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FEDERAL REPUBLIC OF GERMANY

CDU Youth Organization on Arms Control Issues

36200131 [Editorial Report] FRANKFURTER ALLGEMEINE in German on 14 May 1988 publishes on page 3 a 600-word article by fy entitled "CDU Youth Organization for a Third Zero-Option." The report outlines CDU youth party positions on the issue of arms control as they will be presented at the 34th CDU federal party congress to be held in Wiesbaden in mid-June. According to the article, the CDU youth will speak out in favor of an overall dismantling of all types of nuclear weapons in the long term, and in the short term will advocate the "reduction of land-based nuclear missiles with a range of up to 500 km which remain in Europe after the double zero-option." This goal is to be pursued by the implementation of a "third zero-option, rather than through weapons modernization." Conversely, the article cites a CDU youth assertion that "as long as the Soviet Union maintains conventional arms superiority, NATO must command an effective balance of nuclear and conventional forces."

According to the article, CDU youth have also voiced doubts as to the reliability of NATO strategic policy, specifically the strategy of flexible response, as it "carries with it the threat of self-annihilation." The organization also calls for greater communication between the West European nuclear powers, and "inclusion of French nuclear weapons in NATO's nuclear planning."

The article concludes with a statement on CDU youth policy toward the Strategic Defense Initiative, which it assesses positively, as "a tool designed to guide us out of the nuclear apocalypse dilemma." According to CDU youth statements, "If the SDI project could be realized, the possibility of basing NATO security upon non-nuclear defense capabilities rather than on the paradox of mutual assured destruction would exist."

CSU Election Losses Evaluated

36200114 Hamburg DIE ZEIT in German
29 Apr 88 p 4

[Article by Nina Grunenberg: "CSU Suffers Setbacks. Monuments on Shaky Ground in Bavaria. Strauss Party Feels Headwind"]

[Text] Absolute majorities have become a rarity, also for the CDU. Although Baden-Wuerttemberg's Lothar Spaeth managed to be reelected by an absolute majority, at least in terms of mandates—where else was the CDU able to do so? It withered away in Rheinland-Pfalz, and in Schleswig-Holstein, it was buried with Uwe Barschel. Only the Bavarians have plenty left. But will it stay this way? Bavarian clocks run differently, they say.

However, there have been increasing indications for some time that they are slowly being switched to political standard time. The result of the CSU vote in the 1987

Bundestag elections was the first signal that the upward trend of the Strauss party does have its limits. With 55.1 percent, it was more than 4 percentage points lower than the outcome of the decisive elections in 1983. Compared with the meager 34.5 percent of votes the CDU managed to win at the result in Bavaria remained at a high level. But nobody who saw him on television on election night will ever forget how speechless the great chairman was in his reaction. The CDU/CSU combined had achieved a FRG average of 44.3 percent.

The Bavarians celebrate their victories, but they prefer to pass over their defeats by not talking about them. This is one of the reasons why nobody made a big fuss about the local political hail damage that was inflicted on the CSU in the mayoral elections in 25 towns and communities. Although they had won 12 times, they did not win the 13th time. The campaign strategists in Munich's party center were particularly hard hit because the CSU mayoral candidates in Lindau, Landsberg on the Lech, and Vohenstrauß in the upper Palatinate had even failed to get on the final ballot. That had never happened before: they landed in third place. The remarkable thing was that the CSU had not even lost to the SPD. In Lindau, the winner was the candidate of an independent voter group who had held a CSU seat on the town council until shortly before the election and had been known as a particularly effective man. His intention to run for mayor had fallen on deaf ears among the local CSU leaders. Since they did not nominate him, the man said goodbye, created his own constituency, mainly from among his family and friends, organized his own election campaign and was elected.

In Landsberg as well, a former member of the CSU, whose way to the top the party sought to block, won the race as an independent. The mayor of Vohenstrauß, who was reelected as an independent, had even been CSU Kreis chairman. He, too, set up his own voter association, after his own people had passed him over at an earlier election. The voters appreciated his personality a lot more than his old party had done, and this is something that in no way violates Bavaria's Communal Election Law. In early March he was able to successfully defend his office.

Erwin Huber, deputy secretary general of the CSU and, at the same time, Strauss's watchdog—he is the one who barks into all the microphones whenever somebody gets too close to his master—knows that the mayor of Vohenstrauß "has remained CSU inside," but that does not help very much. Huber's boss, Gerold Tandler, who, as CSU secretary general and faction chairman in the Bavarian Landtag, is the man who handles the party machine, believes that none of this is very critical. "On the contrary," he says, "after all, it is healthy. It keeps us from becoming too arrogant. The only unfortunate thing is that the SPD is no opposition. If it were, we would not have to create one for ourselves."

So far the SPD has not been able to benefit from the CSU mistakes in any important way. Also, nobody holds the SPD responsible for the CSU's noticeable failure to continue to find the growing number of voters it has been used to since 1969. As a result of the work of Bonn's socialist-liberal coalition, the CSU was, at that time, very successful in accomplishing large breakthroughs in the Protestant area of Franconia, right in the midst of SPD strongholds and its social center. This process continued up to the Landtag elections of 1986. In those years, the conservative "Bavarian bastion" became a "closed general stronghold of the CSU," party researcher Alf Mintzel comments. In CSU matters, Mintzel is the undisputed academic authority. In the meantime, his book on the CSU—"Anatomie einer konservativen Partei" [Anatomy of a Conservative Party]—has developed into a classic. The sociology professor of the regional university in Passau believes that the problems the CSU has been experiencing for quite some time in its efforts to be accepted, herald a new phase in Bavaria's socio-political postwar history.

Most CSU members are shaking their heads about such interpretations. If their very normal feeling of being satisfied with themselves permits them to think about defeats at all, they see in them nothing but "local defeats" that are "not at all interrelated." However, the setbacks almost always follow the same pattern, e.g., in Hof. After its 18 years as the ruling party, the CSU now lost its lord mayor there. The former office-holder Hans Heun was an effective man, with whom the CSU had fought many election battles. He probably would have won again, except that the party wanted a younger person. However, nobody took a genuine interest in finding a successor for him. The first CSU candidate was a member of the Landtag who felt after 3 months that he could no longer handle the election campaign (this was the first time ever this happened in the CSU). The second candidate was the director of the Hof symphony orchestra, a horn player, who was more accomplished in making music than in politics. "That ended everything," noted a CSU strategist. The winner in this confusion was the former second mayor, a Social Democrat, whom the voters had come to appreciate as a thoroughly solid administrator.

In Bayreuth, the CSU also ran into problems in their fight for the townhall. Although the SPD had defended it since the end of the war, the CSU figured that they might have a good chance. In all likelihood, the election could have been won with a well known man. But the local dignitaries put their bets on Bundestag member, Ortwin Lowack, who, after starting his political career as town councillor of Bayreuth, had since developed foreign-policy aspirations in Bonn. He fought with courage, but could not hide the fact that he knew more about conditions at the Indian Ocean than about the kindergarden situation in Bayreuth. In addition, he was hurt by rumors that the only reason why Simon Nuessel, the new Bavarian minister of agriculture, was supporting him for the lord-mayorship was the yearning Nuessel Jr., his son,

had for Lowack's Bundestag mandate. Similar ambitions were attributed to Strauss's old confidante Reinhold Kreile, a tax lawyer who, in the 1987 Bundestag election, had missed the jump to Bonn by a very close margin. The voters in Bayreuth drew their own conclusions from the CSU infighting for benefits and jobs and preferred to stay with the SPD candidate.

And more: last year the CSU lost two Landrat seats which, until then, had been firmly theirs—one at Miesbach and the other at Rottal. This infuriated Franz Josef Strauss so much that he publicly denied any responsibility for shortcomings in the platform. He had issued enough warnings, but to no avail. At Rottal, the people decided against the party and in favor of a "national hero" or his wife, respectively, when he himself got fired for corruption. At Miesbach, the departing head of the rural Kreis administration—he had become secretary of state in Bonn—failed to look in time for a successor. "In Miesbach, he could only run around his own monument," they later said nastily.

No word of authority from above helps in Bavaria's "localism." Rebelling against centralism in Munich and against the rationality of the machine is part of the Bavarian tradition. "The causes of our dilemma are also the causes of our success," states Gerold Tandler. "It is just that our public below is similar to our public above," he adds with ambiguity. "The 'partout' point of view is here everywhere." Or is it that the effects of Franz Josef Strauss's aging regimen are already showing?

Generally speaking, the CSU is no longer a young party; its crustiness shows. The zest with which it used to attract modern, young professionals in the late 1960's and early 1970's in order to give them a chance in communal and land politics has long since gone. The heroes have grown older and they consider the party "the organization that flanks the state machinery" (Mintzel).

Accustomed to using their power prescriptions to push through anything they thought important and right for the free state, they created the industrial state of Bavaria. Now all successes have been raked in. And the problems that come with rapid industrialization are beginning to show. Agricultural problems that used to be passed on to Bonn no longer have an easy solution. The peasants no longer support, but withdraw from, the CSU. The population is becoming increasingly critical of the use of farmland for the construction of new industrial plants, roads and super-highways. Opposition against Bavaria's energy policy and the shift to nuclear energy are on the increase. "It seems," Alf Mintzel says, "the present 'character players' at the transformed Bavarian global theater can no longer depend with any certainty on the support they used to get."

There are as yet no new prescriptions for this changed situation. Even the awareness of the CSU functionaries is lagging behind. For that, the pressure of worries is not nearly strong enough. Without any compunction, Alf

Mintzel continues to give them about 50 percent of all votes, perhaps slightly less, even for the "post-Strauss period." "The asymmetry of power," the professor lectures, "is so strong that the CSU will remain the strongest party. Far too many material interests depend on the party and they cannot turn their back on it without giving serious thought to the potential consequences. The institutional safety devices that have been set up over the years must not be underestimated."

Moreover the CSU is not sitting back either, doing nothing. For more than a year, Theo Maigel, CSU regional chief in Bonn and head of the upper-Swabian party Kreise, has been criss-crossing the country in his scarce spare-time to talk about the CSU platform for the 1990 communal elections and to remind them of its old virtues. "Nothing can be taken for granted in communal elections," he drums into them. "There are no national trends and no regional property turfs. Only those personalities will be of help who know how to talk to and handle people."

7821

Shift in SPD Ties to Unions Seen

36200082 Bonn RHEINISCHER MERKUR/CHRIST
UND WELT in German 8 Apr 88 p 4

[Article by Walter Bajohr: "The Quarrel of the Brothers and the Pursuit of the Voter: Tensions Between the Worker Organizations and the SPD: Does Lafontaine Want to Free Social Democracy From Its Reputation of Being a Union Party?"]

[Text] Whether Oskar Lafontaine had ever dreamed that, next to Norbert Bluem of the CDU, he would one day become a kind of favorite whipping boy of the trade unions? Bluem, still a member of IG Metall [Metalworkers Unions], has been given the bitter label of "employers' minister." What will they think up for the SPD prime minister from the Saar?

"Metall," the combatant publication for the members of IG Metall, sent Lafontaine a hatchet with the request that he bury it publicly. It was, however, a false hope, complains the paper: instead, the deputy chairman of the SPD intervened in the current altercation about wages of public servants and loudly expressed his disapproval of the compromise that was finally reached.

In response, OeTV chief Monika Wulf-Mathies angrily accused the Saarlander of having "exceeded his competence in a manner dangerous to the state." Since then, she fears that the "workers are to be sacrificed on the altar of new strategies for economic alliances." Franz Steinkuehler from IG Metall felt the "dagger in the back of the trade unions" and even Hermann Rappe, the rather level-headed chairman of IG Chemie [Chemical Workers Union], got worked up about the Saarlander and saw the "Rubicon crossed."

The subject of contention would be considerably less explosive if it were only a matter of disputes between different interest groups. But that applies here only to the extent that as prime minister Lafontaine is a public employer and hence a party opposing the workers' side. The decisive dimension of the quarrel, however, results from the fact that it is de facto a dispute within the camp of the Social Democrats: the combatants are all in the party whose trade union council is a powerful body.

One of the last hopes of SPD chief Jochen Vogel for getting the "cow" Lafontaine off the ice vanished before Easter. The Saarlander, namely, is tired of incessantly having to hear the rudest attacks from the corner of the unions. He will give up his previous reserve and really dish it out in the future, he declared to the presidium. To be sure, Lafontaine also spoke out in favor of making the conflict with the unions more objective. But there is little hope for this. The SPD leadership is already dreading the First of May with its demonstrations by the unions. "It is then that they will take more shots at Oskar," fear a board member full of gloomy forebodings—and then probably more will go to pieces than just the relationship between the prime minister of Saarland and the hotheads in the unions.

What has many in the SPD so worried is the question of whether it could really come to a break between the party and the unions and what that means for the future of the SPD. After the election in Baden-Wuerttemberg, some comrades were already blaming Lafontaine and his theses for the fact that the Social Democrats had gained only a few votes and above all had suffered heavy losses in the classical worker areas such as Mannheim.

Norbert Roemer, deputy chief editor of the newspaper "Einheit" of IG Bergbau [Miners Union], who does not exactly have the reputation of being a leftwinger in the SPD, writes: "The SPD kicked the biggest part of its followers right in the shins and was primarily involved with itself at the height of the election campaign. The results can easily be seen in the election returns in its strongholds." And in the same issue, Roemer writes on the subject of "Employees in the SPD" alluding to Lafontaine: "It is a matter of the policies of the SPD, of the power question."

No one has yet described the conflict so bluntly. Can the SPD only then play a role, only then survive as the great party of the people, and only then be capable of receiving the majority of votes if it is and remains the party of the unions? The open and hidden threats from the camp of the unions that Lafontaine's behavior is costing the SPD crucial votes of its habitual voters can hardly be more clear. Elections will be held in Schleswig-Holstein a week after the First of May. But Bjoern Engholm, the top SPD candidate there, has already revealed himself as a supporter of Lafontaine's ideas. Just as he is, still others from the "generation of grandchildren" are rallying behind the Saarlander. So a generation conflict as well?

The question that concerns these young comrades is primarily to do with whether, for the purpose of regaining the majority capability, it might not make sense to avoid going too far in identifying the SPD with the unions. It is no coincidence that this problem is now a virulent one. For well over 100 years, the SPD and the trade unions were something like twin brothers, who shared the same roots and fought side by side for common goals. In so doing, they achieved important successes, without which today's system of social security would be unthinkable. But there were also cases in which some were the tool of others.

The previous congruence of objectives and ways between the SPD and the unions has suffered since the 1970's. The estrangement worsened as parts of the SPD became susceptible to neo-romantic ideas in critical opposition to the industrial society. Almost inevitably, the unions also began to have their problems with the Greens, which they and the SPD sought to eliminate by preaching the "ecological restructuring of the industrial society." But this process was only a light rippling of the waves compared to what was and still is happening in the depths of the trade unions.

The fight against the amendment of the Labor Promotion Law by the Christian-Liberal coalition, which has become known as "Bluem's strike paragraph," was again led by the unions and SPD together, because the Social Democrats lined up unconditionally behind the worker organizations. But even this solidarity was no longer of the quality of previous common interests. For the SPD leadership, it was simply a matter of profiting from the conflict between the unions and the administration for the next elections. The fact that this worked out only to a small extent strengthened those in the SPD who have long been thinking more or less openly about whether it can be good for the SPD to continue to team up with unions that have obviously slept through the social changes.

To be sure, the comrade who is down to earth, as Johannes Rau describes the type of Social Democrat that he knows so well from the Ruhr region, who is a union man and active in the enterprise, is not dying out. But this classical worker is becoming rarer. New conditions of production have created new types of workers. The structural difficulties resulting from this for the unions are also trouble for the SPD: both are having difficulties in the new middle class.

Even though Lafontaine had tactical viewpoints in mind when he formulated his theses on the future of labor, viewpoints that had something to do with future coalitions and with his candidacy for chancellor, he has nevertheless exposed a raw nerve in the relationship between the SPD and the unions. It may be that initially the SPD will lose votes in the traditional worker milieu if it takes up Lafontaine's arguments. In the precincts of the political middle that determine the elections, however, it can only profit by freeing itself from embracing

union interests. The labor movement of the old style is finished anyhow. The future demands new alliances. The unions, however, are still far from acknowledging this. Lafontaine has recognized that.

9746

FINLAND

Paper Comments on Decision To Join Council of Europe

*36500099a Helsinki HUFVUDSTADSBLADET
in Swedish 20 Apr 88 p 2*

[Editorial by Bo Stenstrom: "Sorsa, the Finnish People's Democratic League, and the Council of Europe"]

[Text] The issue of Finnish membership in the Council of Europe will be taken up by the government in the spring, Foreign Minister Kalevi Sorsa promises in an interview in TURUN SANOMAT.

In SUOMEN SOSIALIDEMOKRAATTI, the Social Democrats' mouthpiece, Reijo Kakela, the secretary general of the Finnish People's Democratic League (SKDL), says the SKDL can seriously consider supporting Kalevi Sorsa in the 1994 presidential election.

However, the condition is that the Social Democrat renounce an ideological misalliance with the [National] Coalition Party!

Kakela, who may be the next head of the SKDL, is indirectly serving the Social Democratic Party (SDP).

Taking the Council of Europe issue first, Sorsa does not take a position for or against members. He thinks that, in objective terms, we are deriving full benefit from the present model.

The foreign minister seems to view membership as almost an image issue. He has not himself contracted a doubt as to Finland's status as a democratic, parliamentary state which keeps the country from being a Council of Europe member and thus does not want to judge how our image would be improved by membership.

In any event, if the government takes up the membership issue, this image will not be strengthened by the fact of the issue's being brought up again and rejected.

This scarcely makes sense either. Before the government comes to a decision, a careful analysis is needed, among other things, of what changes membership would require in our laws.

We would not, as did Austria and others, incorporate the European Convention into our existing laws so it could be invoked in Finnish courts.

We should adopt new laws to the extent the European Convention (on human rights) as interpreted by the European Court requires this.

In Sweden, the problem was debated after a conviction in a case in which children had to be taken into custody by the social services system.

While the Swedish legal tradition places highest value on a child's welfare, the European Court, according to many debaters, attached more importance to the parents' rights.

And yet—Finnish membership would strengthen the Nordic legal tradition at the European Court.

It is important to strengthen the Council of Europe, which is losing ground to EC organs, not least the European Parliament, in the galloping inflation of European organizing.

Thus, last winter, Soren Riishoj, a member of the Danish Folketing, invoked the Nordic aspect in a distress call on behalf of the Council of Europe.

The Council of Europe is a forum for popularly-elected parliamentarians from all of Europe, and it ought to have the initiative in the European East-West dialogue.

Without Finnish membership, Finnish parliamentarians do not belong there.

When the SDP's leader Pertti Paasio "nominated" Kalevi Sorsa as the party's 1994 presidential candidate, he did so fully aware of what that implied for Sorsa.

The party must be out early enough if Sorsa is to get so much support across party lines so as to be elected. The foreign minister's long list of credits lacks a "Sorsa phenomenon."

Not even unqualified support from the SKDL will suffice. In tactical terms it would be hard if Sorsa early on were marked as "the candidate of the left."

Kakela's qualification, that the SDP should renounce the present government base, robs the promise of support of half its strength.

This does not imply that the SDP should not benefit from Kakela's opinion.

Sorsa's early candidacy and Kakela's option will soften up the cooperative partners now and in jest. They remember the Social Democrats' coordinates in Finnish politics.

12789/9274

Vayrynen Still Popular as Center Party Leader
36500099b Helsinki HUFVUDSTADSBLADET
in Swedish 20 Apr 88 p 2

[Editorial by Bo Stenstrom: "Vayrynen's New Cards"]

[Text] Can Center Party leader Paavo Vayrynen afford not to run in Helsinki in the Eduskunta [Parliament] election if he wants to run under the Coalition Party's banner in southern Finland's population centers, where he received what were almost gilded protest votes in the presidential election?

Vayrynen's announcement that he will run in the Helsinki municipal election should not have come as a surprise. It is a piece of the same puzzle as the party's name change, its search for membership in the liberal international, and an end to electoral alliances.

It is also a preventive measure aimed at the long-announced new Liberal Party and its power to attract urban Center Party adherents.

In Helsinki the Center Party will ride on a wave from the presidential election as the all-round nonsocialist middle alternative, marketed as center-liberal and a friend of employers.

Recent Gallup polls show that the party has cut into the two larger parties and that the party leader's image has been polished up.

Fifty-five percent now see Vayrynen as an asset to his party as compared to 32 percent last year, and only 24 percent think he is an impediment as compared to 32 percent a year ago.

With the government agonizing over tax policy right up to the election, Vayrynen should not have any difficulties in getting Center Party candidates onto the city council.

