometers in Mozambican territory. The cost of materials alone for the reconstruction is more than 1.5 billion escudos. This is occurring just at the time when Portugal does not appear to be interested in new investments in the project and Mozambique is combatting the torment of the drought and becoming the most hunger-stricken country in Africa. The result: Cahora Bassa has been practically paralyzed for more than a year, it being ever more evident that the Mozambican government does not by itself have the resources to repair the facility-its main source of industrial income. South Africa, naturally, is in no hurry-if only because it produces sufficient energy on its own, although not at a price as convenient as that obtained from Cahora Bassa.

The dead end is almost perfect and the security issue is the decisive argument for doing nothing. It is significant, by the way, that on the Portuguese side, no serious action at the level of foreign policy has been taken up till now. The Portuguese government does not appear to want to have anything to do with reality, despite having titular legal majority in Cahora Bassa Hydroelectric and despite the utility's being practically non-functioning and without funds since August 1985.

Last week HCB President Castro Fontes traveled to Mozambique to meet with the head of state of the RPM. Samora Machel, in his direct and inimitable style, took advantage of the opportunity to remind him: "We do not wish for Cahora Bassa to be a white elephant." And he explained, "Because a white elephant has no ivory..." The Portuguese administrator will be returning to Lisbon with the mission of conveying that, in the eyes of Maputo, "Mozambique and Portugal are responsible for the correct and complete functioning of Cahora Bassa." Perfectly clear.

Machel was equally straightforward when, referring to Portugal, he said that "the Mozambican government considers Cahora Bassa to be the high point of the friendship between the two countries."

It is not known if anyone in the President's office, the Prime Minister's office or the Ministry of Foreign Affairs will, upon hearing this, feel embarrassed. The truth is that there are apparently those who prefer to let the ivory get away. However, Ambassador Brito e Cunha, Foreign Affairs Ministry spokesman, created an opening for hope when he stated to TAL & QUAL, "Perhaps even this year the Luso-Mozambican Mixed Commission will meet"-which it has not done since 1984. Fine, perhaps this year...

13026/9869

CSO: 3542/12

## FINANCIAL, HUMAN COST OF RECONVERSION EVALUATED

Madrid YA in Spanish 6 Oct 86 p 12

[Article by Carmen Parra]

[Text] The economic cost to the government involved in adjusting the labor force as a result of the industrial reconversion has been 91 billion pesetas so far. This difficult process has already sacrificed 72,415 jobs, and there is no foreseeable end to it. Some companies are planning new payroll cutbacks, workers are not being placed in new jobs as fast as predicted, the Employment Promotion Funds (FPE) have built up a deficit that may prevent them from fulfilling their commitments, and the program to revamp companies' finances is behind schedule. These assertions are contained in a report written by the Labor Ministry, to which YA has gained access. The government is studying measures it can take in the next few months to alleviate the problems that have not been solved by the programs of the Democratic Center Union (UCD) or those implemented by the Spanish Socialist Workers Party (PSOE).

Of the 91 billion pesetas spent, 64 billion correspond to unemployment benefits, and the remaining 27 billion to early retirement benefits. The largest amount (more than 50 percent) has been collected in the shipbuilding sector. This figure will continue to rise, as the AESA and ASTANO companies will continue requesting short-term assistance because they are unable to employ the entire payroll.

In the coming years, expenditures are expected to be made for the early retirements already agreed upon in the sectors that fell under the 1984 law (shipbuilding, major appliances, special and common steels), plus the 4 billion pesetas for retirements in the textile, electric automotive equipment, major appliances, and semifinished copper goods sectors, as well as any retirements that may take place as a result of the new adjustments.

Assuming that the iron and steel sector makes an adjustment which is similar to that projected for the three subsectors (integral, common steel, and special steels), the cost of unemployment benefits could soar higher than 20 billion pesetas.

The financial outlays of the Employment Promotion Funds have yielded a negative balance of 37.518 billion pesetas, not including the deficit that may be generated by the integral iron and steel FPE. It will be a large one, because it will include primarily workers at preretirement age. The largest amount corresponds to the special steels fund, where there is also a large percentage of workers over the age of 55. The aforementioned report states that if adequate treatment is not forthcoming, there is a risk that the FPEs will be unable to meet their obligations in the not too distant future.

Apparently the deficits could have been predicted, given the financing mechanisms that were used for the FPEs. The only one that has worked is the worker membership dues, in which the worker pays the amount he received in severance pay. The other mechanisms have not been implemented. The only one that appears to have any possibility of reducing the deficit is the subsidy.

By the end of June, the planned labor adjustment had taken place in most sectors. The total surplus was to be 72,415 workers when the reconversion was proposed, and as of that date 60,306 workers (83.28 percent) had left the companies. The remaining 16.72 percent are already approved, and they have not yet left because their departure is supposed to take place gradually over the next few years.

In the shipbuilding sector, the adjustment is almost completed, but because the planned production objectives were not attained, 50 percent of the active payroll was laid off throughout 1985 and during the first half of 1986. Because these workers were covered by employment regulation, this has entailed a major additional outlay. Moreover, during this 6-month period there has been a request to extend the regulation so that the entire payroll can remain furloughed.

The adjustment is also progressing in the electric automotive equipment, semfinished copper goods, electronic components, textiles, and ERT sectors. This is not true of the ITT group, however; miscalculations of sales will require a new downward adjustment of the payroll in this sector. Plans are behind schedule in the major appliances, fertilizers, integral iron and steel, and steel sectors; in the latter two cases, the plans will not be completed until 1990 and 1987.

Nevertheless, a reconsideration of the reconversion process in the iron and steel sector is considered necessary, due to factors such as Spain's membership in the EEC, the decline in the dollar, and the suspension of the domestic obligations tax. A new reconversion program is being studied by the sector.

The Labor Ministry report recognizes that the objectives for which the FPEs were created are not being attained. The number of workers departing to take new jobs is much less than expected (see charts), and the additional cost they will produce is about 30 percent of what was projected.

Among the causes cited are the slow and uncoordinated action of the Urgent Reindustrialization Zones (ZUR), which must be corrected if new difficulties are not to further complicate matters, and the rather rigid and excessively

protectionist conditions imposed on the new job placements. These are considered to be an obstacle to the workers, rather than a guarantee.

Labor Ministry officials feel that it is time to adopt measures regarding the action of the ZURs and their relationship with the FPEs, and to modify their bylaws and regulations. They also emphasize the urgent need to take action right away, since most of the workers who have joined the FPEs are subject to job placement (9,539 out of 11,778) but are still there almost 2 years after they joined with the contract suspended for 3 years (see charts).

Moreover, they point out that since the affected workers are concentrated primarily in geographical areas where the jobless rate is high (Basque Country, Ferrol, and Galicia), it would be appropriate to give priority treatment to those regions, considering in addition that future employment opportunities are extremely insufficient in these areas.

### Status of Surplus Workers Under 55

	Joined FPE	Remain in FPE	Firm Job Offers
Andalucia	455	397	315
Asturias	735	682	367
Balearic Islands	34	15	—
Cantabria	476	318	113
Catalonia	128	102	1,206
Ferrol	2,373	2,142	1,230
Vigo	1,500	1,406	533
Madrid	123	57	669
Navarre	8	7	—
Basque Country	4,647	3,590	493
Valencia	1,339	823	1,031
Total	11,778	9,539	5,957

### Rate of Job Placements Compared to Projections

Year	Projection		Real Situation	
	Workers in FPE	Cost (bill. ptas.)	Workers in FPE	Cost (bill. ptas.)
1st	11,778	13.681	11,778	15.378
2nd	7,852	8.208	10,180	13.294
3rd	3,926	2.349	9,385	5.259
Total	—	24.238	—	33.931

8926

CSO: 3548/13

## IRREGULARITIES IN DEPOSIT INSURANCE FUND REPORTED

Madrid ABC in Spanish 9 Oct 86 p 67

[Article by Jose G. Mendez and J.A. Sanchez]

[Text] The bank crisis that lasted from May 1981 to the end of 1983 required 1.189 trillion pesetas in assistance from the Bank of Spain and the Deposit Insurance Fund, according to the audit of the fund by the Office of the Controller of the Currency. A report on the audit was submitted to the Cortes. The fund protected deposits by reorganizing the banks' finances, and there were some irregularities in this process.

The Deposit Insurance Fund, which covers deposits in banking establishments, expanded its mission during the banking crisis to include rescuing banks, rather than merely covering a portion of the amount each customer had deposited in insolvent institutions. In the beginning, the coverage was 500,000 pesetas, and by the end it reached 1.5 million.

