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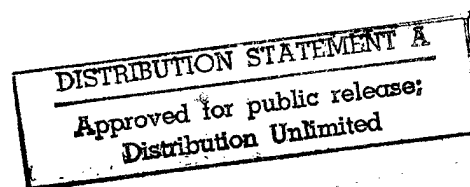
JPRS-WER-87-027

1 APRIL 1987

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# West Europe Report



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1 APRIL 1987

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## DE JURE RECOGNITION OF ISRAEL SEEN FORTHCOMING

Athens I KATHIMERINI in Greek 1-2 Mar 87 p 1

/Article by Nikos Simou/

/Text/ The Greek Government is decided on recognizing Israel (de jure) within a year thus ending a situation in their relations that dates from 1948. Israel's recognition will be preceded (probably in the fall) by an official visit by Minister of Foreign Affairs K. Papoulias to Israel. According to information, the Greek foreign minister will not only have official talks with the Israeli Government but will also deliver a speech before the Knesset during which he will stress the need for finding a just solution to the Middle East problem and, of course, to the Palestinian problem.

It is to be noted that Mr Papoulias was first invited in January 1986. Mr Papoulias expressed some weak reservations on this invitation, observing, nevertheless, that such a visit depended on many factors.

It now seems that, although the conditions that Greece had set for Israel's recognition have not been met (withdrawal of the Israelis from occupied territory and talks with the PLO on Middle East problems), conditions that have been created are such that they call for a more realistic policy by the Greek Government. It is not at all by chance that Greece is now, even publicly, opposed to Israel's isolation, something that it believed for some time but did not publicize. Thus, at the 40th UN General Assembly, Greece, although it supported Arab views, managed to be absent during the vote condemning Israel on a selective by name basis.

In the course of events that forces the government to confront the issue in a more realistic fashion is, of course, the active role that Greece wants to play in the Middle East--despite the fact that Mr Craxi had omitted it from his proposal for mobilization of the Mediterranean nations. And, of course, the benefits that Greece could have, especially on the international banking (and tourist) establishment from the most powerful Israeli lobby that would act on its behalf. Moreover, pressure by the United States and the EEC is not negligible. Indicative of the way Greek-Israeli relations have developed, in a fashion paving the way for recognition, is a series of visits by Israeli officials to our country that the government has tried to keep secret.

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CSO: 3521/91

## GIORGOS PAPANDREOU INTERVIEWED ON CONVICTIONS, POLICIES

Athens TA NEA in Greek 16 Feb 87 pp 14-15

[Interview with Giorgos Papandreou, former deputy minister of culture and science, by Aris Tolios: "The Truth About the 'Clans'"]

[Excerpts] the premier's decision to relieve [his son] Giorgos Papandreou of his government duties and recommend him to membership to PASOK's Executive Office came as a surprise and became the subject of comments. He himself, however, does not seem to share the people's surprise. On the contrary, after his election to the party's top body, he considers himself lucky.

Giorgos papandreou is the person of the week for an additional reason. The daily agenda abounds with rumors and comments around his person: "He is being groomed for the succession [to the premiership];" "the Gennimatas-Giorgos clash;" "he wants a counterfeit party;" "he should not be in a centrist government," and more, much more has appeared in the press in recent days.

This, then, is Giorgos Papandreou who today talks about it all to NEA. He promised this interview just after the premier decided to relieve him of his government duties. At last we succeeded in interviewing him almost after the meeting of the Central Committee. And, of course, it is an exclusive interview.

[Question] How much did the recent developments surprise you and how do you feel about leaving the government and becoming a member of the Executive Committee?

[Answer] I wouldn't say I was surprised for the simple reason that I don't believe any one of us has a title of ownership to government posts. Therefore, for me it wasn't anything unexpected. I would have left the Ministry of Culture some time. On the contrary, what now keeps me preoccupied is the burden of responsibility toward my new duties. For me it was a special honor to appear before the Central Committee as a candidate for the party's top body and at a crucial time, moreover, when we give battle for the party's improvement.

[Question] You consider more important, that is, the new duties you have assumed?

[Answer] Yes, of course, but without considering the specific importance of this or that particular post in which I am asked to serve. No. Of importance are the qualifications of an individual.

[Question] Weren't you in some way saddened that you left the government?