This will happen at Coalition Party expense and thereby strengthen the Social Democratic Party's demand that the senior mayor's chain of office go to Erkki Tuomioja.

But the city council is just Vayrynen's first political step into a Helsinki he has literally been awarded.

If this goes well, it would be altogether too stupid not to give a new man a chance in Vayrynen's present constituency.

12789/9274

**Closer Ties Between SKDL, Democratic
Alternative Predicted**

36500099d Helsinki HUFVUDSTADSBLADET
in Swedish 26 Apr 88 p 8

[Article: "SKDL and Democratic Alternative Together
in Some Places"]

[Excerpt] In a few areas in the Tampere region, Democratic Alternative, i.e., the minority Communists, have managed to put together so-called joint May Day celebrations with the Popular Democrats even though the SKDL and the majority Communist leaderships do not sanction organizational cooperation between the SKDL and Democratic Alternative (DA). Nevertheless, representatives from both camps are talking of May Day celebrations, at least in Lempaala, Nokia, Ylojarvi, Kangsala and Ruovesi. In Nokia, even the SKDL's secretary general, Reijo Kakela, is talking of a joint celebration.

Furthermore, according to TIEDONANTAJA, the minority Communists' organ, in Lempaala and Pirkkala, the DA and SKDL have agreed on a joint electoral alliance in the autumn municipal election, despite the fact that recommendations from the SKDL were interpreted to say that such electoral alliances should not be contracted.

Esko Vainionpaa, the Communist Party's general secretary, believes joint electoral alliances might be put together in a few of the more than 400 municipalities in which the Popular Democrats are running.

He pointed out that TIEDONANTAJA certainly considers as electoral alliances arrangements in which local Popular Democrats have decided to include DA members on their slates. Something of this sort is still entirely in accord with the SKDL's recommendation, he said.

The recommendation says that Popular Democrats in the different municipalities should also include outsiders—DA members as well—on their slates. But this is nothing but an electoral alliance with DA. By adopting a negative stance on electoral alliances, the SKDL wishes above all else to avoid a return to the way things were before the final party split, when the minority, by concentrating votes, achieved overrepresentation in city councils and the Eduskunta.

In fact, the Lempaala and Pirkkala, what is at issue is DA members being put on SKDL slates. But the DA has stated that local SKDL and DA organs equally negotiated such a solution and that the independence of both organizations is guaranteed in the electoral work.

12789/9274

Latest Poll Results Analyzed

36500099c Helsinki HUFVUDSTADSBLADET
in Swedish 21 Apr 88 p 2

[Editorial by Bjorn Mansson: "The Climate of Political Opinion"; first paragraph is HUFVUDSTADSBLADET introduction]

[Text] Bjorn Mansson comments on the measurement of the climate of political opinion which the four major parties commissioned.

Our four biggest parties, two of which sit in the government and two of which stand in the opposition, cooperate with the greatest harmony in at least one aspect: at regular intervals they have citizens' political views surveyed.

Some of the results are published while some remain the exclusive property of the four parties. Nor are other businesses in the habit of publicizing their marketing surveys....

The latest survey, carried out in March by the Finnish Gallup Institute, is based on interviews with slightly more than 1,000 citizens and can thus be considered quite reliable.

At the end of last week, the party bearing on the parties' popularity, among other issues, was made public. It confirms the unsurprising or not unique trend noted in several opinion polls showing the government parties losing ground and the opposition winning.

The Center Party experiences the biggest gain, from 17.5 percent in the Eduskunta [parliamentary] election to almost 20 percent today. Clearly the gain, just as in the presidential election, is achieved at Coalition Party (KOK) expense, not the least among employers.

In proportional terms, the Finnish People's Democratic League (SKDL) is sailing with a fair wind as well, at Social Democratic Party (SDP) expense. Such a shift in opinion on the left could indeed also be interpreted from the result of the metal workers' union's vote. The fact that the trend in the Pensioners' Party election was an opposite one is clearly due to heavy voter participation.

As regards the municipal election, the general trend must worry the government parties. In simple terms, it can be said, based on one of the Gallup pairs, that the climate of opinion is currently favorable to the Center, whereas one year ago the comparable measures was pro-Coalition.

Yet the figures in the Gallup poll indicating support for the parties are the least surprising. Answers to the question, what party do you prefer after your own, however, show in a fascinating way the small ideological differences between the parties in today's consensus-conscious Finland.

Thus the conservative (?) Coalition Party is the most popular alternative for SDP voters. And of SKDL voters, "only" two-thirds give second place to another socialist party (SDP or Democratic Alternative), whereas 15 percent like something nonsocialist!

So in any event nonsocialist voters are a bit more "true to their bloc." For Coalition Party voters the Center Party is clearly the preferred second-choice alternative, and, also interestingly, the Swedish People's Party (SFP) and the SDP scarcely show up in their ranking. For Center voters, the Coalition Party is even more clearly the foremost alternative.

But we may observe as well that more Social Democrats choose the Coalition Party as a second preference than vice versa.

The special characters of the SFP and the Rural Party (SMP) also emerge. To be sure, the Coalition Party is the foremost second alternative for SFP voters, just as the SDP is for SMP voters, but in other respects there is a great spread.

This week the party of the Gallup poll measuring the popularity of different government bases was made public. The general interpretation, reflecting the HUFVUDSTADSBLADET headline "Blue-Red Best," is a qualified truth. The figures can be read and interpreted differently, according to one's point of view or needs.

We know from previous comparable surveys that the sitting government's base tends to be the most popular in citizens' eyes. In that respect the results is as expected.

Actually, it is fascinating to note that only every third voter recommends the present base (SDP, KOK, SFP, SMP). This is far from being a majority, though the parties have the majority of voters behind them. A significant segment of opinion within the government parties thus prefers other bases.

No other single combination is more popular. But those who are so inclined can add the "popular front" (SDP, Center, SKDL, SFP, SMP) and "red-ocher" [left-center] (popular front minus SKDL) alternatives up and draw the conclusion that a center-left coalition enjoys greater support (19 + 17 = 36 percent) than does the current base (34). Of course this is splitting hairs but shows how different Gallup polls can be interpreted.

In the Gallup poll the question was also asked, which parties should sit in the government. The fact that 81 percent mention SDP, 71 percent the Center Party and 70 KOK would recommend in that order a so-called big three government, i.e., the nonsocialist parties' aim after the Eduskunta election.

However, the fact that this alternative is not given a high priority by those questioned indicates a certain lack of logic.

A nonsocialist government is preferred by 15 percent, i.e., only every fourth nonsocialist voter. Considering the need for different alternatives at stages of negotiations, this is deplorable.

Note that the SFP and the SMP are the only parties that show up in all of the alternative governments cited, although they are not among the principals. This indicates either strong confidence in them on the part of the four major parties or the fact that they are needed to "legitimize" different bases.

The most interesting political reading is offered by that section of the Gallup poll which treats the governing bases given the highest priority by supporters of different parties.

The SDP is the only party presently in the government which can muster a majority for this very sort of base; 53 percent as compared to an overall 36 in favor of a left-center coalition.

The KOK is more divided, with 43 percent in favor of the existing base as compared to 32 percent for a nonsocialist one. There still appears to be a certain sympathy for Ilkka Suominen's plans for putting a government together.

Center Party supporters are divided as well; 26 percent are for a nonsocialist base (which Vayrynen was ready for) as opposed to 34 percent for red-ocher and 17 for a popular front. Overall this comes to a bare majority for a left coalition, naturally enough following what the Center Party considers the Coalition Party's treachery last year.

The fact that 69 percent of SKDL voters prefer a popular front is self-evident. Indeed this is the only base in which the party can fit.

After the SDP, the red-blue base receives its strongest support from the SFP, with 47 percent versus 15 percent in favor of red-ocher and 16 for a nonsocialist base.

SMP voters' sympathies are more evenly spread out between red-ocher, red-blue and popular front.

In their ratings, supporters of the Greens clearly confirm their leftward leaning.

From these ratings of bases, it would be easy to draw the conclusion—which has a political logic too—that SDP voters are more satisfied with the government than KOK.

The fact that another question, which measured satisfaction with the government, produces such a totally opposite and illogical result is seen as evidence of KOK voters' great delight at seeing their party in the government after 21 years of being in the opposition.

The fact that satisfaction with the government is greatest in southern Finland and least in the north was expected.

One curiosity is that dissatisfaction with the government is greater among SMP voters, SMP being in the government, than among the Greens, who are in the opposition. What a pity for Pekka Vennamo....

Yesterday yet another Gallup segment was made public which concerned tax policy. The results appears to be a troublesome one for the government.

A leak also occurred yesterday of one section considered confidential. Leaks are customary, since one of the four parties which commissioned the poll is almost always interested in them.

The leak pertained to the 1994 presidential election: Paavo Vayrynen comes out on top with 16 percent, ahead of Holkeri with his 15, Koivisto 11 (barely in the picture), Kivisto 9, and Sorsa 7.

The figures must be regarded as highly preliminary. Thirty-eight percent had no opinion.

Who did the leaking?—The Center Party, of course.

12789/9274

GREECE

Papandreou Seen Preparing Field for Next Election

35210087a Athens *ELEVTHEROTYPIA* in Greek
9-10 Apr 88 p 48

[Article by Panos Loukakos]

[Excerpts] Grants to farmers. Increases for civil servants. Hirings in the civil service. No war with the Turks. Temporarily no bases for the Americans. Already the electoral stage is being beautified. Not in an original manner but efficiently, as recent elections have shown.

All of these things are clear. They also prejudice the conditions under which we will enter the pre-electoral period. PASOK's first and primary playing card will be the tried method of grants and hirings. A second card is the political exploitation of recent developments in Greek-Turkish relations. Finally, a third card will be an apparent disagreement with the Americans over the bases negotiations so that once again PASOK might wring away votes from the Left.

This political scenario for Mr A. Papandreou will perhaps prove to be productive, electorally speaking, when the ballot boxes will be opened. It constitutes a tried recipe even from the time of the 1985 election. The prime minister's political opponents have not managed up to now to create a new political scenario that would

upset the constants on which PASOK has operated all these past years. These constants ensure Mr Papandreou and his party a continuation of power.

Foremost among these constants is the seizure of votes from the Left. In the 1985 election the prime lever in the undertakings against the Left was the withdrawal of Konstandinos Karamanlis from the presidency of the republic. Those voters who constituted PASOK's target fell into the trap, believing that Mr Karamanlis' removal from the presidency of the republic would automatically also mean the arrival of socialism in Greece. We will witness the same game in the next election, with the basic point this time being the bases issue. Of course, just as socialism did not arrive in 1985, the bases will not leave after the next election.

And the voters, who do not vote with criteria of this kind, who are not interested in the bases and other related issues, remain. There is some provision for this category also: EEC appropriations permit some "more open" policy to the agricultural sector of the economy. It is also certain that the government will exert every existing effort.

Besides the agricultural population, toward which PASOK presently seems to maintain high regard, there are also the urban centers. Here, PASOK's drop is evident. Nevertheless, despite catastrophic forecasts of ND's economic brains, it seems that there are certain limits to grants. The government will exploit such limits to the extreme even if they were to lead to a new readjustment of the economy.

A greater political game has been evolving in the past few months. If Mr Papandreou loses the next election he must definitely withdraw from politics. The same is true for Mr Mitsotakis. As the kids say, the game is "he loses, he quits." The story does not end with the next election. In March 1990, the Chamber of Deputies must elect a new president of the republic. In other words, a candidate must obtain at least 180 votes, otherwise the Chamber of Deputies will be dissolved and a new election proclaimed.

Under current conditions, only Mr Papandreou can get 180 votes, if he wins the next election and if he is supported by the communist Left. It is certain that this is the final goal of the current prime minister. Will he succeed in this?

According to developments up to now, neither the rightist nor the leftist opponents of Mr Papandreou have managed to upset his plans. The confrontation that begins now is perhaps the most difficult, and more complicated than any of the others—not only because its result will stamp, in one way or another, the next decade, but because it will mean the end of an entire era, the end of personages, and, finally, the end of political tactics.

5671/9604

KKE's Farakos Seen Assuming Increasing Authority

35210087b Athens PONDIKI in Greek 15 Apr 88 p 5

[Text] The meeting (last week in Sofia) of Bulgarian leader Todor Zhivkov with Grigoris Farakos may have been bypassed by newspapers but it had particular significance since it was one of those rare times when a leader of a governing communist party officially met with his comrade who is not a secretary of "a comradely party."

Of course, this "small violation" of "socialist protocol" revealed (once again) that the director of RIZOSPASTIS and head of the seven-member central committee is the real number two man in the KKE and "comradely parties" have been informed about this.

Does this perhaps mean that this number two position will be reinforced "formally" since, moreover, the 12th congress approved a provision in the party statutes that provides for the position of an alternate secretary? Nothing is certain at the present time. What, then, is certain?

1. At this time, the KKE has a secretary general with authority that is recognized within the party as well as outside the party.
2. The KKE secretary general is now 74 years old and, physiologically-speaking, preparations must be going on now in Perisso for the "post-Florakis" era.
3. All of these activities must be classified as coming in the "normal tradition of the passing of the mace" (as the "Reds" say) from the generation of the national resistance and the civil war to the generation of the anti-dictatorship struggle and the Polytechnic Institute. Already the membership changeover has been almost 85 percent completed in the central committee with the.

Within this context, the activation (or not) of the article on the party statutes that provides for positions of alternate secretary and president must be confronted.

5671/9604

Questions, Answers About Parties' Future, Succession

Papandreou's, Karamanlis' Prominent Positions

35210084 Athens ETHNOS TIS KYRIAKIS in Greek 27 Mar 88 pp 10, 11

[Article by Kristos Theokharatos]

[Text] We are not marching—we are being dragged—toward 1992 unprepared and without any national positions to confront its catalysmic consequences.

We are being led—willy-nilly—toward the 21st century on a political "allied" and "partnership" framework that puts into question, adulterates and corrupts our national identity.

Turkey is knocking—systematically and insistently—at the doors of the "Community director's office" without its being obliged to fall back in Cyprus or the Aegean.

Political bodies—the political parties—trapped in personal actions, are greatly hindering the promotion of those capable and generally those who would be able to withstand the damage done.

The systematic talking down to and deception of the people has begun to paralyze their moral and democratic reflexes.

The willful lack of "political standards" (a permanent electoral law, freedom of opinion of deputies, governing jurisdictions of the head of state, agreement of the Chamber of Deputies and the people, etc.) increases the impasses and aggravates them.

Almost all public officials—some directly and some indirectly—are afraid for the worst to come but no one dares undertaking initiatives for the better.

These are the main conclusions that the ETHNOS and ETHNOS TIS KYRIAKIS survey on "Greece's political future" came to. Between 28 February and 22 March, ETHNOS devoted approximately 70 pages to this survey. By closely examining political personalities, that is their past and present, their capabilities and careers, their relationships and ambitions, ETHNOS tried to sketch their future and (through this) the future of the country. It attempted to do this without bias and without "partisan jobs" or other such expenditures.

As is well known, at least to those who had the patience to follow this big survey, two important factors dictated our political survey, namely (1) the agony of the average citizen from the progressive political decadence and (2) the hope of the average citizen that everything has not yet been lost and that there are forces that will put the country back on the proper path.

After 30 interviews with political personalities, after 35 discreet contacts with an equal number of political elements, after 47 biographic sketches of leaders, heirs apparent and rising stars, and after dozens of contacts and discussions in the political behind-the-scenes, those involved in this survey remained absolutely sure of the following facts:

1. With regard to PASOK and the government in general:

(a) Mr A. Papandreou remains the dominant and undisputed personality that—due to the constitutional revision—has and will have in his hands all initiatives.

(b) Mr Papandreou used and still uses his associates in such a way as to make it impossible to separate the most capable of them and to have them claim the succession credibly and democratically.

(c) Mr Papandreou has become identified with the Movement to such an extent that his personal political fate also constitutes the Movement's fate—a fact that “does not permit him to be defeated without having PASOK dissolved.”

(d) His moving over to the position of president of the republic involves not only the present Chamber of Deputies but the acquiescence of Mr Sartzetakis and the “return” of the simple proportional electoral system (in order to obtain the 180 deputies), while from the next Chamber of Deputies the indispensable condition that he will win the next election.

2. With regard to the broader traditional conservative sector and the Center:

(a) In this particular sector, the dominant political figure continues to be Mr Konstandinos Karamanlis—despite his advanced age and despite the constant rallying of ND officials under the present leader.

(b) Mr Karamanlis has not definitely withdrawn “from what is called public life” and that, if circumstances are judged by him to be favorable to make a supra-party reappearance, it is more than certain that he will do so.

(c) This serious possibility is proven (1) from his continued contacts with public life personalities, (2) from his interest shown in all polls conducted, (3) from his discriminating contacts with Community personalities and (4) from the fact that Mr Papandreou is continually leaving “the Cyprus file” open.

(d) The “Karamanlis solution” will rally the fragmented conservative sector (ND, DIANA [Democratic Renewal], independents, many centrists, and many on the sidelines)—a fact that already is being talked about openly and written about in the daily press.

3. With regard to the present major government opposition party:

(a) As political practice has proven on three occasions, there is no way for Mr Mitsotakis' being removed from ND's leadership so long as, with the assistance of Mr Averof, he controls the parliamentary group and all other bodies of the party.

(b) Even though ND's grass roots to a significant degree do not accept Mr Mitsotakis' leadership—as shown by all recent polls—all party officials do not want to make an issue of the party leadership, something that the ND president is appropriately exploiting.

(c) Only the supra-party reappearance of Mr Karamanlis will cause him a big problem—a fact that Mr Mitsotakis knows and is extremely careful about.

(d) Mr Mitsotakis is not trusted, not only by the extreme rightists of the party, but by a number of economic circles, as well as by many “allies,” first and primarily by the Americans whose diplomats here publicly expressed themselves disdainfully about him.

4. With regard to the traditional Left and specifically the KKE:

(a) All of the KKE's party structures on all levels have been renovated at least by 80 percent and in 3-4 years this renovation will have been completed so that the party will then be in the hands of men between the ages of 30 and 50.

(b) KKE Secretary General Khar. Florakis, together with his top associates, is systematically preparing his normal and democratic succession so that the renovation planned will also reach the top level of the party.

(c) The KKE leadership is energetically active in trying to succeed in having the leftist and democratic forces cooperate because it is convinced that without this cooperation the combatants of bipartnership will remain undistracted from their polarizing task and that a new self-contained force (either PASOK's or ND's) will be dangerous for the country.

5. With regard to the (rightist) DIANA and Democratic Contestation (Independents):

(a) Mr Stefanopoulos has not managed to convince either ND's parliamentary group or its officials or conservative public opinion about the indispensability of DIANA.

(b) Those ND dissenters who broke away from ND have not succeeded either in broadening the dispute, in cooperating, uniting or in joining DIANA—all remaining in a position of a “strange and curious wait-and-see attitude.”

(c) For all of these renovations and dissenters there are two roads open: Either to wait for the “Karamanlis solution” and to seek shelter in this or to return to ND. Otherwise, polarization will cause them to disappear from the scene.

6. With regard to the broader (Greek and Renovative) Left:

(a) Its splintering is discouraging those democrats who would have preferred a “leftist solution;” it is enraging the unaffiliated leftists and consequently broadening the sector of the so-called “unaligned”—of course, to the detriment of the Left.

(b) If equal cooperation of all these fragmented political forces does not prevail and likely, together with the KKE format, the political Atlas will remain the same and the responsibilities of the New (Greek and Renovative) left will be great.

The survey "for the future of Greece" did not come to only these conclusions which, by the way, deal with leading personalities, the correlation of parties and developments in these parties.

Those involved in the survey carefully examined the possible successors and their "credentials" and came up with other interesting conclusions the most important of which are the following:

1. The political establishment and its economic supports (i.e. "the families") was never more established. Even those who sloganeered against it and who claim first place are great grandsons, grandsons, sons or sons-in-law, etc. of ministers, deputy ministers and prime ministers.

2. Nine in 10 of the heirs apparent and sub-heirs apparent have studied in foreign universities, primarily American ones; they have been assigned to international (but controlled by the United States) organizations; and they maintain irreproachable relations with many community and—more and more—trans-Atlantic personalities.

3. Disagreements among the heirs apparent of various parties are more of a quantitative than a qualitative nature, to the point where they disagree with the tactics (for example, those relating to the community and Greek-Turkish relations) and not with the strategy of the "opponents."

4. Everybody acknowledges that lack of men exists but nobody openly charges (only a very few and underhandedly) that this is primarily due to the leadership nature of parties and to the downgrading of the Chamber of Deputies.