According to Juan Antonio Ruiz de Alda, currently deputy governor of the Bank of Spain and at that time president of the Deposit Insurance Fund, the crisis threatened 1.5 trillion pesetas in customer deposits, in addition to fixed-yield issues and deposits by banking institutions. The Fund would have covered 1 trillion pesetas, and the rest would have been lost.

#### Assistance

The aid took the form of three instruments, plus exemption from mandatory quotas. A total of 785.073 billion pesetas was paid out in loans and setting up deposits, at little or no interest, and of that amount 669.160 billion came from the Bank of Spain. A total of 289.736 billion pesetas was spent on the purchase of unproductive assets, of which 212.545 billion corresponded to risk purchases, 48.680 billion to stock purchases, and 28.511 billion to real estate acquisitions. Finally, losses of 43.209 billion pesetas were assumed, and 23 billion pesetas more was spent on conditional repayments.

The agency's actions included an outlay of 6.996 billion pesetas for customer deposits, and 1.189 trillion pesetas in advances, of which about 600 billion is expected to be recovered. The procedure, therefore, consisted of supporting the refinancing of these banks, and thus guaranteeing the deposits

not only of private customers, but also of banks and bondholders. In addition, by keeping these institutions afloat, at least temporarily, a habitual source of financing for customers was kept open, and the closing of offices and major employment regulation funds was avoided.

At that time the quota the banks were required to pay into the fund was 1/1000 of the deposits, and in 1983 that amount barely covered the interest on the advances paid by the Bank of Spain, which were paid at 8 percent. The financial plight of the fund during the period in question, according to the Office of the Controller of the Currency, was so serious that all of the annual contributions were not enough to cover even the servicing of the debt. As a result, new indebtedness was required just to pay interest.

The urgent measures that had to be improvised and the magnitude of the crisis, according to the audit report, "meant that effective action took precedence over control in the fund, and officials followed criteria based on the speed of actions aimed at preventing further damage."

#### Effectiveness and Irregularities

This effective action was characterized by many accounting and fiscal irregularities. Among them, the most significant was the appraisal of stocks acquired by the fund in refinancing banks at the value listed on the balance sheet, while these stocks were highly overvalued. In addition, in the procedures followed to adjudicate insolvent banks to solvent bank groups, in some cases some bidders were provided with different information than others, while in other cases officials went directly to the future buyer; and in other cases it was simply announced that bidding was open, without specifying the conditions, thus preventing the submission of better offers. Such was the case with the adjudications of the Bank of Madrid and the Catalonian Development Bank to Banesto; that of the Industrial Bank of the Mediterranean to the Catalonian Banks; and that of the Mas Sarda and the Levante Banks to Citibank and the Zaragoza Bank.

8926

CSO: 3548/13



## GOVERNMENT REPORTEDLY ALTERED SOCIAL SECURITY CONTRIBUTIONS

Madrid DIARIO 16 in Spanish 3 Oct 86 p 15

[Article by Roberto Santos; passages enclosed in slantlines printed in boldface]

[Text] Madrid--In the final version of the Social Security Budgets, the revenues from contributions have been /doctored up,/ with more than 200 billion pesetas being shifted from this category to that of current transfers, which reflects a higher contribution by the state.

Revenues from Social Security contributions total 3,031,913,000,000 pesetas, a growth of 3.1 percent over last year's figures, according to the draft budget that was submitted.

This minimal growth in contribution revenues contrasts with a 5-percent increase in both the minimum and the maximum bases, with the projected growth of wages for next year, and, as if that were not enough, with the growth of employment that the government pegs at 1.5 percent.

In other words, the basic parameters, including employment, are going up, so there are more people contributing. And the revenues from these contributions are expected to increase only 3.1 percent.

#### Real Contribution

At the same time, the budget calls for a state contribution of 1,269,721,000,000 pesetas, a growth of 34.9 percent, and naturally, in the financial structure of Social Security for 1987 there is supposed to be a 5-percent drop in the share of Social Security contributions in total revenues. This share is supposed to fall from 74.3 percent in 1986 to 69.3 percent next year.

The state's contribution, consequently, grows by 5.2 percent, from 23.8 to 29 percent of the total. But this is really not so, and it is not possible to make an exact comparison between the 1986 and 1987 budgets on this basis.

What has happened? The explanation is very simple. The government has included among transfers from the state 209.429 billion pesetas corresponding

to the contributions of the unemployed and the bonuses to businesses paid through the National Employment Institute. Until now, these items were always included in Chapter I, that of contributions.

If the figures are given in the same terms, these revenues amount to 74.1 percent, that is, just 0.2 points less than in the previous budget; and the transfers from the state amount to 24.3 percent, 0.5 points more than in 1986. This is the real percentage. Therefore, the real growth of revenues from contributions is 10.25 percent.

Following the criteria that were used, it can be observed in the budget documentation that the projected contributions for next year will fall by more than 400,000 pesetas, which in theory should correspond to the number of unemployed workers who will be eligible for basic unemployment benefits.

The government projects an annual average of 10,403,340 workers paying into the Social Security fund, compared to 10,817,161 this year. But the difference is still greater in the general system, where the number of contributors will fall by nearly 500,000, from 7,097,827 this year to 6,602,220 next year.

#### Artificial Cushion

The average base of projected contributions is 79,108 pesetas, a growth of 8.64 percent over the 72,819 pesetas for 1986. The increase is greater at the level of the general system, to be precise, 11.26 percent. The average base will go from 84,833 pesetas to 94,385 pesetas.

Some sources regard this budgetary change as an artificial /cushion/ that the government wants to rely on in the face of the negotiations it will have to conduct soon with the social forces to redefine the financial structure of Social Security.

This budgetary legerdemain seems very unorthodox, considering that the Social Security coverage of unemployed workers who receive basic benefits comes out of the specific unemployment contributions, not the state contribution.

Aside from this /doctoring up,/ we must bear in mind that for several years now, budget projections of Social Security revenues have always been low as a result of spending.

In this year's budget, with the latest treasury data for the month of July, it can be seen that collections of quotas have risen an average of 14.3 percent, while the initial budget called for 9.3 percent.

8926

CSO: 3548/13

ECONOMIC

TURKEY

EXPANSION SEEN NEEDED AT HAYDARPASA PORT

Istanbul DUNYA in Turkish 9 Sep 86 p 5

[Article by Ferda Yurtturu: "Haydarpasa Port Inadequate for Service"]

[Text] Removal of the bus terminals at Harem will reportedly be necessary to allow expansion of the land area at Haydarpasa Port, one of Turkey's largest.

According to information from an official of the Haydarpasa Port Authority, the authority has a very narrow strip of land containing direct connections by highway and railroad, and expansion is possible only towards Harem.

The port official said, "Our port has had an excessive workload since the Sali Market Dock was closed to cargo ship traffic on 1 April 1986 and expansion work must begin as soon as possible. The only way to do this is to open the Harem side, which belongs to us."

In pointing to the use of the Harem side as the only solution, the official said that the bus terminals located there could be moved to existing Treasury land on the Ankara Road.

According to information given by the Haydarpasa Port Authority, "Getting off at Harem, turning around and going to Topkapi is no fun." "Istanbul passengers get off at Topkapi anyway. Kadikoy and Uskudar passengers transfer at Harem," the official said.

Pointing out that bus traffic would be a lot more convenient with the terminal built on the Ankara Road and that a great deal of time and fuel would be saved, the Haydarpasa Port Authority official said that it was also inconvenient as to both location and traffic to have the municipal garages on the Harem strip.

8349

CSO: 3554/23

## TAIWAN OPENS TRADE OFFICE

Istanbul DUNYA in Turkish 10 Sep 86 p 3

[Text] Ankara (ANKARA AGENCY) - Products from Taiwan are expected to follow Japanese products on the Turkish market soon.

According to information obtained, Taiwan will open a trade mission in Istanbul very soon, despite the severance of relations between Turkey and that country. As known, relations between Turkey and Taiwan were broken off when Ankara recognized the PRC as the sole representative of the Chinese people in 1971.

Meanwhile, the mission cannot be granted official status because the two countries do not have diplomatic relations and to prevent any "hard feelings" between Ankara and Peking, it was learned. In fact, Foreign Ministry officials contend there is no question of Taiwan's opening an official trade mission in Turkey and say, "The future mission does not have official status. It consists of a joint enterprise of a few private firms."

Officials point out that Taiwan has taken the route of opening unofficial trade missions in many countries for the purpose of preventing the bottlenecks it has encountered in diplomatic relations from inhibiting development of foreign trade relations. Taiwan now has diplomatic relations with only around 25 countries, but has missions in more than 150 countries.