[Answer] Perhaps...in the sense that I served there for some time and I now leave behind some positive or negative performance--I shall not be the judge of it--but I was attached to it. In this sense I am sorry I left the underministry just as I am sorry I was separated from my collaborators.

[Question] What are your duties in the Executive Office and in what particular sector will you direct your efforts?

[Answer] The Executive Office determines the direct responsibilities of each member. Yet the dominant question today is how well can persons who have differing views and perceptions, who perhaps find themselves in opposition on certain issues can function as a unified body without letting personal political views influence them.

The most legitimate and healthy thing is to have differing opinions. Each one has--just as well--his own views, his own ideas and his own proposals on the Movement's course. Out of our differences and positions we shall reach final views and proposals. At this moment the PASOK Executive Office consists of prominent cadres who have expressed different views on important issues. One even hears conflicting, dissenting views on crucial issues.

Let me repeat that any difference of views even on most crucial issues does not by necessity constitute a negative phenomenon. I would say that it is a positive phenomenon and it is a mistake for one to personalize them or to interpret them as intrigues or as conspiracies.

[Question] Much is said also about relations between the party (PASOK) and the government.

[Answer] They were not what they should have been.

[Question] Could you explain?

[Answer] It gave the outside world the impression that the party was a machine which controlled and distributed authority. Its amelioration should start with our efforts, with efforts for invigorating its political face. The party does not simply manage a situation. It is a party open to the people which listens to their agonies and problems. It works out plans, analyzes situations and proposes solutions...



The 3rd of September

[Question] Along these lines, it is believed that PASOK must also take into consideration the new givens, the modern developments for formation of a new ideological person. To "amend"--if this is an approved expression--the 3rd of September Declaration.

[Answer] The 3rd of September Declaration is a general review; it has general objectives which are the result of a specific analysis of the developments concerning not only PASOK but the modern history of the Greek nation as well. Dependence [on others], autocracy, lack of democracy, lack of participation and decentralization, the people's traditions, etc., were the "material" for its (3rd of September) development. Many things have, of course, been achieved; others are being done; still others have been left behind. Today, however, one cannot predict new events...

[Question] Such as?

[Answer] When we started we did not have nor could we have a full picture of the reality nor the experience of the complicated entwinings of the various structures and situations. Let me cite some of these situations. For example, relations and the impact our joining EEC had, the chaos in our economy, the situations we inherited and whose impact we still suffer, the lack of a dynamic Greek private sector...

We must also say that we expected more from the popular movement. We had a romantic notion about it. We expected initiatives. We expected it to lay the foundation for self management; to have integrated views and proposals for an economic policy; to be the more active in the institution of popular participation it created and to advance positive solutions to the problems which were the object of its claims. In other words, to participate as an equally responsible and equal partner in the progress of change. Naturally, we must admit that we too share a substantial part of the responsibility for the fact that the popular movement failed to play the role we expected it to play.

[Question] Is it one of today's priorities?

[Answer] It is the Executive Office's fundamental job.

[Question] Let us return to the situation now existing in PASOK: clans, trends, ranks, cliques are words we hear about recently.

[Answer] This is an indication that PASOK is at some distance from the people, something which creates a climate of mysticism. Myths are created which do not correspond to reality because the truth is much simpler and human.

[Question] Are there no clans in PASOK?

[Answer] Why hide it? But this is not as serious a matter as it is presented. The party's relation with the government, with the state, helped in creating similar phenomena. I believe the transfer of cadres from the government will help to put an end [to such talk].

#### The Succession

[Question] ...I'll remind you of the known scenarios we again read about...

[Answer] Once you hear this question 100 or 101 times I wouldn't say it's interesting anymore. It is of course clear that all these scenarios have as their target not only me but the premier as well.

Today the press of the right creates subconsciously--and this is very dangerous--the impression to the plain citizen that there exist no visions, no ideas, no positions, or views but only office positions, backstage deals, machinations, sinister deliberations. This I believe is a negative element in our political life and it hurts democracy because we are not claquers but officials chosen by the people. All this parapolitical rhetoric may be using various arguments each time but the result is the same reactionary logic.

[Question] Where in your opinion, can one look for the causes for all these things?

[Answer] Unfortunately, in our country authority has been mythologized exceedingly. Who is to blame? Our upbringing, the state's ecocentrism, authoritarianism and dogmatism, and the structure of our economy. They all force the citizen to have a relation of dependence on the state. For this reason I steadfastly believe to a greater as possible extent decentralization of the government which would not allow anyone to become a force for polarization.