5. Everybody argues with generalities and convincing slogans but nobody puts forth clearly and with details his national position vis-a-vis the major problems of the immediate future—i.e. 1992 and the Greek-Turkish issues.

After all of the above, the conclusion of the results that derive from our political survey is that the hour of the people has come. That, at least, only the people can correct and avert, decisively and dynamically, the worst.

It is from this viewpoint that Mikis Theodorakis' optimistic belief acquires special interest, namely, that this country, not having any further bottom step to tumble more deeply into the morass of iniquity, will soon spread its wings and once again fly towards the mountains and peaks of national and social progress.

Simitis' Pluses and Minuses Evaluated
*35210084 Athens EMBISTEVTIKO GRAMMA in
Greek 30 Mar 88 pp 9, 10*

[Text] Today, we continue our series of analyses on Mr A. Papandreou's successor candidates with a sketch of former Minister of Economy K. Simitis. We note that our basic conjecture is the generally expected departure of the PASOK leader from militant politics either through being defeated in the 1988 or 1989 national elections or the 1990 presidential elections.

K. Simitis, the "Modernizer"

Both politically and ideologically, Mr Simitis belongs to the "modern" wing of PASOK whose "leadership" he is seeking while vying with Mr G.A. Papandreou. His political virtues and faults in this "successor race" are as follows:

Virtues

1. He is recognized by public opinion as serious, upright and primarily consistent politically speaking.

2. He has many good international connections, especially with the EEC.

3. He has excellent relations with a specific segment of the industrial and business world.

4. He has a good profile and is very popular among influential opinion leaders and newspapers. He also has good relations with the financial press.

Faults

1. He does not have good relations with either Mr Papandreou or his circle.

2. Deep antagonisms separate him from the so-called PASOK politicians and he has no noteworthy support in the political structure.

3. He has very few supports in the state structure.

4. His popularity in broad popular opinion is not great since he has been identified with the generally unpopular austerity program of 1985-1987.

Strategy

Knowing that there is no possibility of his faults being corrected because of the correlation of forces within PASOK, Mr Simitis appears to have chosen a strategy of ignoring them. In the last 2 years, he systematically managed to strengthen those points that had been to his detriment and on which he was weak. He thus managed to use the austerity program handicap more as a picture of his consistency and not paying attention to his unpopularity, while last November he preferred resigning

rather than seeming to be inconsistent. He thus maintained his influence over business circles while worsening his relations with Mr Papandreou and party politicians.

The result of all of this is that there is no possibility of Mr Simitis becoming acceptable to PASOK as a "normal" successor.

In case of a victory by the government party in the next elections, he is going to be excluded because of his poor relations with Mr Papandreou and his few supports in the government.

The same holds in case of a PASOK defeat since the party will remain united at which time the party apparatus will once again win its central position in which, as we indicated earlier, Mr Simitis has no support. So, when does Mr Simitis have any prospects?

The "Post-PASOK" Era

Basically, Mr Simitis may hope for "better days" from the moment when we enter the "post-PASOK" era. In case it is defeated it loses two of its most important constituents of its conjunctive tissue. The desire for enjoying power and the dominant presence of its founder. Its unity is consequently not a given fact especially if the electoral law has changed in the direction of the simple proportional system.

With PASOK losing its unity we will, of course, stop talking about the "successor race" and we will begin discussing the "descendants wars" since political, ideological and personal antagonisms that are presently simmering in the government party will break out on a large scale.

Mr Simitis is exactly one of the most important "descendants" since he expresses both ideologically and politically the modernistic wing of PASOK that very probably will comprise one of the "post-PASOK" era parties.

It is not at all unlikely that, if an electoral law is passed that will resemble the simple proportional system, PASOK's modern segment will comprise a basic "constituent" of a centrist-rightist coalition government.

Moreover, Mr Simitis himself is today clearly the most acceptable and credible PASOK politician to the Center-Right as a possible government partner.

5671/12232

ITALY

PCI's Occhetto on Party's Course in De Mita's Government

35280131 Rome L'ESPRESSO in Italian
10 Apr 88 pp 14-17

[Interview with Achille Occhetto, vice secretary of the PCI, by Giovanni Valentini]

[Text] Versus De Mita's program, the PCI announces its intent to "graduate" its response. Just what does this mean? And what does the future hold in store? These questions are answered in this interview with Vice Secretary Achille Occhetto.

Achille Occhetto—heir to the PCI throne and Alessandro Natta's designated successor to the party's highest office—found himself alone at the helm for a spell these last few days, navigating in the troubled waters of the crisis, while the secretary of the party was in Moscow on a visit to Gorbachev's "perestroika." For the number 2 at the Botteghe Oscure, this was a kind of general test pending his rise to the seat for which he had already been groomed by Enrico Berlinguer.

As is always the case when navigating in rough seas, the course has required continual corrections, and in this interview with L'ESPRESSO the vice secretary of the PCI lays down a bearing on his nautical map, setting out a course of opposition to be "graduated" depending on the [government's] programs, in the spirit of the "Copernican revolution" which he himself has invoked.

[Question] Well, Honorable Occhetto, in this crisis as well, the PCI has been left out. Does the party feel disappointed, misled, or betrayed by De Mita's actions? Did it not expect something more, something better, something different?

[Answer] Hardly. There is no disappointment because there were never any promises, nor for that matter any particular expectations, as to the DC's actions in our regard. From the very outset, De Mita stated his intention to operate within a majority coalition of five; hence there was absolutely no basis for any illusions.

[Question] Nevertheless, the impression was gained that there would be an opening of sorts...

[Answer] The opening consists of the fact that, according to De Mita himself, the five-party coalition as a strategic expedient is no longer exhumable. We therefore cast a positive light on this awareness on the part of the acting president and other leaders of the majority that a transitional phase needs to be opened, enabling a change from thinking in terms of [coalition] formulas to thinking in terms of programs. This is one of the things we have long hoped for, when speaking of a "Copernican revolution."

[Question] The fact remains that the PCI continues to be excluded from the government.

[Answer] During this crisis, it was never the intent of the other parties that we should in any way enter the government. But our criticisms are leveled at two other aspects. The first is that subsequent discussion was not about transition but rather about a joint expedient among the political forces of the majority (which is an altogether different thing). The second is that specific program-oriented issues have been addressed allegorically in the traditional power skirmishes between the DC and the PSI. That is still the residue of an old phase—precisely one that we are working to do away with.

[Question] But on the assumption that you find yourselves all in agreement, is there not the danger of a general state of confusion, of political amorphism?

[Answer] Who says we are all in agreement on the program? If the platforms are taken seriously and not as mere pretense, there are indeed points of convergence; but there are also points—and how!—of diversity. The essential thing is to not agree a priori, in a formal exercise, who is going to agree with whom and who is not. I believe it to be entirely legitimate, instead, to seek to maximize unity. It is important that this search take place not in a state of confusion but rather in one of clarity, and that it be a real thing. This is precisely why we have submitted our platform also to the acting president; not so as to reach agreement at any cost, but rather with a view to changing the approach to the country's modernization, from that of distributing the wealth to that of strengthening relations among the social forces. We have also indicated, still on a proposed planning basis, the elements of dynamic convergence around which an incremental governing majority of greater breadth and greater strength can be built: for example, the institutional reforms issue, the moral issue, and fundamental aspects of our foreign policy.

[Question] As regards the first point, does the PCI believe that the institutional reforms cannot be achieved without the PCI—in sum, that the PCI is indispensable?

[Answer] Anything and everything can be proposed without the PCI and against the PCI. But it would convey a grave message, considering that this Republic and this democracy are founded on a pact whose fundamental architect was the Communist Party.

[Question] Do you therefore have no fear that a tendency might make itself felt within the five-party majority to go it without the PCI on institutional reforms?

[Answer] It is my view that both the DC and the PSI recognize the need for a relationship with us.

[Question] But why on earth, in the PCI's view, is it so necessary for a transitional government, led by the DC prime minister, to prepare and promote an alternative?

[Answer] First of all, let's clarify one thing. A true transitional government must approach its mission from a different point of departure: Initially, at the start of discussions on programs, there must as yet not be a defined majority or minority among the democratic forces as a whole. Rather, inasmuch as no one believes any longer in the revival and consolidation of the old formula, all the parties must now, each in its own right, address the question of what is to be done following the demise of the five-party coalition.

[Question] The DC as well?

[Answer] The DC as well. It too, unless it wants to deteriorate, must find new rationales for its part in the Italian social structure. Conversely, indulging in speculation puts one at risk of losing—little by little—all one's capital.

[Question] The presidency being [held by the] Christian Democrats, can this not be a limiting factor, a constraint, in the above regard?

[Answer] I think not. The constraint lies in the closed-door mentality. Under the conditions I've cited, we see no prior constraint in a Christian Democratic presidency. Even a Christian Democrat, if he so desires, can reject the logic of the closed door.

[Question] As things now stand, have the PCI's relations with the PSI improved or worsened as a result of the current crisis?

[Answer] Except for the issue regarding the responsibility of judges, an extremely weighty one, I believe our relations have improved. Both our parties—although each from a different viewpoint—have stated our intent to “graduate” our attitude toward the government with respect to its programs. This is a new and important factor, a meeting of the minds that can accelerate the development of the situation during the current legislative session.

[Question] Precisely what is meant by “graduating” your opposition? As it is, during the last days of the Gorla Government, in the course of the “battle of the sharpshooters,” it was said that the PCI had passed some votes under the table to the majority. Is this—or some other the form of parliamentary support—what you have in mind?

[Answer] There has been nothing under the table in the past and there will be nothing under the table in the future. Our position is cleanly and clearly stated in the program we have drawn up. It cites explicitly the points on which we are pressing for the alternative, and those on which broad agreement is possible today. We have neither ceded anything to nor sided with the government. Our attitude will be neither a hard one nor a soft one. We identify the points on which all parties' attitudes should be neither hard nor soft but rather responsible.

[Question] Spearheading your program is the issue of "economic democracy." Exactly how does the PCI define this concept?

[Answer] As far back as our Florence congress, we stated our view that we are an integral part of the European Left. This translates into a commitment to pinpoint the fundamental options for renewing society—beginning with the forms for participation by the working class, and more generally all employed workers, in the monitoring and the setting of economic objectives. Interesting experiments exist, ranging from the German co-management approach, to that of the Swedish plan. In Italy, in view of our ongoing processes of concentration, we can make an original contribution aimed at reorganizing our democracy, at styling a new suit tailored to this growing body that is coming into its own.

[Question] Another issue indicated in your program is the "social and ecological governance of modernization." Why this environmentalist viewpoint in an official document such as this?

[Answer] It is certainly not based on an attempt to be trendy, nor on a purely rhetorical or romantic view of ecology. We include protection of the environment as compatible with growth, an effort to steer the development of society along qualitative instead of purely quantitative lines. It means reconsidering ways of producing and consuming, based on an organic viewpoint, a new culture.

[Question] Your arrival at this choice, however, is somewhat belated, following a lengthy internal struggle...

[Answer] New choices always involve some delay. And in our case there has perhaps been something more than a mere delay, in that the Left stems from within a productivist culture and must therefore update its own cultural heritage.

[Question] Given these considerations, what is your view of the clash within the five-party coalition as regards Montalto di Castro: Was it an expedient or does it represent a true split between positions?

[Answer] I would say both. In this clash there are still traces of the old; that is, using the platform as a pretext for internal maneuvers within the majority. But there is also something else: A genuine clash between opposing views.

[Question] From the moment he received the appointment to form the new government, De Mita stated his goal as being 1992, the historic date for the completion of European integration. In your opinion, can he make it? Will we arrive on time and prepared for meeting [this deadline]?

[Answer] If we continue in our outdated view of growth, only the stronger part of Italy will enter into the Europe of 1992. We, on the other hand, want to see all of Italy in it. Including the Mezzogiorno. To prepare ourselves adequately for that deadline, we must address first of all the issue of the deficit, also to avoid an outflow of savings. But that is not enough: The real issue is a redefinition of budget policy. There is a redistribution problem (both from the tax standpoint and from that of income), and there is a retrenchment problem, as functions of a resurgence of productive activity and employment.

[Question] In your view, between the risk of internal dissension within the DC and that of PSI hostility, which must De Mita fear the more?

[Answer] It is not a matter of real splits on a major scale. It is merely a wearing away leading to deterioration and its effects can be deleterious not so much to De Mita, or to this or that party, but rather to the entire democratic system. What is needed is a high-level confrontation, involving the entire country, on our grand-scale options, on our societal-scale plans.

[Question] Among the institutional reforms issues, you give top billing to that of local jurisdictions. Why?

[Answer] Because in our view this is one of the points that warrants major concern, especially in the Mezzogiorno. Too often, there is a situation of ungovernability which, because of a permanent crisis, pushes democratic checks and balances into the background, resulting in a continuous silencing of the local councils, hence a fragmentation of administrative intent. It is on this terrain that many of the ills flourish under what we are calling the moral issue.

[Question] Don't you feel that reform of the electoral law represents a necessary step toward institutional reforms as a whole?

[Answer] This is the most perplexing of all the issues. Until a few years ago, we were being pointed to as the obstacle to electoral reform, as the ones who wanted to keep things at a standstill. But from the time that our Central Committee made the issue of institutional reforms one of primary importance we find a reluctance on the part of both the Christian Democrats and the Socialists to address the problem. Perhaps because this terrain is the most difficult of all, the one where the temptation is greatest, on the part of each party to think only of its own interests and in terms of its own advantage. It is specifically from the standpoint of overcoming these difficulties that we deem it necessary to start with the reform of Parliament, including its by-laws, then proceeding with the reform of the electoral system, from the single-member constituency to correction of the flaws in proportional representation.

[Question] The PCI program also includes the "women's rights question." Why has the party decided to include this issue in this document?

[Answer] Viewing things from the standpoint of women's liberation means revising the organization of the community as a collectivity, the manner of producing, the timetables and working hours of our society.

[Question] And the "information issue?"

[Answer] Over and above the dispute regarding public versus private television, we consider this a problem that is fundamental to democracy. The present pattern of concentration in the print and TV media represents more than ever in the past a handicap being borne by those political and cultural forces that do not have in hand the means of lending weight to their views. Here, we find ourselves at one of the most crucial points in the path of democratic growth.

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NORWAY

Center Party Leader Doubts Revival of Nonsocialist Coalition

36390061b Oslo AFTENPOSTEN in Norwegian
24 Apr 88 p 6

[Article by Lars Hellberg: "Jakobsen: Conservative Party Must Change Course"]

[Text] "No party can be 'whipped' into a political course of action that is antagonistic to the party's firm beliefs." With these words, the Center Party chairman, Johan J. Jakobsen, on Saturday ruled out re-establishment of three-party nonsocialist cooperation in today's situation. At the same time, he attacked the Conservative Party head-on. In his opinion, it is the Conservative Party which must change course.

When the party's leaders met with the veterans for a "historic handshake," there was no doubt that the driving forces concentrate on developing and "strengthening the center as the third focus of attention in Norwegian politics" in cooperation with the Christian People's Party. On the other hand, Jakobsen thinks that the nonsocialist power center imagined by Conservative Jan P. Syse in a collaboration between the Conservative Party and the Christian People's Party "obtains its strength from magic formulas."

Conservative Party's Choice

Jakobsen vowed that the Center Party will not flinch from government responsibility when the situation demands it and cooperation can be established on the basis of a policy the party can stand behind. But that will not happen, he believed, until "the day the Conservative

Party again chooses to act in accordance with political and parliamentary reality and again chooses responsibility as its political guiding principle."

The problem today, according to Jakobsen, is that the Conservative Party tries to both "run a race" with the Progress Party and be part of a credible government alternative which also includes the two middle parties. The mood at the meeting in the Bondeheim auditorium left no doubt that the veterans agree with his description of the situation.

Hovdhaugen

The tone was the same in 80-year-old Einar Hovdhaugen's informal talk about the challenges of today and tomorrow. For that matter, it was Hovdhaugen who launched the dispute by calling cooperation on Conservative Party terms a recipe for the Center Party's self-destruction. At the same time, he characterized the attacks on Ragnhild Queseth Haarstad and Lars Velsand as absolutely contemptible and as insulting to Center Party voters in Hedmark and Oppland. The tone was thereby set.

Established Roots

When the Center Party looks back at its 68 years as a political party, the catchwords are "established roots" and "future." Saturday, there was extra emphasis, tinged with irony, on indicating one's roots. The festivities began when trumpeter Harry Kvebaek played a piece from Trysil, only later to perform the "Hunting Fantasy" of Hussasa and R. Stegmann together with pianist Bjorn Strandvold.

Ties to earlier epochs in the history of the original Peasants' party were further emphasized when deputy leaders Anne Enger Lahnstein and Kristin Hille Valle thanked Per Borten and John Austrheim, both 75 years old, for their efforts in serving the party. Each received a pine tree as a gift.

Festivities ended with the singing of the song "The Future Starts Now." The enthusiasm left no doubt the audience believed that by showing its independence from other parties the Center Party had chosen the right path for the future.

On the other hand, Jakobsen thought that both the Labor Party and the Conservative Party, faced with new political challenges from the fringe parties, hesitate to choose a political course.

"The Labor Party is now starting to seriously notice the wear and tear as a government party. The party is being severely challenged by the Socialist Left Party, whose ambition it is to fill the void which arises when the Labor Party draws in toward the center.

"The trend is even more interesting, if possible, on the opposite wing. An increasingly self-confident Progress Party is on the verge of embarrassing the tradition-rich Conservative Party politically," said Jakobsen.

He concludes by saying that for the opposition Center Party the only alternative is to cooperate on an issue-by-issue basis until the Conservative Party has clarified its "middle-party dilemma."

12327/9738

Paper Comments on Announcement Christian Party Chief Retiring

*36390061a Oslo AFTENPOSTEN in Norwegian
28 Apr 88 p 2*

[Editorial: "Kristiansen Steps Down"]

[Text] Kare Kristiansen has decided he does not want to run for election to the Storting next year. This is a decision many will deplore—first and foremost in the Christian People's Party, where for a number of years Kristiansen has stood out as a principal ideological force, as a broad-minded and far-sighted politician. But Kristiansen also has a large flock of supporters outside his own party: ordinary middle-class people who have followed him in his energetic and determined efforts to recreate a nonsocialist government alternative. Courageously, with consistency and strength, Kristiansen has championed nonsocialist cooperation over the years.

Within the organized party system, this has never been a simple or rewarding task because of the cultivated self-interests and the shortsighted considerations of party tactics which more often than not—or at least periodically—have displaced the superior considerations of community and nation. A the-hell-with-Norway-my-town-comes-first syndrome also largely holds true when people in certain party circles comment on efforts toward nonsocialist cooperation. If we had not had politicians of Kare Kristiansen's fiber, who can see beyond the next opinion poll, it would, of course, never have been possible to establish a credible government alternative on the nonsocialist side.

If the nonsocialist parties plan to make a name for themselves with a constructive nonsocialist policy, they must work out a cooperative arrangement where viewpoints can be freely exchanged and conclusions are compromises. As long as no nonsocialist party alone has a majority, that is the only way they can acquire a decisive influence on society's development. This has been Kare Kristiansen's message, especially to members of his own party. And if we assess developments since the government formed by John Lyng in 1963, there can hardly be any doubt that Kristiansen's course of thought has also been right for the Christian People's Party. But opposition within the party has been, and is, substantial.

Now that Kristiansen has chosen to withdraw, it is chiefly his reasons which attract political attention. "The way things have turned out," he simply cannot take it anymore. According to Kristiansen's appraisal, the Christian People's Party has gradually become too dependent on the Center Party, something anyone could have pointed out. "As a result," he says, "we often become a support party for the Labor Party and the incumbent government. This in turn results in little continuity in our economic policy. Furthermore, I feel that the conservative philosophy which from the outset formed the basis for the party is gradually being toned down in favor of a vague social ethic with more leftist-oriented elements."

In this ideological desertion lies Kare Kristiansen's verdict, too. Given the country's situation, there is little excuse to be found here for the Christian People's Party.

12327/9738

Progressive Party Exuberant After Congress, Record Poll Gains

Hagen Sees United Congress

*36390058 Oslo AFTENPOSTEN in Norwegian
18 Apr 88 p 3*

[Article by Geir Salvesen: "Hagen: Historic National Congress"]

[Text] "This has been an historic national congress. Everything that was used against us before—that we were different and odd—all that is gone. We've had businesslike debates, no internal squabbles. The time of protest movements is past. In short, we've grown up." This was the way the Progressive Party chairman, Carl I. Hagen, summed up for AFTENPOSTEN the national party congress which ended yesterday in Bergen.