Turkish-Taiwan trade relations, currently functioning at a very low level, are expected to rise sharply with the opening of the trade mission in Istanbul. Informed circles draw attention to the serious problems Taiwan has encountered on the U.S. market because of protectionist practices and point out that it is eager to find new customers for its export products and, thus, Turkey became an obvious opportunity with its "outward orientation" emphasis.

Turkish-Taiwan Foreign Trade  
(\$1000)

Year	Exports	Imports
1978	14,989	966
1979	5,083	1,490
1980	13,273	2,286
1981	9,792	3,012
1982	4,658	7,455
1983	2,471	4,672
1984	796	8,434

## ISLAMIC CONFERENCE MEETINGS HAVE BROAD AGENDA

## Interest-free Financing Main Topic

Istanbul DUNYA in Turkish 10 Sep 86 pp 1,11

[Text] The Second Assembly of the Followup Committee of the Permanent Committee on Economic and Trade Cooperation of the Islamic Conference Organization (ISEDAK) will end with a final session to be held today. At its yesterday's session, the Second Assembly of the Followup Committee completed its review of decisions taken at previous ISEDAK meetings and concluded its work on setting the agenda of the Third Assembly of the Followup Committee. The Second Meeting of the Followup Committee was marked with more liveliness and debates than previous meetings. The discussions focused on the issue of how financing mechanisms can be set in an interest-free framework. It is reported that the implementation of the decisions taken has been set back as a result of disputes between the proponents of the interest-free system—mainly Saudi Arabia and Pakistan—and other groups which are concerned about the legal vacuums that may be created by such a system. Although the implementation of the "Multilateral Islamic Clearing Association" and the "Regional Export Credit Guarantee System," two issues on which ISEDAK placed high-priority until now, will reportedly not be deadlocked until the debate over the interest-free system is settled, a final decision could not be taken on these two issues at the Second Assembly of the ISEDAK Followup Committee, which will end today.

A press statement issued after yesterday's sessions summarized the issues discussed and the decisions taken at the meetings and confirmed that no final accord has been reached with regard to the interest policy framework which will form the basis of the planned financing mechanisms. The press statement said: "With regard to the establishment of an interest-free financing system, the delegates discussed the measures to be included in the systems to be implemented and the changes that may be necessary in the documents to be prepared." The statement added that it was decided to have this work reviewed by the pertinent agencies and that, however, the issue was not clarified at this meeting.

Turkish Foreign Ministry officials stated that an interest-free environment is desired for the financing mechanisms to be formulated within the framework of the ISEDAK decisions aimed at enhancing economic and trade cooperation among Islamic countries. The officials said: "However, concerns have been expressed

that in their interest-free form these mechanisms may create certain vacuums. Talks are continuing to avoid breaching the laws of certain Islamic countries. In particular work is being carried out to form the 'Export Credit Guarantee System' and the 'Clearing Association' outside the interest-free system."

The work of the Second Assembly of the Followup Committee ended yesterday after a high-level meeting chaired by State Planning Organization [SPO] Undersecretary Yusuf Bozkurt Ozal. In a press statement after the meeting, Turkish Foreign Ministry officials spoke about the deliberations and the decisions of the Second Assembly of the Followup Committee. The following issues were discussed during the Assembly's first day of deliberations:

--The Islamic Development Bank's latest report on the latest developments in "medium-term financing mechanisms for foreign trade" was reviewed. The basic outlines of the \$600-million special fund to be established for this system were clarified.

--It was decided to continue the Islamic Development Bank's work with regard to the establishment of a "Regional Export Credit Guarantee System" and a "Multilateral Islamic Clearing Association."

--It was decided to continue the work of the Islamic Trade Development Center (at the Casablanca Center) for the establishment of a trade information network among Islamic countries. It was also decided to hold an experts' meeting on this issue in Izmir on 21 through 23 September 1986. This meeting will be attended by representatives of the member countries' agencies for the development of exports and trade and delegates from the Secretariat General of the Islamic Conference Organization, the ISEDAK Coordination Office (SPO's Islamic Countries Economic Cooperation Chairmanship), the Center for Statistical Economic and Social Research and Education in Islamic Countries, the Islamic Chamber of Commerce--which is headquartered in Karachi--and the Islamic Development Bank.

--Another experts' meeting will be held in Izmir between 25 and 27 September 1986 with regard to the establishment of a "Regional Trade Options System." The Casablanca Center will submit a report about the results of both meetings in Izmir to a session of the ISEDAK Followup Committee in April 1987.

--The Turkish Standards Institute submitted a report to the meeting outlining its work with regard to the homogenization of standards used in Islamic countries. It was decided that the Turkish Standards Institute submit to the Third Assembly of the Followup Committee another report on its work with regard to the development of a methodology for overcoming differences in standards which have impeded trade among member countries.

The morning session of the Second Assembly of the ISEDAK Followup Committee yesterday began with the presentation of a report, on behalf of Minister of Industry and Trade Cahit Aral, who is also the Chairman of the Industrial Followup Committee, with regard to developments observed in industrial cooperation. In its second and final day of deliberations the committee carried out the following work:

--With regard to the development of joint investments, it was decided to commission the Ankara Center to start work for the rationalization of the process of identifying joint investments projects and financing them in cooperation with the Association of National Development Financing Institutions and the Islamic Countries Consultants' and Engineers' Federation at the Jiddah Center.

--The issue of whether the heads of the member countries' central banks and monetary agencies should hold their 7th meeting was discussed and a working document encompassing a proposed agenda for such a meeting was drafted. However, no decision was taken with regard to the timing of the meeting.

--Economic cooperation issues which may be included on the agenda of the Fifth Islamic Summit Conference were determined in the light of a document submitted by the ISEDAK Coordination Office. It was decided to commission the Islamic Countries Economic Cooperation Chairmanship of the SPO to prepare the agenda work on this issue.

#### Inter-Islamic Cooperation Stressed

Istanbul DUNYA in Turkish 10 Sep 86 pp 1,11

[Report by Cem Kizilcec]

[Text] While the Second Assembly of the ISEDAK Followup Committee continues its deliberations on the issues on its agenda at the Sheraton Hotel in Istanbul, one of the committee members, Saudi Arabian Deputy Minister of Finance and National Economy, Usama Jafar Fakhri, who is also the head of the Saudi Arabian delegation at the meeting, said: "Cooperation among Islamic countries will be strengthened." Usama Jafar Fakhri responded to DUNYA's questions as follows:

DUNYA: Could you give us your impressions about the Followup Committee's meeting?

Fakhri: I would not want to make an exaggerated evaluation. However, realistically, I would like to state that great seriousness and attention have been shown toward the meeting. Since Turkish President Kenan Evren assumed the chairmanship of ISEDAK, the organization's work has gained considerable momentum, and our meetings have begun to yield results. Undoubtedly, well-prepared meetings are essential for good results. In as little as 2 years, ISEDAK has taken truly major strides forward and has begun to take practical steps on many issues.

DUNYA: All delegates have been emphasizing effective and concrete efforts.

Fakhri: We are emphasizing concrete efforts because that way the meetings yield more successful results. Today, the Islamic Conference Organization has 44 members. In general, these countries have many expectations and hopes for the future. Since not all of these expectations can be realized, we want to give priority to solvable issues and to proceed by solving these issues.

Otherwise, nothing can be realized. Consequently, we want to include in our agenda issues that have matured. Many organizations have been formed since the Islamic Conference Organization was first established, and these organizations have strived to respond to the various needs of the organization's members. What is important is that the meetings yield the maximum benefit.

DUNYA: What did you accomplish with regard to the establishment of a medium-term financing mechanism for exports? Will the fund be accessible only by governments?

Fakih: As you know this issue was approved by ISEDAK, and the Islamic Development Bank was asked to draft a plan for it. Today, we reviewed the draft prepared by the Islamic Development Bank and discussed the operational mechanisms of the fund to be established.

After the fund is established, the governors of our central banks will determine the details of its operational modes. However, it is evident that each country has its own trade regime and that in some countries the public sector is more dominant. I believe that in countries where free trade is dominant, the firms themselves will be able to apply to the fund for loans. During the meeting we debated certain technical details. The Islamic Development Bank will revise its draft and submit it to the summit conference in Kuwait. Saudi Arabia will make every effort to further develop trade among Islamic countries.

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CSO: 3554/24



## BRIEFS

TRANSPORTATION PROTOCOL WITH ROMANIA--The overland transportation protocol between Turkey and Romania was signed yesterday at the Ministry of Transportation. The protocol envisages the resolution of problems encountered in overland transportation between the two countries and provides for mutual increases two-way traffic in 1986 and 1987. The protocol further envisions providing more adequate port and ground services for Roll-on Roll-off ferries. [Text] [Istanbul DUNYA in Turkish 10 Sep 86 p 11] 9588

CSO: 3554/25

## ANALYSIS OF DEFENSIVE NEEDS OF SCHLESWIG-HOLSTEIN, AIRFIELDS

Copenhagen WEEKENDAVISEN in Danish 3/9 Oct 86 p 36

[Article by Michael Clemmesen: "Airfield Protection or a Common Defense of Schleswig-Holstein?"]