#### Government-Party

[Question] We heard something else: "a centrist government-leftist party."

[Answer] It is too early to politically characterize a government without waiting for the results of its work. However, my opinion is that the party must assume more advanced positions, must define targets, must have visions, and must chart a policy the government should implement. I do not believe a government can have a leftist policy if it does not have a leftist party.

The party will lead, propose and develop participation institutions whether they are called cooperatives or initiatives. The party, that is, should be the catalyst of the popular movement. If there is no popular movement, the government will be forced to become a manager of situations, to maintain a power equilibrium and to depend passively on the existing situations and authority relations.

[Question] Albeit indirectly, or, rather, on the basis of your ideological position, you have accepted in some way the centrist-leftist party.

[Answer] I do not accept it because as I said one judges a government on the basis of the results of its work.

[Question] It was also whispered "that the present government was not to your liking."

[Answer] Many things are being whispered. Or are you trying to pry an answer...without trying? No. Things can't have such a **plain, single meaning**. At [my] ministry issues were advanced through a progressive policy. **For me it was a leftist act when I attended** the festival of the Youth Organization of the New Democracy Party, the festival of a rightist youth in other words; it is a leftist act when one develops a climate for a dialogue with the youth of all parties...

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CSO: 3521/89

ELECTION RUMORS DESCRIBED, ANALYZED

'Wait and See' Attitude

Lisbon SEMANARIO in Portuguese 14 Feb 87 p 6

[Article by Marcelo Rebelo de Sousa]

[Excerpts] Proper Time for Elections

It is not just any period which can be regarded as pre-electoral.

Our constitution requires that between the dissolution of the Assembly of the Republic and new legislative elections, 90 days must elapse. Which means that elections on 5 October 1987 would presuppose dissolution of the parliament at the beginning of next July.

We have, then, about 3 months ahead of us in order to arrange the beginning of the future process of removing the executive team headed by Dr Anibal Cavaco Silva.

Belem Does Not Want Elections Now

Will the circumstances be favorable to the holding of elections? Or will political developments in the near future tend toward postponement, at least until the spring of 1988? We are not, obviously, speaking of our view, which we have already made known, but are rather attempting to interpret the facts as they appear to us today and will probably develop tomorrow.

Let us begin with Belem.

There is not a moment's doubt there.

Dr Mario Soares cannot want legislative elections in 1987.

His political popularity continues at a high level, even among the leftist voters and despite the recent gestures of support for the government.

Time works in his favor if he does not have to intervene, to erode his image, to involve himself in decisions on political crises.

It is too soon in 1987 to explain to the citizens of Portugal that a new electoral process is required.

By 1988 it will already be possible to speak of the long duration of the legislature (2 years and a half or 3 years, which would be better than the last two) and to point to the approach of the normal date for elections, which would be October 1989.

Apart from these several good reasons for not desiring elections this year, Dr Mario Soares has another reason for wishing to avoid any crisis in the government. That is the desire to avoid the risk of a PS-PRD alternative, supported by the PCP and by the MDP/CDE.

It is obvious that such a solution would be suicidal for the socialists. But Dr Soares, ever cautious, would prefer not to have to see his party in heated debate on the highest levels, whether it meant accepting the "kiss of death" from the PRD or risking the electoral verdict in October.

Since, therefore, he opposes elections in 1987, the president of the republic rejoices whenever he hears talk of a constitutional revision. And he has even taken the step, already, of making a public appeal for a collation. The fact is that once the process of constitutional revision is launched in the summer, it will appear more than legitimate to avoid dissolving the parliament until the end of the process, which will last at least 9 months.

No novelties can be expected of Dr Mario Soares. He is clearly opposed to the resignation of the cabinet in 1987.

PCP, MDP/CDE and PRD Have the Same Problem

However, not Belem, but Sao Bento may cause the government to fall.

Thus the question to ask the parties is whether or not they want to provoke a definitive political crisis within the ensuing 3 months.

Curiously, the PCP, MDP/CDE and PRD take the same position regarding this acute question.

On the one hand, they feel that to let the government and the PSD, with Dr Mario Soares' support, survive 1987 unscathed would be serious, meaning losing the political initiative and giving absolute control of events to the right wing.