Total control, discipline, streamlined public relations on the television screen Saturday and a Carl I. Hagen in top form: These were some of the many impressions observers at the national party congress were left with. Gone were the "country bumpkins" and "city oddballs" who with varying assertions created confusion at many previous national party congresses. The re-elected party chairman was beaming with satisfaction:

"This was much better than I'd ever dreamed of," said Hagen at the close, and claimed that the Progressive Party has now become a regular party, similar to others in seriousness and businesslike debate.

TV Speech

For the first time, Hagen had practically free access to the TV screen, and in a speech Saturday morning during a live 3-hour broadcast he attacked head-on the politicians and bureaucrats whom he depicted as the new upper class. At the same time, he wooed Labor Party

voters who might be disappointed by the outcome of the Brundtland government's policies. He pictured himself and his party as spokesmen for low-income people in Norway today. Nor did the Progressive Party conceal that it is precisely the Labor Party voters it is pursuing in particular.

"Most of them you can get are from the Labor Party. People at the grass-roots level in the Federation of Labor are now collaborating with the Progressive Party in the fight against boss rule," maintained the deputy political chairman, Pal Atle Skjervengen, yesterday.

Pulled Wires

Maybe the reason the Progressive Party appeared more united this time than in a long while was the behind-the-scenes manipulating the party had done in advance. It did not want to risk any slip-ups in the political debate which followed Hagen's TV speech on Saturday, and even before the debate began it had made a list of speakers with time allotted for speaking, where the county parties were made responsible for seeing to it that the most articulate got to say their piece during the TV broadcast. People were also prohibited from leaving the studio during the TV program. The delegates accepted the harsh discipline without complaint.

"In order to be effective, we had to stand united within. That was the main point of this national congress. And we had to show we're not a bunch of disorderly sapsheads," says the deputy chairman, Pal Atle Skjervengen, explaining the discipline to AFTENPOSTEN.

The situation for younger members of the party was described in this way:

"We have reached the age of consent," said a delegate.

Environment

The national congress also gave the party an environmental action program and an intense debate on environmental policy. But the party used its own ideology as a basis for focusing on environmental measures: pollution is an infringement on the right of ownership, it was claimed.

Also the result of the national congress was a new program for public health and care of the aged with increased reliance on private insurance arrangements in addition to National Health Insurance, which is earmarked for those persons who pay into it.

Lots of Young People

The man—or, more precisely, the boy—behind the work was 23-year-old Tor Mikkell Wara, who was seen by many as a political comet at this national congress. Just as unconstrained as Carl I. Hagen, he took the rostrum before the TV cameras and spoke without a script, in

pure Hagen style. This native of Vadso, who has settled in Oslo and has become a member of the city's board of education, is symptomatic of the importance the party's youth division has acquired. With Tor Mikkell Wara leading the way, the Progressive Party's youth division with its 5,300 members has become Norway's third largest youth organization. Last year it increased by 1,000 members during a time when the other parties stagnated.

Does Wara aim at becoming the new party chairman when Hagen has had enough?

"No, that's not my goal. I don't have anything special planned beyond my college studies. There are many other things a person can do besides serve in the Storting," he says to AFTENPOSTEN.

For that matter, Carl I. Hagen was re-elected party chairman with 171 votes, six blanks, and one vote for his wife Eli, whom he had described, earlier in the national congress, as her own boss. Elected members of the central board were Georg Mathisen, Inger Marie Ytterhorn, Johan Alvheim (re-elected), and Roar Myrbraten (re-elected). The rest of the leaders did not run for election this time.

Paper Assesses Congress

36390058 Oslo AFTENPOSTEN in Norwegian
18 Apr 88 p 2

[Editorial: "Best Outside Reality?"]

[Text] As it grows, the Progressive Party becomes its own problem—and that of others. Its own because the Progressive Party must figure out what it will do with its votes besides protesting to little advantage. And the problem of others because some parties let themselves be provoked by the Progressive Party into misguided acts: the Center Party uses it to justify cooperation with the Labor Party, and the Christian People's Party uses it to justify lack of binding cooperation with the Conservative Party.

So saying, the Progressive Party's only actual effect on Norwegian politics so far has been to bring Gro Harlem Brundtland to power, with tax hikes and new regulatory laws as the result. That this has been unintentional does not change the fact.

Hagen and his party find themselves in a strange and awkward situation: the Progressive Party is bound up with the absence of genuine influence. The more the middle and left-wing parties are frightened by Hagen's criticism into defending even hopeless features of today's society, the more obvious the weaknesses become and the easier it is for Hagen to assert that things could be done in an entirely different manner. It goes without saying that the Norwegian welfare state would

work better if, for example, more competition were introduced into the health sector. It then becomes preposterous to refuse to make reform just because Hagen wants a revolution.

In the same way it is clear that the Progressive Party receives greater support because the country does not now have a nonsocialist government to implement nonsocialist policies. After all, protest parties thrive on confusion and paralysis. The Center Party and the Christian People's Party ought to consider that as recently as 1985 the Progressive Party was reduced to insignificance because the election that time determined who would run the country. Now, at least for the time being, the two middle parties have removed this key question from the political agenda. It is, therefore, open season for the Progressive Party.

Today the party can sail freely under the flag of convenience. At the national congress in Bergen, full-time professional politicians streamed to the rostrum to talk about how other full-time professional politicians misgoverned Norway. The former, of course, were not like the latter. The main theme of all the speakers was the other parties' lack of honesty and morals. But no Norwegian party ever conducted a general political debate so stripped of conflict of opinion as the Progressive Party did in Bergen. The show Saturday morning was made for TV and performed accordingly.

Hagen's speech was magnificent as an oratorical performance. But it contained not a word about how the party would implement the corrections it wants made in Norwegian politics or about the consequences of the party's more far-reaching proposals. The Progressive Party held a national congress on television, but not in reality. In that respect, it has learned in a short time more about the essence of modern politics than any other party.

Poll: Party Surpasses Conservatives

36390058 Oslo AFTENPOSTEN in Norwegian
22 Apr 88 pp 1, 3

[Article by Geir Salvesen: "Shock Waves After Progressive Party's Advance"]

[Text] The opinion poll which showed that the Progressive Party has passed the Conservative Party (23.5 to 21.4 percent) shocked the political world yesterday. The numbers gave quite a turn to many Conservatives, who admit that maybe they have not been aggressive enough. "We call attention to the rough road ahead, and that isn't as popular as nonbinding protest," asserts Jan P. Syse. AFTENPOSTEN characterizes the poll as a political tremor and fears that if worse comes to worst it may be repeated in the 1989 election.

The Progressive Party's powerful advance in the opinion poll after the national congress last weekend sent shock waves through the entire political world of the Storting yesterday.

For the Conservative Party especially it was a day for soul-searching, after the Progressive Party had helped itself heartily to Conservative voters, according to the April poll by Opinion/ARBEIDERBLADET. The figures were: Labor Party, 27 percent; Progressive Party, 23.5 percent; and Conservative Party, 21.4 percent.

Most established politicians in the Storting have long grown accustomed to news about the advance of Carl I. Hagen's party. But many were shaken by yesterday's fresh figures. The Labor Party was at its nadir, and the Progressive Party had passed the Conservative Party.

"The whole thing is a wave of public feeling after Hagen's show last weekend," claimed many persons. "It can't last."

Conservative Party on Track?

But uncertainty began to creep in, and Conservatives in particular were engrossed in discussing the meaning of what had occurred. Raised at the same time was a question about whether the Conservative party has been on track recently. Inner party circles admit to AFTENPOSTEN that the Conservative Party has not been an outgoing and aggressive as desirable.

"The party is on schedule with reference to its strategic plans," it was claimed. "After the national congress, it was important to bring everyone together. We've now achieved that, and the next step was to try to get the Christian People's Party to join those willing to govern." Stage 3 in the "rocket" is to become more active. The party has sought issues by which to demonstrate its disagreement with the Labor Party, but has had problems. In the 2 months left until the shutdown for the summer, it will be easier, key figures in the Conservative Party believe.

The Rough Road

Party leader, Jan P. Syse, who is visiting Brussels together with a Nordic Council delegation, said in a commentary that while people have shown through this poll their protest against society's problems, they will gradually begin to seek analyses and solutions. The Conservative Party has comprehensive solutions and points to the rough road out of the problems. This is not as popular as nonbinding protest, but the Conservative Party must insist on the constructive solutions which the country needs, the press release states.

"Anything hasty is out of the question. As a responsible party, we can't run after a few percentage points that have gone to Hagen and so alienate many other people," says a party source.

Kjell Magne Bondevik, chairman of the Christian People's Party, touched on something similar when in a speech yesterday evening he warned the Conservative Party against imitating the Progressive Party's policy.

Competent

Conservative Johan C. Loken was among those who thought that the poll was a wave of sentiment created by Hagen's appearance on TV last weekend.

"Hagen himself is competent, but put into practice, his policy is hardly what his voters have in mind."

"So are the voters who support him dumb? Haven't they understood what's going on?"

"The voters are never dumb. But like politicians they're impulsive, and in the long run it's responsibility that yields results."

Attraction

Loken admits that the Conservative Party's power of attraction has not been strong enough recently. Why?

"We depend on responsibility, and in that case you run the risk of fuzzy viewpoints."

"When the world is so complex, shouldn't the Conservative Party cut through the fuzziness and clearly express its views on several issues? Wasn't that customary before?"

"We can become more skillful at saying yes and no, but we can't say yes to things that are mutually incompatible. And that's what Hagen does. At the national congress in Bergen, for example, Hagen wanted to increase most of the public expenditures in the budget that are already the biggest and at the same time reduce taxes and duties," says Loken, who has other examples on hand.

There will be plenty of use for them in the future, he admits.

Evaluate TV

Helge Seip, head of the Norwegian Broadcasting System (NRK) board of governors, said yesterday that live telecasts from national party congresses must be evaluated further to avoid having them staged so that they make the best impression possible on TV. "Even if you want to give a correct picture, this does not mean that the NRK will set up a forum which produces an idealized picture of everyone," he said in an NRK radio interview.

Conservative Paper on Poll

36390058 Oslo AFTENPOSTEN in Norwegian
22 Apr 88 p 2

[Editorial: "Political Tremor"]

[Text] There is certainly reason to note that an opinion poll is not an election, but when the Progressive Party storms ahead and becomes the country's second biggest party in the April opinion poll, it is naturally unavoidable that this makes a very strong impression on both politicians and observers. In large sections of the electorate, earthquake like reactions to developments in Norwegian politics can now be recorded. And they are reactions directed primarily against the political "establishment", what Carl I. Hagen so disrespectfully refers to as the new upper class: the politicians and the bureaucrats.

What it boils down to in all simplicity is a clearly expressed and very widespread dissatisfaction with the way politicians handle everything wrong and askew in Norwegian society. This dissatisfaction finds its chief outlet in the ultraconservative and populist protest movement of which the Progressive Party is an exponent.

As party leader and at the same time "antipolitician," Carl I. Hagen, has understood in a masterly way how to play on the reactions which manifest themselves in antiparliamentary attitudes and in growing distrust of the country's leaders. Another fact which has contributed substantially to the increasing support for the Progressive Party is that this is the only party which has unequivocally identified itself with opponents of the official immigration policy.

The explanation for the sensational showing made by the Progressive Party in the opinion poll probably lies first and foremost in Hagen's TV appearance at the party's national congress in Bergen. The television spotlight yielded a momentarily record showing on the political barometer. Naturally, the big question is how long the Progressive Party can stay at this high level and whether the party will be able to continue to advance. Given the state of Norwegian politics, advancement cannot be ruled out at all. After success in the municipal elections last fall, Hagen's party has strengthened its position in all the institutes' opinion polls. And this is a trend which must be seen in connection with the frustration and feeling of powerlessness that is spreading to more and more voters in many parties, especially the Conservative Party.

The current situation makes it tempting to draw comparisons with what happened when the Progressive Party in Denmark managed to become the Folketing's second biggest party after the 1973 election. This time, too, we witnessed a crisis of confidence between voters and elected officials. It is difficult to predict the future, even if it is no further down the road than the 1989 Storting

election. But if by that time no situation is created which can rally nonsocialist voters around new approaches to problems, we might experience an election outcome that is a repeat of last week's opinion poll.

3,000 New Members Join

36390058 Oslo AFTENPOSTEN in Norwegian
25 Apr 88 p 3

[Article by Geir Salvesen: "Stream of Members to Progressive Party"]

[Text] Thousands of new members are now streaming into the Progressive Party, which is sending out "startup packets" to new local groups across the entire country. At the same time, the party leader, Carl I. Hagen, mounts a counterattack against Conservative Party leaders who say that the Progressive Party lacks an overall view. "We didn't get through to people by having our hair neatly combed and waving our arms and legs. We got through because we had a message people believed in," he says to AFTENPOSTEN.

Roughly 3,000 new members since the start of the year: that is what the organization's secretary, Hans Andreas Limi, figures the result will be when all the lists come in. The party does not have a central register of members, but he estimates for AFTENPOSTEN that the number will probably rise from 17,000 to 20,000.

The influx has been enormous since the national congress last weekend, but was considerable even before that. New local groups will be founded across the entire country, including several places in More and Romsdal. People are calling in to join at every hour of the day and night. After the Storting debate concerning the fishing boat Helnes, where Hagen stood alone in the fight against sinking it, sixteen fishermen from northern Norway telephoned in the evening and wondered whether they could join the party.

"Public Assistance Office"

The party's Storting office was inundated with calls from people who think the party can help them to borrow money, get an apartment, assist in lawsuits against neighbors, and so forth. The workers there feel as if they are in a public assistance office rather than a party office.

At the same time, Carl I. Hagen is changing party strategy, and he does not conceal that now he can do it with greater self-confidence. It is no longer a matter of standing with "hat in hand" and wondering if anyone in the Conservative Party will speak with him. Now they come to him, and any talk about the government's party make-up is not relevant until next year, he says to AFTENPOSTEN. He is certain that the party must be taken into consideration when a new government is discussed. At the moment, his party is more than twice as big as the Center Party and the Christian People's Party combined. He says he is tired of the Conservative

Party's grumbling about his advancement and challenges that party to see that the fact the Progressive Party and the Conservative Party are in such good shape is a positive thing.

Taken From Labor Party

"It has to be gratifying that we've managed to take so many voters away from the Labor Party," he says.

"You've said before that your goal is to get a purely Conservative government which the Progressive Party can give its support to. Is that still the goal?"

"Such statements will always be tinged by the time at which they were made. Now the situation is different, and we have to talk more about this at the national congress next year. The most important thing for me is not to form a government but to have our own policies implemented."

"Conservative leader Syse says that the Progressive Party lacks an overall view."

"I've seen that, and he also says that it's only individual issues and telecasts from the national congress which have led to advancement. But we were successful because we had content, and not because our hair was neatly combed or we waved our arms and legs. Look at Syse's own national congress speech: glittering rhetoric, but totally without content. That's why we went up 7 percent and he didn't," says Carl I. Hagen.

12327/9738

TURKEY

Visiting Afghan Commander Requests Aid, Reports on Front

35540143a Istanbul TERCUMAN in Turkish
7 Apr 88 p 2

[Article by Emin Pazarci: "One Russian Plane for Every Martyr!"]

[Text] Ankara (TERCUMAN)—The password of the Afghan "Freedom Fighters," struggling in Afghanistan against Russia and the collaborationist Afghan administration, is "One Russian plane for every martyr," and their standard is "Freedom."

The mujahidin commander of Turkish origin, Asik Jamal, came to Turkey to see his family and the first door he darkened, even before his own, was TERCUMAN's. Asik Jamal said that our newspaper reaches the mujahidin headquarters in Pakistan, where it is passed from hand to hand. "We are grateful to TERCUMAN. Before visiting my family, I have come to thank TERCUMAN for making our voice heard, for its effort to get aid to us, and for calling us at headquarters almost everyday to encourage us," he said.

Say One Thing, Do Another

Abdulkerim Mahdum, the leader of the Afghanistan Turks in Turkey, accompanied Asik Jamal on his visit to our newspaper. Jamal, a Kazak Turk and one of the commanders, said, "I have brought greetings from the Turkish mujahidin," and explained the latest situation at the front. He said that none of the rebel groups in Afghanistan believes that the Soviet Union will withdraw its troops from Afghanistan and added: "They are lying. They are trying to sow discord among us and say they are withdrawing to get us to abandon the war. They say one thing, but they do another. They have recently increased their raids on our important headquarters. They are also trying to sow discord among the people in the cities."

One Plane for Every Martyr

Jamal explained that they are not affiliated with any political party in Afghanistan and, with the 250 soldiers under their command, they fight shoulder-to-shoulder with the Peshtuns in Paktiya Province. He said, "We have been fighting this holy war since 1981, but we have not lost too many martyrs. We lose some martyrs and we shoot down four or five airplanes and destroy 20-30 tanks. Our unit has shot down five planes, three helicopters and two jets since 1981. We estimate that we have destroyed around 40-50 tanks. I did not think that I would live very long when I began the holy war. The Lord protects the mujahidin. I have been at the front for 7 years and I am still alive."

Chemical Warfare

Asik Jamal does not know how many Russian soldiers he has killed to date and, when pressed, says, "Sixty or seventy." He said that the Soviet Union is using chemical warfare in Afghanistan. "We were on top of Kandil Mountain in Paktiya and Russian units were at the bottom of the mountain. Russian airplanes started dropping bombs. The bombs did not fall on us, but about 3 kilometers away. Six Russian soldiers were poisoned by the gas from the chemical bombs and died. We lay down in the snow and covered our faces and mouths to protect ourselves. But some of our men were blinded anyway."

Mujahidin Pride

Asik Jamal said during our conversation that they had started out in 1981 with weapons they received from the Afghanistan Northern Provinces Islamic Union, but they had received no aid since then and continue to fight with the spoils from Soviet soldiers. Asked what they eat and drink at the front, Jamal replied, "We eat whatever we can find in the mountains. If the Afghan nation can send us something, we manage with that. We scrounge some meat perhaps once in 6 months." The proud rebel commander asked us not to print that after he said it.

Abdulkerim Mahdum, leader of the Afghanistan Turks in Turkey, said that he prays constantly for the rivalry between the mujahidin groups to find an end. "The Russians cannot last long in Afghanistan. They will withdraw soon. It is our hope that the mujahidin can form a coalition government without destroying their alliance," he said.

Mahdum called on aid organizations in Turkey to "extend a helping hand to the mujahidin of Turkish origin in Afghanistan."

8349/9738

Paper Cautions 'Careful Steps' in Dialogue With Greece

NC0106071788 Istanbul CUMHURIYET in Turkish
27 May 88 pp 1, 11

[Hasan Cemal editorial: "Cyprus Has Priority..."]

[Excerpts] It seems that Greece wishes to link the Davos procedure or "spirit" with Cyprus. Athens does not seem to support the idea of progress on Cyprus without concessions from Ankara. The atmosphere at the talks which have been held in Athens and Ankara has proved that Prime Minister Papandreou's policy, which gives priority to Cyprus, has not changed.

The Greek prime minister intends to achieve results by adopting a flexible attitude as opposed to his stand prior to the Davos summit. He seems confident that he will find it easier to place Turkey in a difficult position by removing the impressions that "Greece avoided a dialogue." In fact, Papandreou explained his approach in the statement he made to PONTIKI magazine in Athens last week. [passage omitted]

The Greek prime minister spoke about the existence of a "mature atmosphere" in connection with the Cyprus problem. As far as he is concerned, what he said cannot be disputed. Looking at the EEC attitude; the resolutions adopted by the European Parliament; the bill the U.S. House of Representatives passed on the question of U.S. military aid to Turkey; the atmosphere in Washington; the silence on the "29 March document" when progress is being made to arrange a Denktas-Vasiliou summit meeting on Cyprus; and the assessment that the burden of Turkey's foreign debts has made the Ozal government more vulnerable to foreign influence, it is no wonder that Papandreou believes that the atmosphere has "matured."

Athens always linked the Aegean problem with its "sovereign rights," the continental shelf issue with "international agreements," and the question of western Thrace with "internal affairs." Now it is striving to link the Davos procedure with Cyprus.

The establishment of a rapprochement between Turkey and Greece will yield auspicious results. A dialogue will be in the interest of the two countries' peoples. However, what we have at the present time is "merely a show," not a dialogue. This state of affairs may continue for some more time, but not for long.

We should wait for a new general election in Greece in order to be able to determine Papandreou's true intention and whether or not he is sincere. He won two elections through his "hostile propaganda against Turkey." He may have decided to influence Greek public opinion this time by a propaganda campaign about an "atmosphere of peace" between Greece and Turkey.