[Text] One of the areas where the Social Democratic Party's new defense policy calls for increased military buildup is the defense of the Jutlandish airfields that are to receive allied reinforcements. At the same time, the Social Democrats think we should consider removing a Danish brigade from the common defense of Schleswig-Holstein. Major Michael Clemmesen analyses the connection between these two elements in the defense picture and points out that a new airfield defense "lacks an appropriate threat."

In the Social Democratic defense proposal it is stated that "in connection with a coming defense arrangement it must be considered whether a brigade should be returned from the advanced defense of Schleswig-Holstein to the rear defense of Jutland and Funen." In the ensuing public debate it was made clear that the reason for considering the removal of a brigade is that one feels that there is a need to defend the airfields in Jutland, where allied reinforcements will land. What is the connection between the two things?

#### The Defense of Jutland

First a little on the previous history. As is seen in, among other things, the Foreign Office's "Danish Security Policy 1948-1966," which was published in 1968, one of the defense problems that worried Danish politicians most in the 1950s was that our allies were not ready to station large enough armed forces in Schleswig-Holstein for Jutland to be defended. And without an effective land defense south of the border it would be meaningless to station allied air forces on the Jutlandish airfields. This was Hans Hedtoft's defense policy argument at the party congress in 1953 when he rejected the stationing of American air force units in Denmark under the existing conditions.

The situation was improved with the West German rearmament up to 1960. Gradually so many German forces were stationed in Schleswig-Holstein that they could make up the local "tripwire" for the use of NATO's superior nuclear weapons in a Soviet attack. At that time NATO was not yet making an effort to establish conventional forces large enough to slow down -- not to speak of stopping - an

an attack without the use of nuclear weapons. In order to assure the coordinated use of Danish and German naval forces in the Baltic Sea as well as to establish a joint command over the land forces in Denmark and Schleswig-Holstein, the "Unified Command" was afterwards established. Gradually one took the consequences of the changed defense policy situation. The defense of western Denmark on land was from the 1970s to be undertaken with the whole Jutland field army assembled in the Jutland Division in the joint Danish-German army corps in Schleswig-Holstein. Anything else would be dangerous for defense policy at a time when NATO's strategy had been developed to satisfy the demand for a unified, initial conventional defense. The German forces could not accomplish this mission alone. An attack would quickly be able to break through or pass by their defences. After this, the smaller Danish forces could be defeated without difficulty. Located north of the Germans -- alone they are not strong enough to form even a thin shield across the peninsula. Real defense is quite beyond their capability.

The Danish and German forces had to be put together to keep the leaders from being faced immediately after an attack with the choice of whether to use nuclear weapons or not. Together they could effectively and simultaneously protect Holstein and Jutland at the foot of the peninsula. In this way one could also protect the bases from which the German fleet could protect against landings on Zealand. And one would protect the airfields in Schleswig-Holstein from which one could prevent air landings on Zealand and Jutland and make sure that Danish and German naval and land forces could receive support from their own aircraft.

#### Surprise Attack on Denmark?

Since the Social Democrats were in the opposition during the four-party government, Kjeld Olesen, among others, worked out a defense policy proposal that called for more than halving the Danish contribution to the advanced defense of Schleswig-Holstein. The idea behind this was that a Soviet attack on Germany was unlikely because of NATO's conventional strength and the nuclear weapons there. Much more likely were limited attacks on NATO's "flanks." The most probable threat to Denmark was there a sudden attack limited to parts of Denmark in an international crisis. It was therefore natural to concentrate the defense effort on a high degree of preparedness on the islands, which were threatened the most by such encroachment.

This idea has hardly any basis today. No sober politicians or military men believe now that an attack limited to Denmark or to parts of the country is a credible threat. Any attempt at an invasion of a Western country involves a considerable risk. All the information we have on Soviet military thinking and planning today -- and this is quite a bit -- indicates that if the war in Europe becomes a reality the first main offensive will be directed against the Federal Republic of Germany and the areas that are joined militarily to Germany. It is NATO's central area in Europe. It is the only area where one can rapidly and drastically attain such large advantages that they could be said to be worth the risk.

No attack on a Western country is probable without a very serious development in the international situation. And in this situation the Soviet military

must convince the political leadership that they can attain their goal without the war escalating to an American nuclear attack on Russia. With the balance of nuclear weapons between the U.S. and the Soviet Union, it is easier and easier for the Soviet military planners to put forward such possibilities. The only possibility NATO has to create doubt about the reality of the attack possibilities is to supplement the alliance's strong nuclear weapons arsenal with a dogged conventional defense. In principle, the Social Democrats also recognize that this is necessary. Only by also having a solid conventional defense, which first of all protects the Federal Republic, can we influence Soviet decisions in a situation in which war is possible and attack is being considered.

It is this situation that all defense policy steps in Western Europe must face today. This applies also to the possibility of reducing the Danish contribution to the joint defense of the Jutland Peninsula by 30 percent in order to meet unspecified threats against reinforcement airfields.

#### Real Threats

So that one may be able to confirm or reject the correctness of such a disposition, one must analyse the character of the threat against these airfields. What operations could the Warsaw Pact forces be suspected of putting into effect to prevent aircraft operations from the airfields and the receipt of reinforcements there?

One can name four types of operations:

1. Bombardment of the airfields with the use of aircraft or in the future possibly cruise or other missiles. In this way one could -- temporarily -- prevent or limit the use of runways, and more permanently inhibit operations from the airfields.
2. Attack on the airfields with special units. They can have the task of carrying out a raid or penetration to blow up installations and aircraft. Small special units with light antiaircraft missiles can try to shoot down aircraft on landing and takeoff where it is very difficult to protect oneself against or to outmaneuver such missiles.
3. Taking the airfields by the execution of a large air landing. Because of the defenses that are already planned now for the Danish airfields, quite large forces must be used if a successful takeover is to be probable.
4. Taking the airfields by an overland attack, which was presumed by Hans Hedtoft in 1953.

As for threat number one, the following can be said: An attempt can be made to meet it by a strong antiaircraft defense before or at the airfield. But it is not probable that it is possible to prevent very significant damage. By having large airfields with many runways at one's disposal, by hardening, spreading, and duplicating all the airfields' support functions, and by having a consider-

able repair capacity at one's disposal it is possible to limit the effects of such attacks. Having a brigade from the Jutland Division will not be enough to meet this threat.

Threat number two cannot be met by units from an armored brigade, either. It is a task for air bases' close defense forces and the Home Guard. Here, too, duplication and hardening form an essential part of the defense.

Both threat number one and number two can be expected directly after the outbreak of a war. This is not the case with threat number three.

Two prerequisites must normally be fulfilled to make a large air landing of this type probable. First, the land forces that will join the units landed from the air must be counted on to arrive quickly. That is, the breakthrough of the defense in Schleswig-Holstein must have occurred or be imminent, and this in turn will say that threat number four is just about to be realized. Secondly, the attacker must have full control of the air situation in the landing area, at least during the period when the landing takes place.

One can imagine landings that are not dependent upon the first prerequisite, that is, the force landed can be expected to hold its goal for a longer time alone without help. But this makes the fulfillment of the second prerequisite absolutely necessary. The attacker must have assured himself a lasting air superiority over the landing area, such that the force landed can continually count on support and provisions from the air.

Threat number four becomes more probable the weaker the advanced land defense in Schleswig-Holstein is made. That is, a pullback of a brigade from the joint Danish-German defense makes this threat more probable, and it will be probable earlier in the development of the war. In this way there will be less probability of air reinforcements arriving before the risk of a breakthrough arises. And if a breakthrough in Schleswig-Holstein is probable, air reinforcements will not be sent here.

#### Conclusion and Policy

This means therefore that the only threat that makes the availability of an armored brigade in Jutland a reasonable deployment is the threat of independent air landings whose goal is to take the airfields to prevent us from using them and perhaps to be sure that they are taken intact with a view to their use by the Warsaw Pact. But the prerequisite for such landings is that the situation in the air over the Danish area will have drastically and lastingly changed in favor of the Warsaw Pact. And in this situation as well it is out of the question that one will try to send air reinforcements here.

In conclusion one must therefore say:

-- that the pullback of the brigade, by making an early breakthrough in Holstein more probable, will reduce the possibilities of the arrival of air reinforcements,

-- that the pullback of the brigade scarcely "has a threat that is appropriate to it" if the situation in the air is so desperate that it is improbable that air reinforcements will be sent here.