In view of this, Turkey must continue to take careful steps. It must not lose any ground at all on the Cyprus issue and the Aegean problem for the sake of maintaining the "Davos spirit."

Members on Kurdish, Shiite Impact Within SDPP

*35540143b Istanbul MILLIYET in Turkish
13 Apr 88 p 11*

[Part 3 of serialized article by Metin Toker: "SDPP File"; other installments not published]

[Excerpt] The date shown under the party name on the SDPP [Social Democratic Populist Party] emblem accompanying the title of this series is "1983," and this confuses some people.

Was the SDPP not formed in 1983?

Yes, it was, but it is also the new name of the Populist Party, and the Populist Party was formed in 1983.

Everything about the SDPP is confused like this. But it is not the SDPP's fault.

From one way of looking at it, the SDPP is going into its convention with a lot of cliques: the Easterners, the Alaouites, the DISK [Confederation of Revolutionary Worker Unions] leftists. On the other hand, there are Baykal's followers and everybody else. Anyone would be forgiven, even, for considering those "on the other hand" as a separate clique.

Another way of looking at it is to say that the SDPP has a left wing, a center and a right wing. Ahmet Turk, whom some consider the representative of the Easterners, and Kemal Anadol, a DISK leftist sympathizer, reject the first description and say that the second is natural for a social democratic party. Do these wings not exist in the social democratic parties in Britain, Germany and France?

Yes, they do.

Kemal Anadol said, "We will run for a party management position at the convention as the left wing. If we win, great. Then we will also nominate our own candidate for party chairman if necessary. If we lose, we will stay in the party and try again at the next convention. But if the winner attempts to purge us, then that's different."

Ahmet Turk and "the party's bad boy," Cuneyt Canver, said the same thing. Everybody, in unison, rejects "Kurdishism and separatism." Many people who openly state that they are Kurds are careful to say that "Kurdishism in the separatist sense" does not exist within the SDPP. The same is true for Alaouites. Cuneyt Canver says, "We Alaouites may be a politicized group and perhaps grasped certain key points before the others did."

In any case, it would not be far wrong to say that the Easterners, the Alaouites and the DISK leftists have control of the left wing going into the convention...as long as we do not ignore the fact that some of the Easterners and Alaouites also belong to the center and the right wing.

Photo Caption: Ahmet Turk: "I am a Kurd, not Kurdish, absolutely not separatist. This is generally true throughout all of the southeast. Separatism cannot be sovereign over the SDPP anywhere. It will find us against it."

8349/9738

Ozal Speaks at Boat-Launching Ceremony

*TA3105190188 Ankara Domestic Service
in Turkish 1600 GMT 31 May 88*

[Excerpts] The PT boat "Firtina" and two blocks of a 3,500-ton floating dock built in Istanbul's Taskizak Dockyard for the Turkish Naval Forces were launched in a ceremony today. Speaking at the ceremony, Prime Minister Turgut Ozal said that advancement in every kind of industrial field will make Turkey's development possible. He said the government considers the defense industry as an important means of making great contributions to Turkey's economy. He added: I hope that the means and personnel Turkey has today, the technological level we have reached, will have a snowball effect in advancing all our industries, including the defense industry.

Ozal pointed out that with the law enacted 2 years ago, a great step was taken in the defense industry and a brand new system introduced whereby some \$700 million was becoming available each year through the defense industry fund. He stressed that Turkey is cooperating fearlessly with foreign companies in this field, and added that the aim is to establish in Turkey the most advanced technologies of the world step by step.

JPRS-WER-88-028
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POLITICAL

"Firtina," the seventh PT boat built in Taskizak, is equipped with the most modern electronic and weapon systems. It is the most advanced PT boat in its class, with a 76-mm double-barrel gun and with eight surface-to-surface Harpoon guided missiles. It sails at 38 knots.

The second and third blocks of the floating dock, which will be composed of five blocks weighing 700 tons each,

are 20 meters long. The inner width of the floating dock is 24 meters.

Attending the ceremony at Taskizak were National Defense Minister Ercan Vuralhan; Fleet Commander Admiral Orhan Karabulut; General Sarbi Gelic, War Academies commander; and high-ranking officials.

DENMARK

'Zero' Budget Increase Seen for Defense Over Next 2 Years

36130061 Copenhagen *BERLINGSKE TIDENDE*
in Danish 21 May 88 p 4

[Article by Ole Dall]

[Text] Sources close to the government recognize that for the first couple of years [of the next cabinet] there can be no question of raising military appropriations above the cost and wage index. A negotiated solution is expected, however, in the conflict over foreign warship [visits].

A defense commission appointed, greater efficiencies mandated, continued spending in accordance with increases in the cost and wage index—but not one krone extra for the Danish military for the next 2 years. This is recognized by sources close to the government, who see this as the resolution necessary for ending the conflict over military [funding]. The basis for this is the election results, which failed to give a majority to those parties supporting increased military appropriations, namely the four-leaf clover parties and the Progressive Party.

Generally placed nonsocialist sources do not want, however, to give up on obtaining extra appropriations later, after a defense commission concludes its work a couple of years from now.

A temporary zero solution may at the same time be seen as an act of accommodation by the Radical Liberals, which highly-placed circles among the Conservative Party and Liberals would like to see brought into a government. The Radical Liberals, just like the Social Democrats, have determined that the economic limits for the military must not be raised. While negotiating rounds have been continuing for a new government, the reason for calling the election has generally not been discussed: the resolution adopted stating that before they dock foreign warships shall be informed of Denmark's non-nuclear policy.

On this point, highly-placed nonsocialist sources envision two models: the "Norwegian model" might be employed, according to which the captains need only to be informed that permission to enter Norwegian waters is given with regard to the country's rules, or it could be possible to send a letter to other governments stating how Danish non-nuclear status is to be defined. A combination of both is also possible.

In the cooperation document [submitted to the nonsocialist party leaders] by Niels Helveg-Petersen (Radical Liberal), the Radicals' chairman also proposes a negotiated solution. His point of departure is the adopted resolution, combined with Poul Schluter's (Conservative) statement to the Folketing regarding a solution,

"which is based on the Danish policy of freedom from nuclear weapons in peacetime, and at the same time is compatible with the principles of our allies."

/19738

GREECE

Shells Manufactured for Use in Iraqi Chemical Warfare

35210094 Athens *TO KALAMI* in Greek 28 Apr 88 p 14

[Text] How is the export of war materiel from Greece conducted? How is gas placed in containers? Is there no one responsible for all of this? Companies make profits but Kurds are dying!

Thousands of Kurds are being exterminated in northern Iraq through the use of "gas." In other words, toxic gas substances that are being dropped indiscriminately on children, women and old people and sometimes on Kurdish Liberation Movement fighters. Against the endeavor by the Kurds to form their own "national" state, something that greatly worries Ankara, Iraq is using poison gas that is dropped on civilians in special use shells that have a NATO patent and that are manufactured in Greece!

According to an investigation conducted, those responsible are alleged to be two Greek war industries (TO KALAMI had already written about one of them last week), namely ELVIEMEK [Greek Explosives and Ammunition Industry] and EVO [Greek Arms Industry]. The former, a private firm, belongs to the Chilean named Cardoen (the Spanish periodical *EL GLOBO*, PONDIKI and earlier ANDI had written about him). In maintaining the "Greekness" of the firm he has succeeded better in infiltrating the Arab and African world. The latter company is the old former "pride and joy" of the Arsenis brother in Aigio (and also in Mandra and Ilioupolis) that even after 7 years has not managed to deliver complete Artemis anti-aircraft weapons systems to the air force.

These two firms (EVO in its Mandra plant) manufacture certain types of shells that are suitable for Iraqi howitzers, with one small technical difference. They are not all "filled" with explosives. A significant number of shell cases (this could be revealed through a court ordered investigation) leaves the country empty. These shell cases can be filled in a plant that Iraq has set up on its western frontiers where Baghdad's war munitions usually arrive. This is so because the route followed is by way of Suez to Aqaba, Jordan's port on the Red Sea, and from where they are transported by highway to Iraq!

They are usually loaded on Iraqi state vessels in Keratsini or Oropo, depending on what company is handling that particular consignment and that particular type. Nevertheless, the most usual procedure is that they are loaded on vessels of the Iraqi lines (Iraqi State Enterprise for Maritime Transport) headquartered in the port of

Basra in the Persian Gulf but now operating out of Baghdad. Director of this company is Mr Osmat, a well-known businessman and official of Baath, the governing part of Syria, as we have been told. The Iraqi Lines fleet consists of 25 almost new vessels, all under 15 years of age. Of these "general freight container" vessels are the following: Alesreesi, Alfarabi, Alkhansa, Alkindi, Alrazi, Alwassiti, Alzawraa, Babylon, Baghdad, Basrah, Silawat, Sinbad, Zanoobia and 14 Ramadhan. There is also the Al-Zahraa that can not only carry containers but is also equipped with a helicopter pad.

Subsequently, once the containers reach Aqaba they are sent northward and once they have crossed Jordan they enter Iraq where in an "industrial plant" located near the frontier the poison gas is placed inside the empty shell cases.

EVO, that is the biggest Greek war industry after EAV [Greek Aircraft Industry], is, in fact, made up of four different units: the Aigio plant (the main arms manufacturing unit), the Lavrion plant (ammunition), the Ipeiros Metallurgical Plants and the EPE General Mechanics (Mandra). It is the latter unit that makes sales of shells to Iraq.

The company administrative board, appointed by decision of the deputy minister of national defense, is made up (as of 2 March 1988) of the following: Al. Kitsos, Capt Kyr. Sambanis, Col Dim. Tagaris, Adm P. Koutsomitopoulos, Vice Adm Georgios Kokkinos, Dim. Doubas and Nik. Kondomitros. Headquarters are located at 160 Kifisias Street. There is a separate administration in each plant.

What does EVO export? In principle, shells, primarily 155mm and 105mm howitzer shells. Also it exports shells of every type for Iraqi artillery that is of the "mixed" type, in other words equipment purchased from both the Soviet bloc and the West, and also from what was abandoned by the Iranians in the first days of the war.

It should be pointed out that earlier (we do not have data on the last 6 months) yet another state enterprise was involved in exports to Iraq. This was PYRKAL [Munitions and Cartridge Company] that sent small anti-tank missiles, shells and ammunition. In fact, a year ago, a relevant interpellation was submitted to the Chamber of Deputies.

As previously mentioned, ELVIEMEK is a "Greek" firm that belongs to the Chilean named Cardoen. The members of the administrative board are Chilean and belong to the group of cadres of Chilean arms merchant and close friend and associate of Pinochet, Cardoen, who has also appointed them as members of the ELVIEMEK affiliate, IMESIA, in Spain. Both firms export war materiel to Iraq. According to press reports this past week, Cardoen also belongs to the friendly circle of Iraqi leader Saddam Husayn. The primary company is Industrias Cardoen Chile with headquarters at the Santa Maria

"tower" in Santiago, Chile—that manufactures special bomb detonators. Checks and controls on ELVIEMEK's production are exercised from time to time by Cardoen himself who comes to Athens for meetings with his close associates and with clients from Iraq (and other Arab countries). Indeed, at least twice in recent months, the Chilean's small private jet landed at Ellinikon Airport bringing him and the owner of ELVIEMEK.

Those, however, who have a noteworthy role in ELVIEMEK are two Greeks. One is the directing adviser, Mr S. Pavlas, who had returned from the United States after having spent some time there. The other is Maj Gen Spyros Psathas (ret) who is one of the company's "dealers." ELVIEMEK, that is located right next to the Athens-Lamia national highway, suffered significant damage the year before last from an explosion in an ammunition dump. According to certain information, the ammunition was ready to be loaded for shipment to Iraq. Also according to certain information, Iranian sabotage should not be ruled out in this case. However, results of the investigation have never seen the light of day.

The company is declared to NATO. It thus has a right to manufacture ammunition from NATO patents and to obtain certain advanced know-how from allied countries.

Questions Remain

Nevertheless, except for these pieces of information, some questions do arise. For example, how does an essentially foreign industry appear internationally as "Greek" marking the country as a member of a war materiel cartel exporting to countries which, according to decisions made, should be deprived of such materiel in an effort to put an end to the war. Even more significant is how is it that shells are being sent that the Iraqis use to launch chemical poison gas against the civilian Kurdish people whose demand for "national liberation" Greece recognizes.

Finally, one question about ELVIEMEK and EVO relations: Is it true that there are relations between the two firms and that "mutual services" had been exchanged between them in the past?

5671/9274

NORWAY

Armed Forces Take Steps To Adjust to Lower Budgets

Basic Training Time Reduced

36390067 Oslo AFTENPOSTEN in Norwegian
3 May 88 p 11

[Article by Liv Hegna: "Recruit School Cut Two Weeks"; first paragraph is AFTENPOSTEN introduction]

[Text] All recruits who are entering military service for the first time in July and October are now receiving

notices in the mail to report 14 days later so that the Defense Department can save money. Three hundred contract NCO's cannot count on having their contracts renewed beyond the contract period which expires this summer because the Personnel Office at GHQ has been directed to cut between 50-60 million kroner from the personnel budget.

The training program at the Army's recruit school is being adjusted to fit the new situation. The requirement that recruits qualify with the rifle (AG-3) will be lifted for the last two contingents of soldiers in 1988. The savings measures will therefore mean that Norwegian soldiers will be less capable this year than previously.

The Office of the Soldiers' spokesmen at GHQ reacted to the reduction of serving days for soldiers. "It means that people will be ordered to report for the first time at a higher age level, which will cause the social expenditures for families and housing to increase considerably," AFTENPOSTEN was told.

The Department Satisfied

The acting press spokesman in the Defense Department, Gunnar Angeltveit, told AFTENPOSTEN that the department is very concerned that the defense budget not be exceeded. He had no comment on the initiatives now being undertaken by GHQ.

A directive from the Army Staff dated 18 April states that adult training "will be adjusted." In plain language that means savings. Ole Peter Gjessing, the National Committee of Soldiers' Spokesman, said that it means lower priorities for personnel, which will have a negative effect on soldiers' motivation for service.

Syse: Very Disturbing

"The report of an immediate hiring freeze in the Defense Department and the reduction of the number of serving days for conscripts in 1988 is a very disturbing signal that the Government's unsuccessful economic policies are now hurting the Defense Department. It is remarkable that such reductions are being carried out without consulting the Storting, especially since the Storting majority, led by the Conservative Party, last fall approved a strengthening of the defense budget beyond the level recommended by the government."

The leader of the Conservative Party, Jan P. Syse, spoke these words in a speech to Akershus Conservatives yesterday.

Commenting on the reports of savings measures in the Defense Department, Hans J. Rosjorde, the Progressive Party representative on the Storting Defense Committee, said that Defense Minister Johan Jorgen Holst should immediately be called before the Defense Committee to

explain what is going on in the Defense Department. Rosjorde said that the hiring freeze came as a surprise to the Storting. "Together with the warned reductions in the prescribed framework of the defense, this is alarming," said Rosjorde.

Weakened Defense Capability

The Conservative Party's Jan P. Syse emphasized in his speech to the Akershus Conservatives that what has happened could be a first step toward a lasting weakness in the country's defense capability, because continuous tightening is a clear signal that the Labor Party and the Government want to lower the level of the long-term plan for the period 1989-1993.

"The Conservative Party sees such a development as very serious, and will strongly oppose lowering defense investments. We are also disturbed that the Labor Party is now taking a line which could create conflict over defense. And it is even more important that such tactics make it more difficult to maintain a strong national defense," said Jan P. Syse.

The vice chairman of the Defense Committee, Thor Knudsen (Conservative Party) said that this issue is so serious that he will bring it up at the end of the Storting question period tomorrow.

Defense Minister Defends Steps

36390067 Oslo AFTENPOSTEN in Norwegian
4 May 88 p 11

[Article by Hans Chr. Erlandsen: "Conflict in Storting Over Defense"; first paragraph is AFTENPOSTEN introduction; passage in italics as published]

[Text] Has the Defense Department paid in advance for a reduction in next year's defense budget by implementing savings measures now? No, said Defense Minister Johan Jorgen Holst (Labor Party). Yes, said the Conservative Party's Thor Knudsen in the Storting yesterday. AFTENPOSTEN has an "unofficial" copy of a letter from the Defense Department in which it states that 1989 is the first year in which its economic framework will be lower.

Thor Knudsen's point is that it is the Storting which establishes budgets, and that next year's budget has still not been brought up for consideration. Knudsen took up the question at the end of yesterday's Storting session.

The defense minister replied that increased wage costs this year beyond the framework which was approved by the Storting means that there now must be tightening.

"There has been no hiring freeze imposed," said Holst. "Freezes will be submitted to GHQ or to the inspectors general of the various weapons branches first in order to remain within the framework."

A letter from the Royal Defense Department dated 2 March states: "The Department is still working on the report of the long range planning period for 1989-1993, and will establish a base on a lower economic framework and plan for economic flexibility. The first year in the plan period is 1989, and adapting to a lower framework and modified assumptions for governing the economy of defense must start in that year. In order not to have too sharp a transition to 1989, and because part of that which is planned for 1988 will be felt in 1989, some of the adaptation measures must be implemented in 1988." (AFTENPOSTEN's emphasis).

Holst Complained

Holst complained yesterday that documents not intended for the public have been released to the press, and have been used for background material, as AFTENPOSTEN has done.

AFTENPOSTEN understands that the government intends to present several examples of a long range plan for the Defense Department, which will be approved in the cabinet on 20 May. One of the examples proposes a reduction in growth from about three to about two percent, as ARBEIDERBLADET reported yesterday. Presumably it is this example which the government will promote as its position.

Storting representative Johan J. Jakobsen (Center Party), who is a member of the Defense Committee, said that it is unsatisfactory that the committee was not aware of what was going on. He was supported by his fellow committee member Hans J. Rosjordet (Progressive Party).

Overreacts

Ove Nilsen, chairman of the National Association of Civilian Employees of the Defense Department (FSTL) said that the chief of defense and GHQ have overreacted to the political signals of economic tightening in the Defense Department.

FSTL, which organizes nearly 4,500 civilians and recruits in the Defense Department, received signals of tightening from the political leadership in March. "We received assurances at that time that the savings would not hit special groups in the Defense Department," said Ove Nilsen, who expressed irritation at how the Defense Department leadership presented the savings measures in the mass media.

"As the issue has been presented in the media it appears as though it is only the civilians who will be affected by the savings measures, and that the chief of defense expects to use this group as the way to balance the budget. FSTL cannot accept that.

"The chief of defense should have discussed the savings measures with the employees' organizations before concrete orders were given to local military commanders," said Ove Nilsen, who added that the measures now being announced bear the stamp of unimaginative and traditional military thinking.

Other Funds-Saving Measures

36390067 Oslo AFTENPOSTEN in Norwegian
4 May 88 p 11

[Article by Liv Hegna: "Defense Department Cuts Are Deep"; first paragraph is AFTENPOSTEN introduction]

[Text] Troms Military Hospital, the Ranger Troop at Trandum and the Drill Troop of the Guard are among the military units which are planned to be deactivated. The Army Staff has sent out orders for drastic reduction of activity. The Materiel Administration, especially in northern Norway, is facing total paralysis because of the hiring freeze in the Defense Department.

Thirty-four positions will be saved in the deactivation of Troms Military Hospital at Setermoen. The hospital has 14 beds, and mostly serves civilian personnel in peacetime. There are 11,317 people living in the towns of Malselv and Bardu, not including recruits doing their first military service. If Troms military hospital is deactivated, that will mean that the nearest hospital will be Harstad or Troms, with travel distance of 12 and 17 [Norwegian] miles respectively to get medical help at a hospital.

Leading Edge?

The Guard represents a rarity in southern Norway since it is a standing unit. It is battalion size. The Drill Troop numbers 40 men. That is not such a large number. And it is debatable whether its deactivation is a significant cut in defense capability in that part of the country. Its main mission in both peace and war is to defend the king and the royal household.

As to the Ranger Troop at Trandum, its deactivation will undoubtedly mean an overall reduction in the country's defense capability. The rangers are very skillful soldiers, and are trained to fight behind the enemy lines. The Ranger Troop cannot be replaced by soldiers without special training. On Tuesday the currently serving Ranger Troop went to Troms to train in operations against a Coast Artillery fort.

Reduced Activity

The Army is lacking a large number of professional NCO's. After 300 contract NCO's do not get their contracts renewed this summer the number will be considerably greater.

Before the hiring freeze was implemented the inspector general of the Army sent out a directive saying that the extent of board and committee work should be reduced as much as possible. The same applied to meetings and regional sports arrangements. Also the leadership, umpires, control teams and observers of major exercises should be reduced. Here there can certainly be some savings, since just the expenses of the allied press center during the last Arrowhead Express came to 5.5 million kroner.

The top leadership of the Defense Department has previously repeatedly requested to discontinue lower priority activity such as operation of the civilian flying school at Torp, expenses of rescue helicopters, expenses of UNIFIL and "tap" expenses of the KV treaty. Today these items are included in the defense budget. The total of budget items which come under "additional expenditures" is 337 million kroner.

In response to the army chief's directive, a number of refresher training exercises will be postponed. Furthermore the national infantry competition and demonstration of infantry firepower for the Defense War College and the Winter School for the infantry are discontinued. A number of courses have been cancelled or shortened.

Modernization?

With regard to the modernization of the brigade in northern Norway to Brig-90 structure, AFTENPOSTEN has learned that there has been pure "plundering" of mobilization stores in northern Norway to get enough for the brigade. This materiel is only paid for to a limited extent. Units can now report a 50-percent shortage of communications materiel in the war allowance of priority units in northern Norway's mobilization Army. Savings measures have also hurt here.

In high military circles in northern Norway AFTENPOSTEN learned that the greatest concerns were nevertheless concentrated on the administrative services.

Administration in northern Norway is confronting a breakdown if the hiring freeze is seriously implemented, AFTENPOSTEN was told directly. That despite the fact that the National Board of Auditors complained about the defective administration of Defense Department units. Military leaders in northern Norway say that the Defense Department will not be able to straighten out the problems without bringing in new personnel.

Paper on Minister's Statements

36390067 Oslo AFTENPOSTEN in Norwegian
5 May 88 p 2

[Editorial: "Serious Situation"]

[Text] Norway's strategic importance is simply growing. The reduction in the number of nuclear weapons reinforces our dependence on a powerful conventional

defense. But the resources which were previously available to the Defense Department have not been sufficient to maintain the country's relative defense capability. This is a development which has gone on for a number of years. When the Defense Department openly aims at a still lower economic framework for the long range period 1989-1993 it undermines our security policy credibility.

The rather drastic cuts in the current year's defense budget are the first warning of an "adjustment to a lower framework and changed assumptions," to use the Defense Department's own words. The assumptions under which they are operating in their basic material may be called calculating examples, but the reality is still clear.

Against the background of the information we have learned in the past few days, we have reason to ask the following question: What kind of a defense would we have if we assume that the government gets support for its plans to reduce the real growth of the budgets? Experience from last year, when defense capability was undermined by bringing more outside expenses in under the defense budget, is alarming.

The cuts are defended with a cliché: The Defense Department cannot be excluded, they like to say when our economic problems are being discussed. No? We require a defense which, in cooperation with our allies, has sufficient deterrent effect on a potential aggressor. The welfare state depends on our being able to defend our sovereignty.

As an independent nation we must—both for ourselves and for the benefit of the defense alliance—do everything to convince the outside world that we take our defense seriously. That despite the fact that today we have only the minimum defense that we must have to maintain a reasonable degree of security policy credibility.

Even today the defects in our defense can have dramatic consequences. Let us take three concrete examples: We have a Navy without the ships needed to carry out essential functions. The Air Force does not have sufficient manpower to keep its aircraft in the air. And we have airfields which would be difficult to defend. Defense leaders have good reason to be concerned. It is up to the Storting majority to draw the necessary conclusions.

When Defense Minister Johan Jorgen Holst writes that we must save for a growth in productivity in order to maintain our relative defense capability, it is not likely to increase confidence in the political leadership of the Defense Department. The Defense Department is not a canning factory.

Toward Zero-Growth Budget

36390067 Oslo AFTENPOSTEN in Norwegian
9 May 88 p 3

[Article by Liv Hegna: "Defense Department Preparing for Zero Growth"; first paragraph is AFTENPOSTEN introduction]

[Text] Zero growth is one of the three alternatives that GHQ is preparing for in next year's budget, following a directive from the Defense Department. They are also working hard on short range problems.

The number of flying hours for the F-16 will be reduced by over 10 percent. The number of months that submarines will operate will be reduced by 25 percent, and the amount of time that landing craft will operate will be reduced by 50 percent. The only activity which will increase in 1989 is flying time for Lynx helicopters. These are among the conclusions of the budget work at GHQ based on the revised directive from the Defense Department.

In the Defense Department's directive it states that the economic situation and changed assumptions for the next long term period make it necessary to revise instructions for working out the 1989 budget. The new Defense Department directive of 4 March supersedes the previous directive of 2 November 1987, it states.

Framework

It further states: "This revised budget directive gives the framework for the first year of the next long term period, and is established in accordance with the main assumptions which will be established for the planning period 1989-1993."

As a basis for the budget consideration for 1989, three alternative budgets will be worked out, based respectively on zero, two and three percent growth. The main assumptions which will serve as a basis are:

—Growth of the operations budget is established at one-half the percent of the total appropriations for all three alternatives.

—Annual operating consumption will be reduced by 10 percent over a 10-year period. Half of the reduction will be accomplished during 1989-1993. That means an average of one percent per year.

—An average one to two percent growth in productivity will be attained every year in the planning period.

—UNIFIL will be given the same operating growth as the rest of the Defense Department.

The Budget Process

Budget preparation in the Defense Department is normally carried out so that the individual units contribute with their proposals. Usually the Defense Department has five months time for this.

The revised budget directive of 4 March reduced the preparation time considerably, as the Defense Department gave GHQ a deadline of 11 April. As a consequence of this deadline, GHQ carried out the budget process in close cooperation with the technical staffs and the service branch staffs. Information was obtained from the respective supply commands.

In the GHQ circular concerning the revised directive to the defense chiefs, it states that reductions of politically sensitive activities have been submitted to the Defense Department for approval. The result of the GHQ budget work will be published as a supplement to the service chiefs' budgets, and will be designated "Operations Data for 1989."

In the letter to the chiefs of the service branches it states that the Defense Department's changed economic assumptions for the planning period 1989-1993 have necessitated a reevaluation of defense activity levels, primarily for 1989, and it was pointed out that a further evaluation of activity levels for 1990-1993 has begun.

In the summary of activities for 1989 it was stated that the number of days for those doing their first service will be reduced by 329,785. The number of refresher training days will be reduced by 142,894 and the number of days for basic NCO training will be reduced by 59,555 in 1989 in relation to 1988.

In the revised directive from the Defense Department it states: "In the personnel sector it is essential to advance carefully. We must strive to maintain the good quality of clientele we now have in Defense Department schools, but the intake must be adjusted to fit the annual reductions now being planned."

In the letter from GHQ to the service chiefs it states that the Defense Department directive deviates sharply from the planning and budget assumptions of previous years. A difficult economic situation for 1988 reinforces the problems for budget work for 1989.

To accomplish 1988 budget activities the Defense Department must find payment for about 190 million kroner.

"These resources must be found through savings in the operating budget. This can take place in the form of reduced use of personnel and/or cancelation of exercises," it says.

In addition, GHQ pointed out, from the budget proposals for 1989 received by 31 December 1987, "several units were not in agreement with the assumptions on the framework. This applies especially to the individual units lacking respect for the stated economic framework." GHQ directed that subordinate commands take "this and other budgetary matters" up with the individual units by their own correspondence.

9287

PORTUGAL

Arms Firm Pressing for Weapon Sales to Iran *35420080b Lisbon EXPRESSO in Portuguese* *30 Apr 88 pp 1, 24*

[Text] Col Leal Machado, president of the Portuguese Explosives Company (SPEL), met nearly 2 weeks ago in Paris with the president of the French company Luchaire, Daniel Dewavrin, to try to clear a contract for providing Iran with weapons by the Portuguese firm. The contract is blocked because of nonpayment by the contracting entity, which is supposedly linked to the French company, a reliable source told EXPRESSO.

The meeting was implicitly confirmed by a spokesman of the SPEL, who however explained that "the talks held did not necessarily have to be on that subject." The same spokesman added: "We have regular contacts with Luchaire on other matters having to do with our commercial activity."

However, sources with which EXPRESSO made contact assure it that the discussion of a contract for providing 150,000 rounds of 155-mm howitzer ammunition to the Army of Khomeini was the main point of the agenda of the Paris meeting. If this is true, it would indicate that Luchaire continues to be involved in supplying armaments to Iran even after the scandal that affected the company last October. Remember that it was revealed at that time that up to 1986 Luchaire had supplied Tehran with nearly 450,000 rounds of 155-mm ammunition, violating a ban decreed by the French Government. On 14 November, EXPRESSO revealed that through one of its agents, Italian-American Mario Appiano, Luchaire sought to pierce the official blockade imposed by its country, indirectly contracting with the SPEL so that it would continue to provide the howitzer ammunition manufactured in Portugal from components supplied by the representative of the French company. That contract, with an overall value of \$90 million (12 million contos), was signed nearly a year ago by Appiano in the name of the Golden Services firm with headquarters in Panama. Shipments began last 18 September with the loading of the Iranian ship "Konir" at the port of Setubal. However, presumably because of financial problems, there was never any payment, which affected not only the SPEL but also the explosives firm of Trafaria, which had been subcontracted to load the powder into the 155-mm projectiles. After the departure of a second

ship last year, the SPEL suspended the contract awaiting normalization of payments. The supplies of mortar shells were to have been stepped up until this month, but only 10 percent of the scheduled quantity was shipped. Repeated contacts with Appiano, or with his agent in Lisbon—an American named Steve Shanks who lives in Cascais—cleared nothing and the same thing supposedly happened in the Paris meeting between the heads of the SPEL and Luchaire.

Difficulties in Portugal

As an additional complication, Appiano had legal problems in Italy with two firms of which he was the manager—SEA and Consar, both affiliates of Luchaire—and a shipment of propelling charges for the howitzers coming from Greece was held a few months ago in an Italian port. It has, however, already arrived in Portugal.

The Dutch company Muiden Chimie also complains that an export of 700 tons of propelling charges, which a few weeks ago was scheduled for Portugal, has not been authorized. Actually, the Dutch Government conditioned the shipment on a guarantee provided by Portuguese authorities that the product would not be exported to a country at war; the stipulation was not met. The subject was recently debated in the Hague Parliament.

8908/9604

Reciprocal Equipment Sales *35420080a Lisbon O DIABO in Portuguese* *3 May 88 p 5*

[Text] "Dutch military authorities will decide by the end of the year on the purchase of Portuguese military vehicles in exchange for providing equipment for the frigates," said Eurico de Melo in Amsterdam yesterday at the end of the first day of the official visit he is making to Holland. Eurico de Melo pointed out that the funds to be spent in the purchase of the fire control system to be installed in the frigates will be almost entirely compensated for by the sale of Portuguese-built military jeeps to the Dutch Armed Forces.

8908/9604

Army-Air Force Military Exercise Held *35420080c Lisbon O DIABO in Portuguese* *15 Apr 88 p 10*

[Text] More than 3,000 military personnel of the Army and Air Force, 450 vehicles and air units initiated the Mercury 88 Exercise yesterday morning at the Penamacor firing range. The maneuvers are being coordinated by Generals Vasquez of the Air Force Operational Command and Costa Estorninho of the Central Military Region. Lt Col Mourao of the Army said: "The objective of the maneuvers is to exercise capability in planning, managing and leading in the various echelons, to develop

and improve tactical training of troops and of commands and staffs, particularly in joint Army-Air Force operations." It is also the objective of the maneuvers to "exercise and improve the effectiveness of communications and also to provide—improving them under combat conditions—the techniques of air-ground liaison and cooperation, as well as in air space activities." Army units taking part are those from Castelo Branco, Aveiro, Viseu, Queluz, Estremoz, Leiria, Lisbon and Porto. In addition to the Air Force units operating from the bases of Monte Real, Montijo and Tancos, there will be personnel on site to man command and control facilities, said Lt Col Nicolau of the Air Force. As far as materiel is concerned, heavy artillery weapons, Alouette III and SA-330 Puma helicopters and Fiat G-91 and A-7P aircraft will also be used in addition to vehicles. The exercise ends today with periods of real firing with heavy weapons at the Penamacor firing range between 0800 and 1800. For this reason traffic will be regulated in the region.

8908/9604

SWEDEN

JAS Gripen Seen Vulnerable Due to Lack of Firepower

Missile Armament Main Concern

36500096 Stockholm NY TEKNIK in Swedish
14 Apr 88 pp 1, 16-19

[Article by Mikael Holmstrom and Tom von Sivers; first seven paragraphs are NY TEKNIK introduction]

[Text] The new fighter aircraft, the JAS-39 Gripen, is going to be seriously handicapped in aerial combat with foreign planes. The reason is that unlike both the Draken and the Viggen, the JAS aircraft still completely lacks radar-guided air-to-air missiles [AAM's], which are the all-weather weapon of aircraft. Nor can the Gripen inherit the Viggen's radar-guided AAM's.

"Without radar-guided AAM's, the JAS is a mediocre air defense plane."

"If we have no missiles, we won't be able to get combat pilots to go up in the planes!"

"If worst comes to worst, the JAS will have to fly with the Viggen fighter plane."

That is how a number of people completely familiar with the JAS program describe the situation to NY TEKNIK.

The JAS-39 Gripen will not be able to fulfill one of its most important functions when deliveries to the Armed Forces begin 5 years from now.

The reason is that the aircraft will completely lack radar-guided AAM's. This means that it will be seriously handicapped in aerial combat with foreign aircraft.

The Gripen ["Griffin"] simply lacks the sharpest claws.

The JAS-39 Gripen cannot attack foreign aircraft at long range or in cloudy and bad weather. The reason is that the JAS completely lacks radar-guided AAM's—the aircraft's all-weather weapon:

1. The JAS cannot inherit the Viggen's radar-guided AAM's.
2. The U.S. missiles for which the JAS was designed are not available.
3. It would be too expensive to invest in the development of Swedish missiles.

No one today can say when the JAS will have complete fighter armament.

"Radar-guided AAM's are absolutely the most essential armament on the JAS. We are worried about not being able to procure the missiles in time. We are building the aircraft now, but we have no guaranteed armament."

That is what NY TEKNIK was told by Under Secretary Per Borg of the Ministry of Defense. He emphasized the seriousness of the situation:

"Even though we are spending 40 billion kronor on JAS planes, they are worth nothing without weapons. To meet the threat situation that will exist in the mid-1990's, we should have an active radar-guided AAM. We must be as good as any opponents we may meet in aerial combat. And if we don't have radar-guided AAM's we won't get a pilot to go up in the planes! After all, he won't have a reasonable chance of surviving the fight," says Per Borg.

The reason this situation has arisen is that the JAS has been designed to carry the U.S. radar-guided AMRAAM on interception missions. With those missiles, the JAS would fire at the enemy's aircraft at long range (up to about 80 kilometers).

It is true that the JAS also has an automatic cannon and heat-seeking missiles, but they have a much shorter range. A radar-guided AAM is also a must in order to be able to attack in bad weather.

"Not until the JAS gets an advanced radar-guided AAM will it be a good air defense plane. Until then, and despite its flight performance, radar, and countermeasures equipment, it will be a mediocre air defense plane." So says Lt Col Mats Hugosson, an expert on JAS matters at the Ministry of Defense.

Both the Draken and the Viggen carry radar-guided AAM's. Mats Hugosson therefore classifies the JAS' air defense performance "as midway between the Draken's and the Viggen's." That will be the case as long as there are no radar-guided AAM's for the JAS. The Liberal Party's defense expert, MP Hans Lindblad, goes further:

"If worst comes to worst, the JAS may have to fly with the Viggen fighter, which has radar-guided AAM's—of an older type, of course. Naturally, it is a little painful to Air Force people to think that our most modern and best-performing aircraft may have to operate together with the Viggen fighter."

Those statements about the JAS provoke a reaction by the Air Force Staff:

"The statement that the JAS would have to fly with the Viggen fighter for protection is completely false. The people saying that are assuming a worse threat picture than the one we have today," says Col Stig Dellborg, the Air Force Staff's planning chief. He adds:

"The JAS is a superb aircraft, and in some respects it is better equipped than the Viggen fighter—for example, with radar and electronic countermeasures. But in some respects it is worse, because the Viggen fighter has radar-guided AAM's.

"If you have only heat-seeking missiles, you are forced to get closer to the target, and visibility must also be clear because those missiles cannot operate in cloudy weather. So it can be said that without radar-guided AAM's, you lose the chance to shoot first," Col Stig Dellborg admits.

But losing the chance to shoot first can cost the pilot and the aircraft dearly:

"Getting off the first shot is precisely what matters, just as is true in an ordinary duel. The one that shoots first has a tremendous advantage," says Lt Col Mats Hugosson of the Ministry of Defense. The ministry is currently trying to solve the problem of the lack of a radar-guided AAM for the JAS.

Money has been set aside in the JAS program for adapting the plane to the U.S. AMRAAM missile. The plan from the beginning was that Sweden would buy the AMRAAM between 1992 and 1997, with delivery to be made around 1995 or 1996 at the earliest. But the AMRAAM has always been an uncertain card.

Among other things, technical development in the United States is 5 years behind schedule, with the result that no one today can give a definite answer as to if and when Sweden will be able to buy the missile.

NY TEKNIK was told by Under Secretary Stephen D. Bryen at the Pentagon: "We have not even decided when we will release the AMRAAM to our allies. Besides, we don't have a missile ready at the moment."

First in line for the AMRAAM are the U.S. Air Force and Navy. After them come the allies in NATO. Only after that can other countries, among them Sweden, be considered.

But that may turn into a long wait, and if Washington becomes irritated with Swedish policy, there may be immediate repercussions.

That is what happened after Datasaab, which is partly owned by the state, smuggled advanced U.S. technology to the Soviet Union. The result of that incident was that Sweden had to wait at least 6 years for U.S. missiles for the Viggen fighter plane.

To avoid getting into that dependent situation again, Parliament decided last year that we would protect ourselves by developing a Swedish alternative missile of our own. The reasons given were that we should:

1. Develop a missile that could be bought sooner than the AMRAAM—as early as the mid-1990's.
2. Retain Swedish competence in missile technology.
3. Eliminate Sweden's dependence on the United States.

To finance that plan, 3.6 billion additional kronor were allocated in the 1987 defense decision. The money was to be used for two projects:

1. RB-71A: British and Swedish industry are improving the Viggen's current British radar-guided AAM, the RB-71. The result will be the radar-guided RB-71A, intended for both the Viggen and the JAS. It is to be delivered before we get the AMRAAM. This cooperative effort is giving Swedish industry important experience which it can later use to develop the next missile—the RB-73A—on its own.
2. RB-73A: This missile is to perform almost in the same class as the AMRAAM. It would be an alternative to the AMRAAM, but will not be ready until after the turn of the century. A definite decision on the RB-73 will be included in the next defense decision (1992).

At the moment, however, it looks as though those noble plans will come to nothing:

1. RB-71A: The British Government does not want to help pay for the program and has backed out. The tender from British and Swedish industry burst through the cost ceilings and then some. It was nearly 1 billion kronor too high.
2. RB-73: This will also be too expensive. That became clear in October 1987: industry's cost estimate was a good 1 billion kronor higher than the politicians had

expected in June, when the decision was made. That made the total bill about 2 billion kronor too much. Saab Missiles, one of the firms behind the tender, provides the following explanation:

"It goes without saying that it costs more to acquire the expertise and produce here in Sweden than it does to do everything in Great Britain. Moreover, things have come up that were not included in the original plan, but I cannot go into detail about that," says Bertil Konig, information chief at Saab Missiles.

The practice in Sweden has been that new fighter planes inherit missiles from older aircraft. That was what happened when the Viggen fighter plane took over the Draken's heat-seeking missiles.

But the JAS cannot inherit the Viggen's radar-guided AAM's. The reason is that the JAS radar is not suited for the type of missile used on the Viggen fighter.

The Viggen fighter plane's missile—the RB-71 Sky Flash—is the so-called semiactive type. This means that the missile requires assistance from the aircraft's own radar to reach its target. The Viggen fighter's radar illuminates the target with its radar beam. The missiles intended for the JAS—AMRAAM, RB-71A, and RB-73—are all active. They home in on their target independently using their own radar. The JAS radar, therefore, did not need to have the additional function of guiding the missile. With an active radar-guided AAM, the pilot can swing away as soon as the missile is launched—the missile fends for itself. It is less dangerous for the pilot and the aircraft to use active missiles. With semiactive missiles, the pilot must remain fixed on the target, and that increases the danger of his being fired at himself.

The type of missile was therefore chosen for military-technical reasons, and that determined the design of the JAS radar.

"The design of the radar was no mistake; it was a deliberate choice. The assumption was that the JAS would have access to active radar-guided AAM's," says Under Secretary Per Borg of the Ministry of Defense.