But all these are only military observations. If one adds policy ones to this, the idea does not become better. In an article, one of the leading spokesmen for an alternative defense policy in NATO, the German Social Democrat Andreas von Bulow, strongly emphasizes the maintenance of the advanced defense of the Federal Republic, including allied participation in this defense. In the article he directly mentions the Danish contribution to the joint defense.

Bulow sees the prepared allied contribution to the defense of the Federal Republic as quite essential for the prevention of an attack. The fact that there is such wide political support for Danish participation does not make it more probable that a pullback can be carried out with the maintenance of the Danish influence in the unified command.

Andreas von Bulow: "Defensive Entanglement: An Alternative Strategy for NATO," in Andrew J. Pierre (editor): "The Conventional Defense of Europe: New Technologies and New Strategies." N.Y. 1986.

9124

CSO: 3613/12

## ADMIRAL CRITICIZES SOCIAL DEMOCRATS' DEFENSE PROPOSALS

Copenhagen BERLINGSKE TIDENDE in Danish 28 Oct 86 p 15

[Commentary: "A Deathblow" by Rear Admiral I.B. Rodholm who, from 1981 to 1986, served on the Staff of the Supreme Command of the Joint European Defense Forces]

[Text] The Social Democratic proposal for a near-shore, nonoffensive defense system may have adverse effects on our influence on the NATO command system.

The Social Democratic proposal for modernization of the Armed Forces departs in two areas from the current NATO strategy. For one thing, as far as Denmark is concerned, one no longer supports the Flexible Response agreement, under which, in an emergency situation in case of war, NATO will resort to the use of nuclear weapons as a last resort to halt an attack, and, for the other, one rejects the Forward Defense doctrine to the effect that, only in a few instances, do NATO member states have at their disposal sufficient territory to allow an attacker to occupy part of it without any major adverse effects. Whereas there has been much discussion of the position of the Social Democratic Party on the nuclear arms issue, the concept of a so-called, near-shore, nonoffensive defense has not yet been dealt with in detail. This is unfortunate, because this part of the Social Democratic proposal shows in glaring light the ideas of the authors and illustrates, at the same time, their lack of knowledge in areas which are of major importance to Denmark's defense and our position within the North Atlantic Treaty Organization.

The Social Democratic desire for the Navy to play a more unobtrusive role than at present is partly due to the fear that Danish units in far advanced positions in the Baltic will have a provocative effect, partly to the expectation that they will survive the outbreak of a war by a few minutes only. The authors of the proposal thus find that, in a tense situation, the sinking of ships may be arranged, whereupon the enemy may claim that the "defending nation," in the present case thus Denmark, carried through a provocation by means of its submerged submarines.

To put it mildly, this explanation appears far-fetched. If one of the ships of an attacker, if any, sinks after an underwater explosion, this may be due either to a mine or a torpedo, fired by a submarine. The mine may be Finnish, Swedish, West German or Danish, and Sweden as well as West Germany and Denmark at present deploy submarines in the Baltic. To this comes that Finland some time ago expressed the wish to be granted permission to procure such units. So if a Danish vessel is charged with provocation, this can only be due to the desire of the enemy to create a provocation. And if one really is that much afraid of unfounded charges on the part of the enemy, one ought, of course, to discontinue the Danish mine weapons, which the Social Democratic Party, as is well-known, does not want to do.

Nor is the claim of the vulnerability of submarines valid. All Baltic states, with the exception of the German Democratic Republic, have or desire to obtain submarines, and these countries would presumably not spend a lot of money and much energy on a weapons system which would only survive for a few minutes. Sweden, in particular, is a good example of a different evaluation of the value of submarines, as that country (under a Social-Democratic government) not only has at its disposal many submarines but continues to build new ones. The Swedish difficulties in spotting unknown submarines within very limited areas, moreover, ought to be sufficient proof that Knud Damgård's theories of the lack of efficiency of submarines are unrealistic. Taking as their point of departure the fact that a decision to discontinue Danish submarine arms has already been made, is neither here nor there.

That decision was the result of the government's desire to achieve a compromise with the Social Democratic Party, and it was obviously wrong, from the point of view of experts, already at the time when it was made.

As far as surface vessels are concerned, a sub-annex to the Social Democratic proposal states that an attacker ought to be halted at a fair distance from his own coastline, since this means that damage may be inflicted on the attacker for a longer period of time, which is an important military principle. According to the proposal, this halt of the enemy ought to be undertaken by land-based missiles, since an advanced defense in a territorial water will often be regarded as offensive by an enemy. Col. G.K. Kristensen has, subsequently, stated that, in times of peace, it will not be possible to attack invading naval forces until they go beyond the 3-mile limit, a 'fair distance' is thus (at any rate, by way of introduction) equivalent to 3 nautical miles.

In view of the fact that the present relative strengths in the Baltic of the Warsaw Pact, on the one hand, and NATO, on the other, are 5 to 1 or 4 to 1, it is an entirely absurd idea to assume that a Danish frigate in the central or eastern part of that water may have any offensive effect on anybody, and one might regard a claim to that effect as a joke if it were not for the fact that it was presented as the official standpoint of the Social Democratic Party.



In order to be able to survey a sea area, one has to be present in that area or in the air above it for a long time, and preferably permanently. This is, indeed, excellently illustrated by the seagoing reconnaissance patrols that are constantly kept by the Warsaw Pact in the vicinity of Danish waters, even if the Soviet Union has at its disposal a large number of satellites and aircraft. Denmark is unable to maintain constant surveillance of all interest areas, but in emergency situations it may be of decisive importance for the Danish government to obtain correct information, at an early point, of events.

Because of weather conditions and conditions at sea, the surveillance vessels will have to have a certain minimum size, which, moreover, makes possible to use of many and good sensors. Consequently, frigates and corvettes should be used for this purpose, and if the situation should come to a head, such vessels may be used to provide protection for Danish minelaying. If Denmark makes the necessary decisions in time, the minefields may be laid before the onset of hostilities, and the so-called "larger" ships may, subsequently, be withdrawn to safeguard other necessary work. However, it may also happen that the fighting starts while one or several of the protective units are still within the critical area. This does not mean, however, that they will be sunk immediately, since--thanks to their very size--they may be provided with a whole series of defense possibilities. Depending on the nature of the threat, these may consist in distortion of, or damage to, the enemy's radar image, the misleading of missiles which have been fired, the obstruction of the targeting of missiles, the establishment of false targets and, finally, the shooting down or sinking of the missiles, aircraft or vessels of the attacker.

It is, of course, possible that Danish ships will be sunk in such operations, but they will be able to fight back beforehand, and what is the alternative if such a situation should arise and one would go by the ideas of the Social Democrats? Indeed, first and foremost, the "nonoffensive" fishery protection ships or civilian ships to which the task of surveillance had been delegated, would be sunk without having the possibility of defending themselves, and probably also without any advance warning. At the same time or immediately afterwards, missile-carrying vessels of the enemy would be able to sink the Danish minelayers without any possibility for the land-based missile batteries to intervene. For the attacker would be able to fire his missiles from beyond the range of the shore-based batteries, and, moreover, according to Col. Kristensen's initial statement, these will not be able to shoot at the enemy when he is outside the 3-mile limit.

Technically, the ideas of the Social Democratic Party are not tenable. This is bad enough if the party, nevertheless, is unwilling to yield to the arguments of others, but there is still another factor in the game regarding the Danish waters which should not be underestimated.

It is a fact that Denmark, at present, is regarded with wonder and distrust by our allies on account of footnotes, breaches of promise, and the like. In presenting its new proposal, Denmark's largest party has once more shown that it does not intend to cooperate with our partners on the conditions that have been adopted following detailed discussions. Especially with regard to

our closest ally, West Germany, the proposal shows that, in the future, we shall largely leave it to the West German naval forces to act as a buffer at sea, even if Denmark would be the target for such an attack.

In presenting its proposal, the Social Democratic Party has dealt another deathblow to our credibility as a cooperative partner, and adoption of the proposal may have a very unpleasant effect on our influence on the NATO command system in our own sphere of interest. If we intend to go our own way without regard for the wishes and interests of our allies, the result may be that our allies will not pay any attention to us either.

7262

CSO: 3613/17

MILITARY

DENMARK/GREENLAND

GREENLAND MINISTER OFFERS PROPOSALS ON THULE AIR BASE

Copenhagen BERLINGSKE TIDENDE in Danish 5 Oct 86 p 18

[Article by Greenland Minister Tom Hoyem: "The Thule Base is Halved -- of Use to the Local Population"]

[Text] The Thule Air Base is halved. The base is about the same size as Lolland-Falster and has for 35 years been off limits to the local population.