This Was the Idea

According to the contract signed in 1982, the JAS aircraft is to be completely adapted to all three of its missions when the first planes are delivered early in 1992. A quick change of armament is to be the only thing necessary before the JAS switches missions—from its attack role to its fighter role, for example.

The JAS-39 Gripen will be the first modern aircraft in the world to be able to handle those three different missions.

Fighter

Mission: to combat the enemy's fighter, attack, and transport aircraft and his missiles.

Weapons: radar-guided AAM's that are fired at targets from a distance of up to 24 to 48 miles. These missiles are called all-weather missiles and can be used even when conditions are cloudy and visibility is poor.

Heat-seeking missiles (IR missiles), used against targets at a distance of up to 6 to 12 miles, require clear visibility. The automatic cannon is used against targets within a range of 1,500 meters.

The JAS will replace the J35-J Draken as a fighter plane around 1996. The JA37 Viggen fighter will be replaced after the turn of the century.

Attack

Mission: to attack the enemy's ships, vehicles, troops, and staging operations.

Weapons: missiles, bombs, rockets, and automatic cannon.

The JAS will begin replacing the AJ37 Viggen attack plane in 1992.

Reconnaissance

Mission: to detect the enemy's movements on land and sea and in the air.

Weapons: radar and sensors built into the JAS basic version. Also electro-optical reconnaissance instruments carried externally. These are being developed with an eye to completion at the turn of the century.

The JAS will replace the S-37 Viggen reconnaissance plane beginning at the turn of the century.

Alternatives Are Uncertain Cards

The radar-guided AAM's that the JAS is lacking are regarded as reflecting the most advanced military technology.

All the alternative radar-guided AAM's for the JAS are "uncertain cards" today: technically, economically, and politically.

But the government will decide on one of them this year.

Alternative No 1: AMRAAM Best but Uncertain

The AMRAAM is the missile for which the JAS was designed. The AMRAAM is also the missile the Air Force wants for the JAS.

But there are major uncertainties surrounding the AMRAAM.

Development: The AMRAAM is an active radar-guided AAM that finds its target using its own built-in radar (AMRAAM stands for "Advanced Medium-Range Air-to-Air Missile).

The AMRAAM is being developed by Hughes Aircraft for the U.S. Air Force.

When the missile is launched from an aircraft, it approaches its target at several times the speed of sound. Its range is about 80 kilometers. The AMRAAM is said to be highly insensitive to electronic warfare. The JAS with AMRAAM missiles will be able to attack several enemy planes simultaneously. As soon as the missiles are launched, the pilot can turn back—before he comes within range of the enemy aircraft's missiles.

Development of the AMRAAM is far behind schedule. Delivery was originally set for 1986, but that has now been moved back to 1991. The U.S. Navy and Air Force alone will need 24,000 AMRAAM missiles, but the annual rate of production will be 3,000 at most.

The unit price of the AMRAAM is expected to be relatively low because of the long production run.

JAS Adaptation: The JAS is designed to carry four AMRAAM's. The United States has provided the Defense Materiel Administration with certain basic data so that the JAS can be prepared for the AMRAAM. The prototype aircraft is going to test fly AMRAAM dummies that will soon be delivered from the United States.

Politics: The Swedish Government has several times asked the United States if and when it will be able to buy the AMRAAM. But the United States has been unable to give a definite answer.

Officially, the AMRAAM may not be available to NATO and other countries until 1995. This according to information NY TEKNIK has obtained from the U.S. Air Force's unit for tactical weapons. But it is also being said in Washington that the U.S. sales policy is still in the process of being worked out and is therefore not definite.

One reason for this is that the United States has signed a preliminary agreement with the other NATO countries. Europe is to develop a new heat-seeking missile known as the ASRAAM.

But the European missile, which the United States will buy in "exchange" for the AMRAAM, is also behind schedule. So there are many indications that even NATO countries such as the FRG and Great Britain will have to wait for the AMRAAM.

Swedish defense politicians contacted by NY TEKNIK believe that the AMRAAM will not reach Sweden until around the year 2000.

No one today knows for certain which version Sweden may be allowed to buy when the time comes. The U.S. Air Force has told NY TEKNIK that the U.S. export version "will have essentially the same performance characteristics as the U.S. basic version." But the electronics and software for both missiles are being steadily improved.

Alternative No 2: RB-71A Too Expensive

RB-71A was the Defense Commission's solution for quickly providing the JAS with a missile. Today's RB-71 Sky Flash, which is currently used on the Viggen, was to be redesigned into the new RB-71A. But industry's bill was almost 1 billion kronor too high, and the politicians could not accept it. So that project was dropped in January of this year—at least in that particular form.

Development of the RB-71A was to have been carried out by British Aerospace together with Swedish subcontractors. Its basis, the RB-71, is a semiactive radar-guided AAM, meaning that the Viggen's radar illuminates the target so that the missile can find it.

A new active target seeker for the RB-71A was to be built by British Marconi, with Ericsson being the subcontractor in this case. Saab Missiles would also have participated in the project.

"Half an AMRAAM from the standpoint of performance." That is how one person familiar with the project describes the RB-71A's capability.

JAS Adaptation: The RB-71A is heavier and bigger than the AMRAAM, and that could have a negative effect on the JAS' flight performance (especially with four RB-71A's under the wings). The RB-71A would be ready by the mid-1990's.

Politics: The British Government did not want to help pay the RB-71A's development costs. Great Britain, of course, is going to buy the AMRAAM, which the British also want to produce in Europe under license in cooperation with the West Germans.

Sweden's current arms export regulations might also have been a problem: British Aerospace would not have been allowed to sell the missile freely to countries not approved by Sweden.

Alternative No 3: Active Sky Flash Not Good Enough

Active Sky Flash is Great Britain's own alternative to the AMRAAM. This missile could be sold to Sweden and other non-NATO countries that are being forced to wait for the AMRAAM.

But the Swedish Air Force and Swedish politicians agree that in its present form, this missile will not be good enough.

Development: British Aerospace has long had this project in its desk drawer under the name Sky Flash 90. But at the start of 1987, it was decided to begin development of this missile, which is active but less advanced than the 71A.

The chief goal is to produce it quickly—by 1995.

JAS Adaptation: Technically, this missile is a step back for the JAS in several respects. It uses an analog system, for example, whereas the JAS system is digital. That would require expensive adaptation.

Politics: If Sweden is to be able to buy the Active Sky Flash, we must pay a portion of the British development costs. Presumably, no development at all would take place in Sweden—bringing the Defense Commission's plans for a Swedish missile to a sorry end.

Alternative No 4: Modified Active Sky Flash a Makeshift Solution

Modification of the British Active Sky Flash is one alternative now being studied by Swedish industry.

Development: Modification in Sweden would be aimed at achieving a performance level equal to that of the RB-71A.

JAS Adaptation: This would require the same adaptation to the JAS digital system as that required for the Active Sky Flash. But in addition, Swedish industry would have to build in better protection against electronic warfare.

Politics: This is the alternative that Saab Missiles and others are counting on at the moment. But among Swedish missile experts, it is regarded as a "makeshift solution" to the JAS missile problem.

Alternative No 5: RB-73 Too Late

RB-73 would establish Swedish industry as a producer of air-to-air missiles. The road to that point would lead through the RB-71A. But for one thing, the cost estimates are too high, and for another, the missile would not be ready until after the year 2000.

Development: British Aerospace and Marconi in Great Britain would be subcontractors to Saab Missiles and Ericsson.

The idea was that the RB-71A's new target seeker would be used on the RB-73. In addition, Volvo Aircraft Engines would develop a ramjet engine to increase the missile's speed, thereby extending its range. From the standpoint of performance, the RB-73A would come close to the AMRAAM.

A political decision would be made in 1992. But industry's estimates in October 1987 showed that the bill would be a good 1 billion kronor too high.

JAS Adaptation: It would be ready for the JAS immediately after the year 2000.

Politics: In Air Force circles, it is regarded as lunacy to start from scratch now and spend enormous sums on a small series of missiles, since the result would be a high unit price for those missiles.

The RB-73 is the alternative to the purchase of AMRAAM's around the turn of the century. Several Swedish defense politicians feel that not until Sweden is qualified to start its own competitive production will we be offered a chance to buy really advanced missiles abroad. One advantage of Swedish missiles is that they can be freely customized and modified to meet Swedish requirements.

Alternative No 6: MICA or IDRA Uncertain

France manufactures its own missiles, and its latest project—the MICA—has become increasingly attractive for use with the JAS. And appearing in the background is the Italian IDRA.

Development: MICA has a shorter range than the AMRAAM. But it offers other possibilities that make it interesting: an interchangeable seeker (radar or heat seeking). The IDRA is being developed by the Italian firm Selenia and will perform well, but so far no one has ordered any. IDRA is a further development of the semiactive Aspide missile, whose performance is similar to that of Sky Flash.

JAS Adaptation: No information available.

Politics: Reportedly, contacts between Sweden and France or Sweden and Italy have not yet been pursued to any great extent.

Two Weapons Ready

The weapons ready for the Gripen fighter plane are the heat-seeking RB-74 Sidewinder 9-L and the automatic cannon.

The JAS will carry those two weapons beginning in 1992 for all types of missions. The Sidewinder 9-L is being inherited from the Viggen. These missiles are less advanced than the 9-M, which is the version used by the United States itself.

The older missiles being bought by Sweden were taken from U.S. Navy stores. Moreover, no service—much less any modification—can be carried out in Sweden. That must all be done in the United States.

That, plus the long wait for the Sidewinder, contributed to Parliament's decision in 1987 to invest in the RB-71A, which could be placed in service earlier than the AMRAAM.

Politicians Comment

36500096 Stockholm NY TEKNIK in Swedish
14 Apr 88 p 20

[Report on interviews with politicians Per Borg (Social Democratic Party), Gunnar Bjork (Center Party), Carl Bildt (Conservative Party), and Hans Lindblad (Liberal Party); date and place not given]

[Text]

Per Borg (Government): Investigate Other Possibilities

"It is quite obvious that we must have an alternative to the AMRAAM." So says Under Secretary Per Borg at the Ministry of Defense.

The Defense Materiel Administration has therefore been instructed to investigate new alternative solutions to the JAS missile problem.

"The RB-71A will be more expensive than planned. So we are now looking at other possibilities. But I have not yet given up on the RB-71A," says Per Borg. As chairman of the Defense Commission, he recommended cooperation with Great Britain in developing the RB-71A.

But the missile which British Aerospace now wants to sell to Sweden—the Active Sky Flash—is not being recommended by Per Borg.

"I am not sure that it meets our requirements. If not, it will have to be improved from the standpoint of target seeking and resistance to jamming so that it will fit into our combat environment," said Per Borg, and he outlined an entirely new solution:

"The possibility exists of jumping over the 71A and going directly to a simpler version of the RB-73. Then we could get the missile more quickly and, hopefully, stay within the prescribed cost ceiling. But there are obvious disadvantages to such an alternative: that missile comes after the RB-71A, which of course would also be used on the Viggen," says Per Borg.

But Sweden must act now. It is not possible just to sit back and wait for the AMRAAM, says Per Borg:

"The Americans have not said if and when we may get the AMRAAM. That is serious—we have designed an aircraft without being able to guarantee its main armament."

[Question] "How could you have gotten yourself into this situation?"

[Answer] "We underestimated the difficulties involved in getting the armament. We assumed that radar-guided AAM's could be obtained in the United States."

[Question] "Will Sweden be able to buy the AMRAAM at all?"

[Answer] "I believe we will be able to buy the AMRAAM—the question is when and in what version. We cannot wait until the next century to buy some version of the AMRAAM. Our experience with procurement of Sidewinder missiles for the Viggen is that we get the older generation—while the United States uses the latest versions itself."

"I want to emphasize that this does not imply any criticism of the United States. We have restrictions of our own when we sell weapons abroad. Cooperation with the United States is excellent in many areas. I am simply pointing out that they are very restrictive on this point."

"After all, Sweden is not the first country on people's minds in Washington. We became aware of that during our last purchase of missiles for the Viggen. The missiles we finally wound up with were not the version we preferred to have, and furthermore, we are not completely familiar with the missile system—with how the missile is put together. What indication is there that the situation will be any different this time?"

"We therefore want to avoid winding up in a position of such strong dependence again this time. That was why we invested in the RB-71A."

[Question] "It sounds great, of course, to invest Swedish, but when you politicians get the bill from industry—that usually frightens you into the hiccups, doesn't it?"

[Answer] "We didn't get the hiccups this time. We came up with 3.6 billion kronor for the RB-71A and RB-73 missile projects, and that is a lot of money."

[Question] "In that case, are you prepared to shell out more billions if necessary?"

[Answer] "That is not a problem at the moment. We will have a go at it with the money we have appropriated."

[Question] "Will cooperation with the British make Sweden less dependent?"

[Answer] "Yes, that will enable us to achieve some degree of independence. If we can produce an AAM that way, it will make a tremendous difference compared to just buying from the United States."

[Question] "But there are those—especially in the Air Force—who say that a Swedish AAM will be far too expensive."

[Answer] "Yes, but that should be weighed against the alternatives. To those who say we can wait for the AMRAAM, I put this question: can they point to any binding statement from the United States concerning if and when we will get the AMRAAM? And a statement that we will get complete information on how the missile is built?"

[Question] "What do you say to those who feel that the JAS can wait for radar-guided AAM's because the Viggen fighter plane will remain in service into the first few years of the 21st century?"

Per Borg answered: "Well, of course it can. But the defense decision states that we are going to increase the operational capability of air defense during the 1990's. Today we have no radar-guided AAM's at all. And that applies to the Viggen fighter plane as well."

Gunnar Bjork (Center Party): Negotiate With British

"The JAS must have its armament—otherwise there is no point in having an aircraft," says the Center Party's defense expert Gunnar Bjork, who is demanding that the government start negotiating with the British Government so that the RB-71A missile can be built.

Both on the Defense Commission and in Parliament, Gunnar Bjork stood behind Sweden's investment in the RB-71A and RB-73 missiles. But he does not want to comment in detail on the fact that industry asked for 2 billion kronor more than planned:

"It depends on the conditions on which the tender was submitted. In this case, the price will be influenced by our chances for exporting the missile and by the way our future export regulations are worded," says Gunnar Bjork.

He intimates that a unanimous Defense Commission has recommended a change in Sweden's arms export rules. That would allow the British to sell the missile to other countries.

[Question] "The British Government does not want to proceed with the RB-71A project, does it?"

Gunnar Bjork answered: "Then it is time for the Swedish Government to start negotiating. Naturally, this must be handled between governments; it cannot be left solely up to industry. As far as that sudden rise in cost is concerned, something must have happened, since everything has become so much more expensive." And he hinted that as an alternative, Sweden could start working directly on the RB-73: "If it gets that expensive, Swedish solutions might become worthwhile."

[Question] "Is it important to get away from dependence on other countries?"

Gunnar Bjork answered: "Yes. Choosing the U.S. alternative—the AMRAAM—instead means that we will be entering a great vacuum. There are no guarantees about if and when we will be able to buy it. Nor about which version it might be. We don't even know whether we will be allowed to do the maintenance work on those missiles in Sweden, and all Swedish modifications are out of the question." He emphasized that it was therefore important to have our own missile industry:

"Being forced to buy older versions is the result when you don't have your own weapon production and capability. You have to buy second-class goods."

Carl Bildt (Conservative Party): I Warned Them

"It was expected that Swedish development of AAM's would be too expensive. The cost estimates that were made during the Defense Commission's work were unrealistic," says Carl Bildt, the Conservative Party's representative on the Defense Commission.

"The Social Democrats, who pushed this through, did not know what they were getting themselves into. I warned several times that it would be considerably more expensive," says the Conservative Party leader.

The missile projects were born in the Defense Commission. Carl Bildt registered a reservation against, among other things, the fact that the cost ceilings for the RB-71A were too tight.

Today his solution looks like this:

"Either we remain within the stated cost ceiling, in which case we will probably buy the British Sky Flash-90 (Active Skyflash)," or:

"We will have to increase the cost ceiling by a really hefty amount. So that we can carry out the original program for the RB-71A and RB-73."

"I am one of those who would like to see us find room for a Swedish alternative, but that will require defense appropriations which the current government is not willing to discuss. Today's military finances do not permit it."

[Question] "If the RB-71A project is dropped, will the RB-73 project be dropped too?"

[Answer] "I guess we'll have to wait and see. But it is obvious that the RB-73 project must be modified significantly. But even in the case of that missile project, we are reduced to depending on foreign suppliers. What it comes down to in fact is buying the technology either from France or the United States."

[Question] "But can't the JAS be fully utilized in its fighter role without radar-guided AAM's?"

[Answer] "No. The aircraft is designed to carry four AMRAAM's. The choice of any other AAM would mean compromises."

[Question] "Can you tell me when the JAS will be able to carry radar-guided AAM's?"

[Answer] "As soon as possible; we must not rule out any possibility."

[Question] "What do the Conservatives intend to do now?"

[Answer] "We have asked the government for a report in which it will explain how it is going to solve the problem."

Hans Lindblad (Liberal Party): Swedish Industry Threatened

"It is naturally a little tough that the fighter version of the JAS will not have radar-guided AAM's during its first few years," says the Liberal Party's defense expert Hans Lindblad, who takes a hard line.

"If industry is not able to build missiles within the given cost ceiling, we will have to discontinue Swedish development and buy missiles abroad."

Hans Lindblad says: "Someone who likes things orderly may wonder how one can invest in an aircraft without knowing whether the main armament is available. But there was no reasonable alternative to the AMRAAM when the decision was made."

As a member of the Defense Commission and a Liberal Party MP, he voted to develop the RB-71A and the RB-73.

"The rough outline of the RB-71A that was included in the defense decision has been dropped, of course. It costs too much—and we are not interested in giving it more money," says Hans Lindblad.

He emphasizes that a negotiating game is still going on between Swedish and British industry—and against the Swedish state, which is the customer:

"But if industry believes that 'the politicians are committed to having a missile produced cooperatively by Sweden and Great Britain and that the politicians are prepared to pay a certain number of extra kronor,' they are wrong!"

Hans Lindblad feels that the best alternative now is to buy the Active Sky Flash missile—and then to modify it:

"Industry must count on that, and it is in the interest of both Swedish and British industry to get an order for it."

[Question] "If industry says that will not fit into the economic framework, will you accept the consequences?"

[Answer] "In that case, the project will be dropped, and then we can use the money for something else in the Armed Forces—or for day care centers."

[Question] "Then what will happen to the Swedish aircraft missile industry?"

[Answer] "It will disappear—just by the nature of things."

Paper Suggests Solution

*36500096 Stockholm NY TEKNIK in Swedish
14 Apr 88 p 2*

[Editorial by Erland Rost: "A Toothless Tiger"]

[Text] It comes as a shock to find out that our proud warplane, the JAS Gripen, is going to be without its most important air-to-air weapon for a long time to come.

The whole thing is due to a magnificent mistake by both the military and the politicians. In the early 1980's, when the JAS decision was made, everyone anticipated that the U.S. AMRAAM missile would be the perfect weapon for the JAS. The situation now is that it is extremely uncertain whether we can even get any AMRAAM's. And if we can, when, at what price, and in which version.

So why don't we build an AMRAAM of our own? Here is a quick lesson in missile technology:

The "J" in JAS stands for interception—airial combat—and to carry out that mission, a pilot must have an active radar-guided air-to-air missile of the AMRAAM type. One to which he can feed the aircraft's radar data, launch, and then himself disappear in a matter of seconds.

With older missile types, the pilot must get closer to the enemy plane and risk being destroyed before he has a chance to fire his missile.

With an intermediate type of missile (such as the British Sky Flash), the pilot must "paint" the enemy plane with his own radar while the missile is on its way, and his chances against an enemy plane that has active radar-guided AAM's are equally poor.

Now one does not exactly pull an active radar-guided AAM out of a hat. It is one of the technically most advanced missiles being developed today. The Americans are already 5 years behind schedule with the AMRAAM. This is a matter of a flying object with computers, radar, and engines in the same class as those of an aircraft, although much smaller, with a diameter of 17.8 centimeters.

But why not hang old missiles on the Gripen until we can get our hands on the new ones? Answer: the Gripen's radar is not suited for that, so it can't be done.

And why don't we make our own? Answer: it is too big and too expensive a project, and not an especially interesting one as far as Swedish industry is concerned.

The situation is not hopeless, of course. There are many alternatives, as can be seen from the report above.

There was the same kind of hullabaloo in an earlier day over the Viggen's heat-seeking missiles. And perhaps that is how it must be when a small country sticks out its

chin and insists on having its own homemade airplane. The problem of armament for the JAS will certainly be worked out one way or another.

The question is whether we really have enough money and competence for both an aircraft and a missile.