The defense area around Sondre Stromfjord has therefore been cut down considerably by a little less than 50 percent.

With this, 35 years of Greenland policy has been changed. At a meeting in Qaanaaq/Thule in September 1985 I promised the people to work for this matter. Now the result has been achieved. This does not mean that Thule Air Base is now less important for the defense of the Western world. Quite the contrary.

At the same time we have, together with the authorities in Greenland and America, changed our policy from isolation of the two parties to productive cooperation.

The question of the local population's demand for compensation has been discussed from time to time since the establishment of the base during the Korean War, and especially since about 30 families in 1953 moved 120 kilometers to the north from Knud Rasmussen's trading station, the old Thule, and to Qaanaaq (new Thule). The demand for compensation was refused because the basis for compensation seemed quite flimsy, among other things because all the costs were paid by the Danish and American authorities.

The matter speeded up in 1985 when the eskimologists Jens Brosted and Mads Faegteborg published in the publishing house of the Union of Jurists and Economists the challenging book, "Thule -- Captive People and Military Base."

I reviewed the book here in BERLINGSKE TIDENDE 9 July 1985 and wrote, among other things, that the book was sober and well written but that its objective value was weakened by its strong anti-American position.

Together with the Greenland authorities we have since negotiated the matter in Copenhagen and Qaanaaq as well as in Washington and with the base leadership in

Thule. The government's position has always been that the establishment of the base was at the time a necessity brought about by the tense world situation (the Korean War) of the 1950s.

This position is shared by Greenland's government and was expressed by Folketing member Preben Lange during the opening debate of the Folketing in 1985.

The move of the population in 1953 was a result of the common feeling of the local population and the Danish authorities that the position and later expansion of the base was a burden for the local population. In Qaanaaq a completely new community was established with housing that was of much better quality than the local population had been used to up to then.

The establishment of the new community was done with American and Danish money, completely without any costs to the local population.

The move was regarded as something unpleasant and hasty, and this has been the reason for the demand for compensation that has been made from time to time.

Instead of continuing the discussion on compensation, we should look forward. Therefore I traveled to Thule in September 1985 to discuss the matter with the population and to listen to their opinions and at the same time to explain the position of the Danish government.

At meetings in Qaanaaq and Siorapaluk I expressed regret on behalf of the government that the move was made so rapidly.

I apologized for the unpleasantness that the population had undergone. At the same time, I made a series of proposals -- the so-called nine point program -- which were to give the local population cash profits from the presence of the base.

1. Reduction of the area of the base.
2. Employment of local workers on the base.
3. Improvement of transit and overnight conditions for the local population during a journey.
4. Better opportunities for the sale of local products to the base.
5. Expanded tourism from the defense area to the Thule community.
6. Improved hunting opportunities.
7. Possible moving of Peter Freuchen's house from old Dundas to Qaanaaq.
8. Establishment of more houses for catch.

9. Increase in housing construction in the Thule community.

Naturally the matter of the Thule Air Base and the local population is not over. There is talk of a continued process, but today we have come much, much farther than anyone could have imagined just a few years ago.

There is reason to thank Brosted and Faegteborg for entering the debate, even if their goal was quite different.

But most of all there is reason to thank the community leadership and the local population in Qaanaaq, the Greenland authorities and the American authorities.

The halving of the base area is a useful reality, but also a future signal of continually closer cooperation.

9124

CSO: 3613/15

## AUSTRIAN FIRM'S, AFFILIATE'S ROLE IN ARMS DEALING QUESTIONED

Athens ANDI in Greek 26 Sep 86 pp 24-26

[Text] On 12 July last year Herbert Amry, the previous ambassador of Austria to our country, died at his official residence in Psykhiko. His death saddened not only his own country's diplomatic corps, which lost an experienced diplomat, but the leaders of many Middle Eastern countries where Amry--a close friend of Bruno Kreisky and "his man in the Middle East"--had acted as an intermediary in defusing many crises. One of his last, and successful, missions was the exchange of prisoners between Palestinians and Israelis.

Amry had heart trouble and shortly before he died, his doctors had recommended that he undergo bypass surgery. Therefore, when he died everyone assumed it was due to his heart trouble. However, a few months later some press stories began appearing in Austria alleging that Amry's death was due, not to his heart trouble, but to a premeditated act. In other words, according to these reports and the rumors that circulated at the same time not only in Vienna, but in Athens as well, Amry was murdered by "a clique of arms dealers" whose activities he was hindering. However, let us begin at the beginning.

According to these published reports as well as other classified data in our possession, everything began one October night in 1984 on the Argo-Saronikos Bay. That night the VOEST [United Austrian Iron and Steel Works] representative in Greece was giving a party aboard a yacht that he had rented especially for that purpose. VOEST is the largest business conglomerate in Austria. One of its subsidiaries is "Noricum," which is involved in the trade of Austrian weapons systems. VOEST's representative in Greece is Mr. Giorgos Loukas.

The reception was organized on the occasion of the "Defendory 84" exhibit of military equipment and the guests were top weapons dealers, military attaches--mainly from Middle Eastern countries--and media representatives, of course. However, neither Mr. Loukas nor the invited guests could imagine at the time that they were eyewitnesses to the first act of a scenario that was bound to have dramatic developments.

#### A Gun with History

Mr. Loukas organized the reception with two objectives in mind: first, to recapture the sale of Austrian arms to the Middle East that had been interrupted because the laws of that country forbid the sale of military equipment to countries that are

in a state of war. Second, to "close" a deal worth several million shillings with the Greek Army to modernize its old howitzers.

The "showpiece" of that evening was "Noricum's" famous 45 howitzer. This howitzer is nothing more than a modification of the M-114 howitzer into a "45er" (the M-114 towed howitzer was--and is--the main medium-caliber gun of the NATO member countries and it is only recently that its updating began. This updating consists in replacing its barrel with a longer 45 or 39-caliber one and in modernizing its sighting system).

The first person to obtain a patent for the modification of the M-114 was Gerald Boll, the Canadian arms dealer and founder of SRC [Space Research Corporation]. This Canadian built a plant near the US-Canadian border to modify the M-114, but he was arrested by the FBI and charged with the illegal sale of arms in Africa. He, however, did not cease his activities and sold his patent for the M-114 modification to a number of countries, among which were South Africa, Austria, China and most recently Greece. Thus, the gun that Mr. Loukas was advertising that night on Argo-Saronikos Bay was nothing else but the patent of the Canadian which had been acquired by everybody and everyone wished to sell it as "know-how."

The countries that were of most interest to VOEST and "Noricum" were Libya and Iran and Mr. Loukas hoped to repeat the feat of "Stayer"--another large Austrian industry--which, in 1981, had closed an arms deal worth many millions with Qadhafi's regime. However, this plan of his was opposed by Ambassador Amry who feared that the arms would end up in Iran through Libya. This had happened on other occasions in the past. "I do not like this situation. Arms change hands very easily in that part of the world," Amry used to say among his colleagues before he died. He had many reasons to fear a transfer of Austrian arms to Iran through Libya.

Iran has had the howitzer since 1970 and had modified it into a 45 with the assistance of the Israelis. (It is known that Israel is one of the principal suppliers of weapons and strategic spare parts to the Iranians.) However, Iraq has the same gun--we have seen it many times on television--which it obtained through Jordan. During the first stage of the Iraq-Iran conflict, the Iraqis used the howitzer on the northern front (Kurdistan) with the assistance of Austrian technicians. It is actually alleged that the Kurdish "Democratic Party" of Massoud Barzani kidnapped some Austrian technicians (in 1983?).

In 1984, Iran wanted to purchase the VOEST howitzer, but the Austrian law we previously mentioned prevented the deal from materializing. Thus, Tehran was trying to obtain the weapon through a third country which, as Amry feared, was Libya.

The deal involved the purchase of Austrian weapons from Thailand. However, the Austrian government found out that the weapons were destined for Iran and, at the last moment, ordered the captain of the freighter that was transporting them to wait at the Yugoslav port of Cordelyaso [as published].

The greatest fiasco in Amry's opinion was a very strange affair involving the purchase of weapons from the Austrian Strayer firm. The weapons, 630 tanks, had been bought by Libya and their final destination, it was alleged, was once again

Iran. Stayer's fiasco was that it was forced to pay millions to various arms dealers who presented ex post facto proof, claiming that they were entitled to a commission. In other words, Stayer, in order to sell the weapons to Libya, was forced to use the "services" of a clique, well-known in the "grey world," which, in the end, "double-crossed" her by blackmailing her.

#### V. Tsakos Again

In the conversations Amry had with his staff on the Stayer affair, he made specific reference to the "strange" role played by Vasilis Tsakos, the arms dealer who reached notoriety because of the "'Leopards' scandal." Tsakos' relations with Stayer go way back and, according to information in our possession, in 1978, he acted as the broker in the purchase by Greece of "Curassier"-type tank destroyers made by Stayer and was paid a commission of 400 million shillings. (Mr. Tsakos' business "deals" during the tenure of Minister Evangelos Averoff were always very lucrative until AXXON got in his way.)

It appears, however, that V. Tsakos had made some excellent connections at Stayer because all the deals he made with it earned him millions. For example, we have in our possession the following contracts:

Contract dated 24 July 1979 between Stayer and Tsakos' U.G.E. company under which Tsakos would receive an 8.1 percent commission for the sale of "military products" to Saudi Arabia.

Contract between the same companies dated 31 March 1977. V. Tsakos undertook the sale of SK 105-type tanks made by Stayer to Morocco with a 16.9 percent commission. For the spare parts of the tanks, he would receive a 50 percent commission, while Mr. Tsakos showed generosity when it came to ammunition because he did not demand any commission. (It is alleged with regard to this affair that V. Tsakos, in order to ensure that astronomical commission, "bribed everyone in Morocco" without paying them in the end, with the result that an order was issued to the Moroccan police authorities to arrest him the minute he set foot in the country.)

Subsequently, Herbert Amry put together all this information and personally sent it to the then Foreign Affairs minister of Austria, Leopold Gratz. Gratz issued a directive and the trade that "Noricum" was attempting to reopen in the Middle East came to a halt. However, Amry's problems did not stop. The accounts he had opened with the "clique of arms dealers," who worried him so much, were large and unsettled. Therefore, they needed to be "settled" in one way or another.

(Amry had attracted the attention of these arms dealers ever since he asked Lebanese Christian leader, Camille Chamun, to convince Vienna to halt the traffic of Austrian arms to Lebanese Moslems through Syria.)

Amry died in July 1985. However, just prior to his death he had continuously talked to his staff about this "clique" and, in addition, he had asked the Greek government for police protection for the offices of the Austrian trade mission in Athens. (Heading this mission is an individual named Gunter Wurtsa.) Amry had asked for police protection of the trade mission a few days after receiving the visit of an Iranian arms dealer, well known in the business, who maintains an office in Athens. This Iranian considered himself as having been "double-crossed"



by Stayer and "Noricum" and brought to Amry's attention a series of data that helped the latter halt the arms traffic.

Soon after this meeting, Amry's physicians recommended that he undergo a bypass operation. The operation did not take place, however, and Herbert Amry died on 12 July 1985. The traffic of arms between Austria and the Middle East resumed after his death.

Perhaps we will never learn whether the rumors surrounding the former Austrian ambassador's death correspond to the truth. In any event, the district attorney who undertook the investigation of the case of the arms trafficking between Austria and Iran concluded that there was no evidence for prosecution.

However, some cassettes that reached the Austrian Foreign Ministry prove the opposite, according to Amry's daughter. These cassettes are most probably the "result" of Amry's 2-hour conversation with the Iranian dealer we previously mentioned and we believe that the Greek Foreign Affairs Ministry has every reason to ask for them, not only because the aforementioned Iranian works out of Athens, but because many well-known Greeks are involved in the matter.

However, as we mentioned, Mr. Loukas' second objective at that fateful reception in 1984 was the closing of an agreement with the Greek Army for updating Greek artillery.

"Noricum" had already submitted a written offer on this matter to the GES [Army General Staff] signed by a former representative of the firm, who was hired by PYRKAL after 1981. The offer dealt with the purchase of 155 mm. howitzers from "Noricum," but, in the end, the project was halted for unknown reasons. However, the American BMY firm sold the Greek Army 39 self-propelled 155 mm. M-109 A2 model howitzers along with spare parts for them for a total value of \$34,196,000. BMY's representative in Greece is AXXON of Mr. Thomas Liakounakos, who has acted as a broker for the sale of other BMY products.

However, this big game is played, not for the 155 mm. howitzers, but for the modification of the old M-114s the Greek Army has. In addition to BMY and AXXON, involved in this game are the Dutch RDM, the British "Royal Ordnance," the Israeli IMI (Israeli Military Industries), "Noricum" and EVO [Greek Arms Industry]. The competition is fierce and the reward is worth their efforts. Were the contract to go to a foreign company, the howitzer will have to be sent abroad for modification and will cost us 50 to 70 million drachmae a piece. However, if EVO wins the contract, the cost, according to company officials, will not exceed 30 million drachmae a piece.

Until last July the competition for the contract had been limited to skirmishes. However, that month GES gave EVO an M-114 in order to prepare a prototype with the new barrel and the company made a commitment to have it ready by next November. As soon as this fact became known the skirmishes turned into a war for positions in which each of the adversaries attempted to reinforce its own and to oust the opponent from his. BMY counts on the good connections of AXXON and Mr. Liakounakos; EVO on the fact that it undertook the manufacture of the prototype (and that, after all, it is a Greek State industry); IMI on the fact that it has already sold related

items to the Artillery in the past and, finally, according to a report, RDM invited the Chief of GES, General Pentheroudakis, and Major General Rouselakis, chief of the IV Branch and a member of EVO's executive board to the Netherlands.

#### Who Will Get the Contract?

The strange aspect of this affair is that all these weapons firms more or less sell the same product: an M-114 modification kit based on the SRC patent sold to everyone by the bizarre Canadian we previously mentioned, who came to Greece last spring and accepted an order from EVO to do a study for the modification of the M-114. In other words, he sold EVO what he had sold to all the others.

It is worth mentioning that at the 1982 "Defendory," the South African State arms firm "Armcor" had made an effort to undertake the updating of the M-114 by showing the howitzer it had also modified under the Canadian's patent. In issue 311 we reported:

"The showing of the howitzer at the arms exhibit had caused a strong reaction by the press and the political parties, a fact that led the management of "Defendory" to withdraw it at the government's behest. This affair, naturally, put Mr. Vorre ("Armcor's" representative in Greece) on the spot and he hurriedly declared that he 'opposed the showing of the gun' in public areas. It appears that not only Greece and South Africa were involved in this affair. As Vorre himself says, "The howitzer came to our country on a military aircraft with intermediate stops in two socialist countries whose authorities allowed it to land with full knowledge of its cargo, despite the UN declaration of an arms embargo against South Africa."

With regard to whoever is ultimately expected to get the contract, at EVO they are worried that, as has happened many times in the past, some well-placed official at the right moment and at the proper meeting will state that "Turkey is menacing us and it is imperative that we get the gun." This would mean that GES "will not have the time to assign the modification to EVO," despite the fact that the latter maintains that it has the necessary infrastructure to provide timely service.

Therefore, we are waiting to find out who will get the contract. In any event, the one sure thing is that the only individual who stands to gain anything from this affair is the Canadian arms dealer, who, no matter what happens, will have already been paid.

9731  
CSO: 3521/22

## ND INTERPELLATION ON EAV'S 'DESPERATE' FINANCIAL SITUATION

Athens I KATHIMERINI in Greek 14 Oct 86 p 7

[Text] In an interpellation made by ND deputy Mr. I. Palaiokrassas, it is alleged that the government is "keeping secret" a report regarding the desperate-- as he characterizes it--situation that the Greek Aircraft Industry has reached. This was caused by the fact that the report contains serious charges about the manner in which the government negotiated the granting of offset benefits when it made the "purchase of the century."

The full text of the interpellation is set forth below:

"It is known that, in addition to the deficit-ridden enterprises, the other bottomless pit into which public monies are being poured consists of public enterprises and organizations. According to data in the Budget Introductory Report, their financial deficit reached 153 billion drachmae in 1985. The estimate for 1986 was for a deficit of 110 billion drachmae, however, it is certain that the actual situation is going to be much worse. From "Olympiaki" alone we should expect its deficit to increase by 20 billion drachmae, while the estimate made was for 0.9 billion drachmae.

"One of the worst cases of loss-generating public enterprises is the EAV [Greek Aircraft Industry], which, from 1982 to date, has accumulated, always according to the budget data, a deficit totaling 52.2 billion drachmae.

"We have received information that the recent report, which the government is keeping secret, makes reference to the desperate situation reached by the enterprise and levels serious charges concerning the manner in which the government negotiated the granting of offset benefits when it made the 'purchase of the century.' Because the amounts mentioned are astronomical and may upset the entire fiscal balance, the responsible ministers are asked:

"1. Is it true that within the next decade EAV will be forced to borrow more than 900 billion drachmae and that the outstanding deficit will grow from the present 88.6 billion drachmae to 600 billion drachmae?