And whether we have any JAS pilots willing to engage in close combat with enemy aircraft when the time comes is another question that remains to be answered.

11798

GREECE

Details on Rewarding Trade With Eastern Bloc

Cooperation With Hungary, USSR

35210091 Athens TO VIMA in Greek 24 Apr 88 p 39

[Article by Khr. Korfiatis]

[Text] In Hungary, Olympus, a very well known firm in that country, has its headquarters on the banks of the Danube. There are very few people who do not know about this firm since it has about 85 percent of the domestic market in juice production, with revenues amounting to many millions of forints and it even "outshines" Pepsi-Cola in business turnover. However, very few in Hungary and even fewer in Greece know that Greeks participate in the capital stock of this socialist "monopoly!" And yet it is a fact. Olympus is a joint enterprise made up of Hungarian and Greek capital and has been operating as a "partnership" for some 20 years with unusual profitability.

The Greek industrial firm K. Arvanatis Incorporated, that produces natural citrus fruit juice, juice concentrate and powdered juice, as well as essential oils used by the alcohol beverage industry in Aigio and exports them, primarily to Hungary, is the firm that "dared" reopen in Hungary and has not regretted it.

Profits of this Greek firm, directed by Mr K. Arvanitis, surpassed 1 billion drachmas in the last 3 years! It is very doubtful if this could have happened without the cooperation of the Hungarians in Hungary.

This specific experience justifies the exhortations that Deputy Minister of National Economy G. Papandoniou, the official responsible for economic relations with eastern socialist nations, makes to Greek business firms: If you want to firm up and expand the presence of your goods there, set up joint enterprises there.

Olympus is unfortunately the only joint enterprise that operates in a socialist country. According to (an uncommonly secret) report of the Ministry of National Economy, that does not provide data on the identity of joint enterprises, there are a total of 15 of them. All, except Olympus, are headquartered in Greece and, with the exception of three that are involved in some small handicrafts activity, are involved in import and export business. There are four Greek-Hungarian firms.

To these 15 firms must be added another 10 or so that are involved in shipbuilding and transport operations and, according to information, have "eastern participation" in their capital. It is said that this is the case of the Ulysses Commission-Trading, the Ellesse, the Cycle Trading and other such firms.

A few months ago, moreover, implementation of an investment that comes with the scope of the MOP began. This has to do with the establishment in Greece of a big medical instruments industry with Greek-Hungarian cooperation that will take the form of a joint enterprise. The Greek firm is P. Th. Skoutas Corporation.

A sure indication of the interest shown by many Greek businessmen for joint enterprises with eastern nations after "perestroika" came this week with the large participation of businessmen in the Greek-Bulgarian economic symposium held in Athens.

Quite a few, in fact 103 Greek businessmen discussed business cooperation with their Bulgarian "colleagues." There are eight Greek-Bulgarian joint enterprises with headquarters in Athens. The first to be established in Bulgaria is expected shortly. It will be a banking firm! According to information, it will come out of the private Labor Bank that will participate as a minority shareholder in the new bank.

Moreover, there are already discussions going on about the establishment of a joint enterprise that will mine zinc deposits located along the Greek-Bulgarian frontier. Also being studied are investments in Bulgaria by clothing and household appliance industries.

According to news reports from the presidential and government visit to Beijing, China also is ready to welcome Greek business firms. Who are the ones thinking about this? The Petzetakis and Viokhalkos groups, as well as the Agricultural Bank. The Chinese want associates to manufacture bicycles and silks in Greece.

There are no joint enterprises with the Soviets, at least none are known officially, but following the Stukalin message "Come to Moscow for (mutual) profits" the interest from the Greek side has been noteworthy.

The owners of the Goody's store chain have officially made known to the Soviets their intention to open fast-food stores in Moscow through the establishment of a joint enterprise. The disposition of the Soviets was such that Greek businessmen hope that the company will be set up in 1989. Similar interest is also being shown by Olympic Catering.

Moreover, ETVA [Hellenic Industrial Development Bank] is studying the possibility of establishing a hotel in Leningrad through a joint enterprise.

In Greece, there are 120 small and large private companies that are enjoying the appreciation of the eastern nations. They have representation of their goods and almost all earn significant profits.

Business with the easterners, therefore, seems to be profitable and encouraging for quite a few new joint enterprises.

Planned Cooperation With Bulgaria

35210091 Athens TA NEA in Greek 19 Apr 88 p 24

[Text] Joint enterprises may be established both in Greece itself, where there is already a favorable climate for foreign investment, as well as in Bulgaria, with mutual comparative advantages as a basis.

This was what Deputy Minister of National Economy Giannos Papandoniou stressed, among other things, while speaking at the Greek-Bulgarian symposium on joint enterprises.

After referring to the Greek strategy on economic development, the policy of institutional modernization and the multi-dimensional foreign economic policy of the government, Mr Papandoniou mentioned the following:

1. Greece would be able to turn into account Bulgaria's comparative advantages in the field of stock raising, engine construction industry and a whole series of other sectors (lifting equipment, electronics, chemical products, etc.).
2. Bulgaria would be able to turn into account technological and other comparative advantages held by Greece in the field of crop production, light industry, processing and standardization of foods and juices, tobacco industry, textile industry, processing of hides, tourism infrastructure, construction materials industry, illumination industry, solar thermal conduits, production of plastic pipe, shipbuilding industry and merchant marine.
3. Greece also has noteworthy experience in the establishment, equipping and operation of businesses, production and packaging of catered food, hotel businesses, as well as in the organization and operation of small and medium-sized businesses.
4. In a larger perspective, Greece would be able to constitute for Bulgaria a "gateway" toward the Middle East and the EEC, while Bulgaria would be able to constitute for Greece a "gateway" toward Eastern Europe (COMECON).

5671/9604

ITALY

Privatization Reversal Tendency Noted

35280120b Milan IL MONDO in Italian
28 Mar 88 pp 28-40

[Text] All of a sudden, privatization seems to have given in to public ownership: in these last few weeks state corporations have put aside the philosophy of disinvestitures and have begun buying. ENI wants to buy Montedison and Cogefar, IRI wants Standa and even Olivetti. Is it a short-lived fire, a new trend, or an improvisation?

The trend does exist, in the sense that the fad of privatization came to Italy as the financial euphoria was cooling down, and public corporations were seeking a new equilibrium, but the surprises seem to be too much even for the protagonists.

Even today no one knows if SME, the financial arm of IRI, is in a position to buy Standa. Nor what steel plants Finsider will give up, and at what conditions. Most importantly, it is not clear whether the government will finance, directly or indirectly, these transfers.

On the other hand, if ENI acquires Cogefar, as is apparent, we still cannot understand why the urgency or the advantage for an energy conglomerate to enter the construction and large works sector. (But it is a dubious economic convenience for the oil conglomerate to have available a first order, a healthy company with which it could refurbish Saipem, the head company among its stock market ambitions.)

Not to mention Stet, who from practically ceding Italtel, has rapidly passed to a philosophy of enlargement of the same sector under public aegis.

Freedom of Enterprise

A few basic arguments could justify even more transfers than have been outlined. Privatization was motivated by an ideology which wanted to relegate public companies to a support role for private industry. For example: one doesn't see the reason for Lanerossi being 20 years with ENI when it only produced losses, and now given away when it had become profitable.

The decision could have been a convenient one for ENI, but probably it was brought about more by ideologic pressures of the times than by pure economic considerations. After all, privatization came to Italy after the October crash, at a time when the financial markets were becoming exceedingly prudent.

It is also not valid anymore to have the prejudiced notion that everything public is tainted by kickbacks, speculation, embezzlement, or at a minimum, by favoritism. France had discovered favoritism after a consistent program of privatization conducted by the Chirac government: transfers favored interests friendly to parties in the government and within parties of some groups.

And one now realizes that even public companies are living organisms and therefore have to be able to adjust better to market forces.

The Christian Democratic leader of the two-chamber committee on government participation, Calogero Pumilia, tries to interpret in these terms the new events: "Either one sells SME because it is not of strategic interest anymore, or one should let her expand according to the logic of market forces. But even the question

regarding strategic sectors should be reexamined: government participation should follow the same criteria of any other industrial group."

But Who Is Going To Foot the Bill?

All these intentions are, for the moment, only statements of good will.

There is, in fact a financing problem: expanding its holdings would require the government an outlay of money it doesn't have. In parliament, the Socialists (who more than any other group favor the acquisitions of Montedison, Standa, Cogefar, and Olivetti) tend to gloss over this point. Investments are of the order of tens of thousands of billions.

Investments in Standa, Montedison, and Olivetti will require, in addition to the cost of buying into these companies, further outlays for launching new initiatives. But studies and calculations on the outlays compared to forecast income do not justify arguments for government acquisitions.

Strategy and Improvisation

This is a situation where State owned companies must have a feeling of general embarrassment on their role or strategies. Both at ENI and at IRI the great managers of public enterprises have a reputation of being wheeler dealers, who are rather uncomfortable in set roles.

But many do not grasp the significance of the present phase of transfers: many attribute these to political maneuvers, hinting that these are not well understood initiatives; others blame a conglomerate mentality (in the Cogefar and Olivetti cases) which would be, in any event, extraneous to public enterprise.

Down to the last details, these plans can obviously be revised. The undersecretary of the Committee for State Participation, Giulio Santarelli claims: "Two years ago, the ministerial commission for the coordination of industrial policy had decided that the food industry is not part of its strategy and that SME should be ceded. These two points are erroneous, and should be re-examined and modified."

Santarelli who is a Socialist and therefore favorable for keeping SME in IRI and for the acquisition of Standa, presents an apparently unrefutable argument: every company has to be able to adjust its plans, and IRI is no exception. This is also the same argument presented by the Christian Democrat Pumilia. But public management is disoriented because in the latest initiatives it doesn't see adjustments but improvisations.

Because the change from a policy of disinvestitures to one of acquisitions was done in a hurry, only one of the many initiatives—the Enichem-Montedison—was finalized, while the others seem to be resulting from considerations not completely thought out.

Even the minister for state participation in industry, Luigi Granatelli, has had to repetitively call for prudence, especially with regard to the SME-Standa case, the decision of CIPI (and the fact that a petition by Carlo De Benedetti, who claims to have bought the company in May 1985, has been submitted to the Supreme Court of Appeal), and finally the ENI-Montedison case.

For tens of years there has been talk of greater openness in the management of public companies, and of a more prudent political control, and one cannot upset all this surreptitiously.

The Little IRI Parliament

In the SME-Standa affair unorthodox procedures have emerged. Delio Fabbri, managing director of SME, has proposed an expansion plan which considers Standa a "unique opportunity." The proposal is within the realm of his prerogatives, and even within his duties, assuming that for SME the deal is as good as Fabbri claims. On the other hand, Romano Prodi and Minister Granelli think that the deal should be re-examined in the light of the De Benedetti claim and the CIPI decision. Up to this point, this has been nothing but a normal divergence of opinion on the advisability of an investment. But the governing committee of IRI went further: it took a vote, and with four members against Romano Prodi (the Socialist Massimo Pini, the Republican Pietro Armani, the Liberal Sergio Trauner, and the Social Democrat Giuseppe De Vergottini) it authorized the negotiations.

IRI is a large and complex group, and it commonly has internal differences which not even the diplomacy of Prodi can smooth out. In the Telit case, the managing director of STET Giuliano Graziosi, is in dispute with Prodi. On the Cogefar question (as well as the entry of ENI into the civilian construction sector) Prodi and Ettore Bernabei, managing director of Italstat, have diverging opinions. From Finmeccanica, the financial manufacturing company which since the cession of Alfa Romeo has been eagerly waiting to be 'refurbished', come growing signals of discontent against the neglect on the part of the IRI top management. But in the SME case even more was done: the IRI governing committee formed a sort of little parliament.

This is not all. If Massimo Pini represents, as every one now knows, the Socialist Party in the SME-Standa case, Pietro Armani has been promptly repudiated by Giorgio La Malfa, secretary of the Republican Party: "Without arrogance, we express our negative opinion on the operation. The basic policy of government participations should be one of disinvestitures; there are no valid reasons for public companies to do what the private

sector can do." Even the Liberal Party has reservations. "It is incredible," says the Honorable Beppe Facchetti, in charge of economics for the Liberal Party, "that one thinks of selling Standa to SME. I would be less shocked if SME would be sold to Standa or to Montedison. There's no room for retail stores in the government." Facchetti makes it more a question of good sense than principle: "The government seems the least appropriate buyer for a chain of retail stores."

The decision of the IRI governing committee has now been downgraded to discussions for 'studying the problem in details'. But can Fabbri deal with Standa? Rather than confronted by a change in policy or a democratization of the decision process, we are probably dealing with a situation characterized by spurious jolts.

The only steady point is the decision taken by Granelli not to rush into any conclusive agreement, and to ask the new government being formed to re-establish guidelines.

13120

Gardini Explains Giacco Choice, Plans for Ferruzzi Conglomerate

*35280120a Rome IL FIORINO in Italian
24 Mar 88 p 3*

[Text] "Alexander Giacco is a man of our group and his selection has not caused any revocation of power from other executives. Giacco will substitute for me in my absence. Montedison will function without committees. It will be simpler, in the shortest possible time, because now is the time to do things." This is how Gardini explained the choice of Alexander Giacco to be vice president and managing director of the Foro Bonaparte conglomerate.

Gardini also mentioned how "three months of apprenticeship" were sufficient for him to shape an opinion on how the new Montedison should be, characterized by Erbamont and by Himont and Montepide. "I saw in Giacco the right man to manage the new Montedison, to accomplish this mission, and I think I took the right decision at the right time," he explained.

Alexander Giacco, chairman of Hercules from 1980 to 1987, has become president of Himont Incorporated, the joint venture created by Hercules and Montedison, which last year passed under Montedison control with more than 80 percent capital. For his part Giacco, who has been a member of the Montedison board of directors since 1983, said that it was his dream to create a company in the polymer sector.

"Today, we'll be able to achieve this objective with Montedison". Thus the Ferruzzi conglomerate has acquired two leads in the industry: Erinadia headed by Aurelio Picco, and Montedison with Alexander Giacco.

"I am convinced", Gardini said, "—and the stockholders and the Ferruzzi family share my opinion—that it is in the interest of the company to let management administer the business, once the strategy and the objectives have been agreed upon."

Montedison will thus be the chemical company of the conglomerate, with a plan aimed at reducing total indebtedness at the holding level to 4000 billion [lire]. "Cash flow", said Gardini, "allows us, at least for now, to maintain this level of indebtedness." Part of the indebtedness, 1800 billion, will be reduced by the Montedison-Ferruzzi operations, the rest through disinvestitures, including some by Ferruzzi as well.

"Services, and all the activities not compatible with the industrial activities of Montedison," said Gardini, "find a more appropriate place in the fusion of Ferruzzi Finanziaria and Iniziativa Meta into a new holding company which guarantees a corporate structure comparable to the major international groups." The new holding company that will arise from the merger will have a strong capital base, of the order of 2400 billion.

Gardini has defended more than once this complex financial operation which will bring about the creation of a new holding company, and which has not been favorably received by the market. He has defended it for its contents—calling it an operation favorable to minority stockholders, to Montedison, to Ferruzzi—and he has defended it in terms of timing: the operation had been presented during unfavorable market times. "Today this is not the case anymore", said Gardini. The evaluation of the holdings of Meta and Ferruzzi Finanziaria is ready, and will be submitted to Consob for approval at the beginning of April, and those holdings will be deemed adequate. This is an operation performed in the Italian market which, according to Gardini, does not have the characteristics of London or New York and therefore has been criticized on the international markets. "I'm not offended," said Gardini, "the objective of the operation is to permit minority stockholders to have Ferruzzi stocks. If they want them, they can take them. I often give choices to stockholders, and also to the Ferruzzi family." At the end of the operation, to which the Ferruzzi family pledges 250-300 billion, the family will control more than 50 percent of the new company.

Regarding the disinvestitures Gardini did not want to go into the details: he only said that the plan is already being enacted and that it will reduce Montedison indebtedness by 2200 billion and will not concern Erbamont or the polymer technology companies. Concerning interests in the publishing companies—the share of Rizzoli which is under Meta, and the newspaper IL MESSAGGERO, part of which is under the Monti group—only one thing is certain: "We will keep IL MESSAGGERO", said Gardini. There was another last vague reference to the negotiations with ENI for the creation of a chemical holding [company]. In talking of the collaboration which will be established between Giorgio Porta and Alexander

Giacco and defining the Montedison goals independently of the relationship with Enichem, Gardini stated: "We can do various things together with someone else or by ourselves. We cannot accept tardiness or indecisions: if there are concrete proposals, let them come forth."

And at the question on what will come after the Ferruzzi-Iniziativa Meta operation, Gardini answered: "Our growth has been so great that I don't know what other things I will do afterwards. Today's objective is to straighten out the acquisitions we've made."

Alexander Giacco, chairman of Himont and, starting Tuesday, vice president of operations and managing director of Montedison, gave us a brief history of Himont, illustrating it with relevant company data: starting with a 16 percent share of the market, today Himont has 20 percent of the world market, and over 23 percent of the North American market.

From an initial position based on polypropylene the company has undergone a profound transformation, concentrating on specialized polymer materials with sales of 250 million dollars in alloys and composite materials, and with plants near markets in nine countries. The company assigned 49 technology licenses throughout the world. This year, 130 million dollars of new application polymers are being introduced in the market.

Net profit after taxes jumped from 73 million dollars in 1984 to 227 million dollars in 1987. In the first quarter of 1988 the company made 77 million dollars. Activities grew from 661 million dollars in 1984 to 1781 million dollars in the first quarter of 1988; net company worth in the same period has increased from 329 to 1175 million dollars. Investments during the period amounted to 347 million dollars. Productivity is among the highest in the industry.

13120

NORWAY

Nonsocialist Parties Agree on Gas Exploitation Strategy

36390060 Oslo AFTENPOSTEN in Norwegian
26 Apr 88 p 5

[Article by Kurt-Johnny Olsen: "Joint Nonsocialist Gas Strategy: One Goal Is To Strengthen Norwegian Industry"]

[Text] Gas resources on the Norwegian continental shelf represent major possibilities for Norway. One clear goal will be to use part of our large natural gas surplus to expand and revive Norwegian industry. The gas

resources offer an interesting opportunity for industrial growth, and it is important for the conditional framework to make possible a future-oriented exploitation of these resources. Norwegian industry must have the same conditional framework for purchasing gas which European industry in general has. Otherwise, we will have a situation in which our industrial base and jobs are lost to foreign competition.

The three former government parties—the Conservative Party, the Center Party, and the Christian People's Party—have formulated a joint viewpoint on important issues linked to Norwegian gas policy. Yesterday, politicians from the three parties sat shoulder to shoulder, something which has not happened in quite a spell, and presented a document which they generally hoped would be accepted by the Government and the Labor Party. Present at the press conference were Ole Fr. Klemsdal (Conservative Party), Reidar Due (Center Party), and Svein Alsaker (Christian People's Party).

They claimed that it is possible to build up a significant gas market on Norwegian land before the year 2000. This applies both to gas for production of electrical power and gas for industrial development. When the gas resources in Norway are expanded, consideration must also be given to Scandinavian/Nordic coordination.

"The price of gas for domestic consumption must be established through fair and direct commercial negotiations between buyers and sellers. The state's gas negotiation committee ought to look after the sellers' interests. This may result in different prices in various submarkets and for different applications. The price will reflect the value of the gas in the individual submarket," stresses Klemsdal.

Transportation Solutions

The three parties furthermore think that socioeconomically proper solutions to transportation must be found. This should be organized so that no group is majority owner of the main transportation conduits, because that may tempt the owner to make too big a profit in the transportation sector. Both sellers and buyers ought to be co-owners of the transportation system.

The Conservative, Center, and Christian People's parties emphasize that an owner monopoly of the gas power plants in Norway is undesirable. Considerations of expertise, competency, and cost-effectiveness require that as many groups as possible be included in the work of building the various gas power plants.

Location of the gas power plants will be decided primarily on the basis of energy-efficiency problems and the socioeconomic consequences of the different choices for building sites.

Nonpolluting

It was stressed at yesterday's press conference that—compared with coal and oil—gas is a nonpolluting source of energy. "Gas in industry will very often replace heavy oil and, thereby, represent an environmental improvement. With the help of modern technology, the environmental problems caused by gas production can be sharply limited," said Klemsdal, who was followed by Reidar Due, head of the industry committee:

"The big hydroelectric power projects we have left are very controversial. I'm one of those who think that we now ought to give gas-generated power a try and that the environmental problems aren't so big that crucial importance should be attached to them in this connection."

12327/9738