"2. Is it true that, in order for the enterprise not to discontinue operation, it is requesting a budget of approximately 75 billion drachmae to cover the interest and redemption payments for the next 5-year period?

"3. Is it true that income, as compared to all of these astronomical amounts, is 10 billion drachmae annually and that 2 billion drachmae of this comes from the sale of spareparts by the enterprise?

"4. Is it true that the report demands that 500 employees be laid off?

"5. Is it true that the resumption of the offset benefits program is being effected under adverse conditions because the government did not have the foresight to negotiate them prior to placing the order and that negotiations now take place ex post facto and consequently give the manufacturing firms the upper hand?

"6. What does the government intend to do in order to resolve this enormous financial impasse at EAV that threatens to blow the budget sky-high?"

9731

CSO: 3521/22

MILITARY

NETHERLANDS

### AIR DEFENSES BOOSTED BY DEPLOYMENT OF PATRIOT SQUADRONS

Rotterdam NRC HANDELSBLAD in Dutch 21 Aug 86 p 10

[ANP article: "Patriot Attacks High Altitude Targets--Netherlands the First European Country with New Air Defense System"]

[Text] The Hague, 21 Aug--Today in Hesepe in West Germany the [Netherlands] Royal Air Force takes possession of five Patriot firing units with accompanying equipment; in 1987 these will form the first operational Netherlands Patriot squadron in West Germany. This makes the Netherlands the first European country to receive the state-of-the-art Patriot medium and high altitude air defense system. The Patriot is a product of the American Raytheon company.

At present the Netherlands has three guided missile groups in West Germany: the 3rd and 5th GGW's [Guided Missile Group?], each with four Hawk squadrons, and the 12th GGW with two Nike squadrons, since two squadrons from this group have already been eliminated. The Hawk missiles are intended for use against low and medium altitude targets, while the Nike missiles attack targets at medium and high altitudes.

After a total of four Patriot squadrons have been introduced, the 12th GGW will be eliminated and the 18 Nike firing units dismantled and scrapped. Each of the remaining two guided missile groups will then deploy two Patriot squadrons, each with five firing units. Two Hawk squadrons from each group will then be transferred to the Netherlands to protect vital targets there. Each of the two guided missile groups will then consist of two Hawk squadrons and two Patriot squadrons; this is to be accomplished in 1989-1990.

#### Nike Obsolete

The nuclear-armed Nike air defense system was developed in the 1950's, and despite many modifications is totally obsolete. It cannot carry out multiple interceptions, is not mobile, and has heavy maintenance requirements: once every 4 weeks, a system has to be taken out of service for several days for maintenance. Furthermore, it is growing more and more costly to maintain even these inadequate capabilities.

On the other hand, the conventional Patriot system can intercept several targets simultaneously with great accuracy, is very mobile (it can be carried on trucks), and is relatively easy to maintain and operate. Moreover, the system has a very good ability to neutralize electronic countermeasures.

A total of 20 Patriot launch units with 160 missiles will be acquired, to be deployed in 4 squadrons. Based on present plans, a Netherlands Patriot squadron will be deployed in West Germany each year for the next 4 years. The acquisition of the Patriot represents a saving of the more than 850 men who now form the 12th GGW. This reduction will take place entirely through attrition and transfers to other units.

#### 900 Million

Because the Netherlands started looking early for a successor to the Nike and because in turn it soon became clear that the Patriot was the only system that met the stated requirements, it was possible to fit a Netherlands order into a current American one. This is what made it possible for the Royal Air Force to take possession of the first five firing units so soon.

The total cost of the Patriot project will be about 900 million guilders. Along with the order, the Netherlands also concluded an offset agreement which directly involves the American government. This is the result of the fact that the political leadership of the defense ministry got involved in the purchase at a very early stage. Agreement was reached for the American government to place orders for \$70 million worth of defense materiel with Netherlands firms. Consequently, the American government has proposed to have Netherlands firms manufacture 2,000 canisters for the Patriot; these are a kind of container in which the missile is stored and from which it is also fired. It is estimated that this order is worth about 300 million guilders, which more than meets the \$70 million offset requirement.

Furthermore, the \$33 million in research and development costs will not be charged, but the Netherlands will provide manpower and services worth that amount: guilders that will be spent in the Netherlands rather than send dollars to the United States. Finally, the American government undertook to spend an additional 17 million guilders in the Netherlands. Agreement was reached with the American manufacturer Raytheon to place offset orders worth \$235 million with Netherlands industry.

The Americans themselves have ordered 104 systems, of which 54 will be deployed in Europe. The first American squadron of eight launch units has already been operational for some time in the FRG and is stationed in the small town of Giessen north of Frankfurt. The FRG has ordered 28 systems and will man 12 American ones. The West German systems will be introduced in 1989 and 1990.

12593

CSO: 3614/140

## OIL EXPLORATION, NATURAL GAS COOPERATION WITH IRAN

Istanbul DUNYA in Turkish 9 Sep 86 pp 1, 11

[Article by Nurhan Yonezer: "Turkey May Explore for Oil in Iran"]

[Text] According to the agreement signed between the Turkish Petroleum Corporation [TPAO] and Iran's National Iranian Oil Company [NIOC], Turkey will engage in oil exploration in Iran. As a result of the two companies' cooperation it is planned that Iranian oil wells which have been shut down will resume their production. As a result of bombings in Iran and for other reasons these oil wells have remained idle. The two companies will also cooperate in oil exploration activities in Turkey.

According to information received by DUNYA, the pre-agreement between TPAO and NIOC provides for TPAO's joint oil exploration activities with Iran. According to the agreement which is described as a protocol, TPAO will send its technology, know-how and technical personnel to Iran in order to help Iran in its new activities concerning oil. As a result of TPAO's and NIOC's joint activities new oil wells will become operational in Iran.

According to information received from the authorities, the oil in Iran and Turkey has similar characteristics, making cooperation between Iran and Turkey suitable. The authorities said that oil in both countries is a "heavy" and therefore Iran considered Turkey experienced.

After negotiations between TPAO and NIOC, an agreement will be signed and this agreement will contain detailed provisions concerning the regions where oil exploration will be conducted and the conditions for use of the oil found.

Meanwhile, it was learned that, in the last economic consultations between the two countries, important progress was not possible on the natural gas pipeline to be installed between Iran and Turkey. According to information received, there is a pipeline which stretches from the area in Iran where natural gas is now extracted to Isfahan. Iran wants to extend this pipeline through Turkey to Europe and sell natural gas to European countries.

In the talks held during the visit of Minister of State M. Tinaz Titiz, after Iran expressed this desire, it was decided to conduct market research in European countries. This research is expected to take 3 months. According

to the results of this research, the project and feasibility studies on the pipeline to pass through Turkey will be started.

According to studies, Turkey's natural gas needs have not reached critical dimensions. The authorities stated that Turkey's needs would reach only 10 billion cubic metres by the year of 2000. They added that the decision to buy Iranian natural gas was motivated by the fact that this gas is used not only as a source of energy but also as a raw material.

12890/12851  
CSO: 3554/22



## ENERGY PROTOCOL WITH ROMANIA RATIFIED

Istanbul DUNYA in Turkish 9 Sep 86 p 11

[Text] The protocol signed by the Turkey-Romania Energy and Natural Resources Exploration 10th Working Committee was approved by the Council of Ministers and became effective.

The protocol was signed after meetings between the Turkish delegation headed by Mehmet Inalp, deputy undersecretary of the Ministry of Energy and Natural Resources, and the Romanian delegation headed by Petre Fluture, deputy minister of the Heavy Machinery Industry. The protocol contains issues agreed upon by the two parties following the examination of bilateral cooperation projects.

The sides reviewed the Central Anatolia Refinery project, which represents an important example of the cooperation between the two sides. The protocol included the statement that "the points mentioned in the previous protocol were implemented and it was ascertained that the refinery will become operational in stages, to be completed by the end of 1986. The sides agreed that every precaution would be taken to prevent any delay." It was also agreed that, in accordance with the contract, in future delivery of machinery which may be necessary for start-up operations and replacements, priority would be given to production and transmission.

The protocol also states that at the award of the contract to build the "hydrocracking" unit, which the Tupras Refinery wishes to install to increase fuel plant yield, priority would be given to Romania. It was also decided that TPAO [Turkish Petroleum Corporation] and MTA [The Mining Research Institute] would cooperate with the Romanian firms, Industrialexportimport and Petromin, to better acquaint themselves with the latest developments in drilling and oil field equipment.

The protocol also states that the implementation of existing energy and mining projects between Turkey and Romania and the possibility of new cooperation in these areas were discussed.

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CSO: 3554/22

END