On the other hand, they fear elections in October as an event in which the space they occupy could be fatally reduced, as compared to October 1985.

At that time, the APU together with the PRD accounted for 33.5 percent. Now the polls give them about 22 percent.

The ideal thing would be the resignation of the cabinet without parliamentary elections, preferably with the formation of another government which would include the socialists.

This then is the dilemma the PCP-MDP/CDE-PRD triumvirate faces. Either it must tolerate this government in order to avoid a decline of 10 percent, or it could destroy it, running the risk of being faced with intransigent socialist resistance to an alternative executive team, all of this culminating in an undesirable electoral process.

How will the triumvirate decide? On a day to day basis, it will woo the socialists, charm its deputies and reduce its unemployed electorate.

In the next 3 months, it is only by relying on a motion of censure by the PRD or the MDP/CDE (since the PS could not vote on such motion by the PCP) with a level of probability equal to or more than 50 percent that it would be possible to win the PS over to the great reuniting of the divided left.

#### PS and CDS Need Elections To Gain

For the PS and the CDS, although for completely different reasons, ground can only be gained through early elections.

The CDS must within the next few weeks now, resolve its great little drama--the separation of Dr Adriano Moreira from the party framework.

More than a year has passed and it is beyond denying today that this great gentleman of another political era has not succeeded in finding either the vitality, the message or the credibility to launch the CDS again against a PSD led by that talented national populist, Dr Cavaco Silva. How sad we were to see this, after having, in these columns, hailed what seemed to be the reconciliation of destiny with a man unjustly treated by history!

It might be said that his context was a different one, his era was another time, and that his mental and political universe has nothing to do with Portugal in 1987. And thus Dr Adriano Moreira in the end won not a single vote from anyone at all.

Dr Adriano Moreira takes the CDS with him into the solitude of those leaders without disciples, those commanders who have no armies, those miracle workers in whom no one believes--unless elections are held.

For with elections, the CDS will have to awaken from the torpor of a continuity without a future, seeking another leader, refreshing itself or, what would be ideal, finding a way to maintain the patriarch while at the same time providing new political leadership.

For with elections, the CDS will win back negotiating power against the PSD.

And with elections, the CDS will again be able to sense to what point its 5 percent, 6 percent or 8 percent is important in the formation of a parliamentary majority led by the PSD at this end of the 1980s.

As to the PS, only one who is politically inept or isolated can fail to see how essential elections in October are.

Without them, Dr Constancio will come to the next socialist congress just as Dr Mota Pinto came to the Braga Congress--as a winner, but dependent on conditional and fortuitous support (and, who knows, with Dr Antonio Barreto in the arbitral position which, at that time and in the PSD, the Nova Esperanca (New Hope) occupied).

Without elections, the PS will be losing its only opportunity to gain by 7 percent, 8 percent, 9 percent or 10 percent--in other words steadily, with no risk, at the expense of the other leftist parties.

Without elections, the PS will be handing the political leadership of Portugal for many years to come the right wing on a silver platter.

Without elections, the PS will have to radicalize toward the left from 1988 onward, so that it will be towed in the wake of the PCP-MDP/CDE-PRD triumvirate, instead of imposing itself upon them.

For the PS, agreeing to participate in or even to head a government with the PRD would mean almost admitting to parity, saving the PRD from an immediate decline, and making politics into an apostolic mission wherein the salvation of another involves one's own suicide.

For the PS, tolerating the status quo indefinitely would mean being squeezed between an imperial PSD and a triumvirate dominated by the PCP, without honor or glory, for an indeterminate period of time.

However, for the time being, the PS continues to choose not to choose, with the calm of one for whom a risk would have only an 80 percent chance of success, or in other words, one who normally leaves no mark at all on institutional life.

#### PSD Might Benefit, but Prefers To Wait

While the PS is inexplicably hesitating and Doctor Constancio is urging the base level to do the opposite of what would serve him best, the PSD and the government as well seem to prefer to wait, instead of putting their money on the electoral solution.

Many arguments could be invoked against it. The country is tired of instability and would not understand a government crisis leading to elections. A pre-electoral alliance with the CDS is undesirable, and the risks of running alone and seeking a majority without winning it would be very serious. The popularity of Dr Cavaco Silva will continue to climb in 1988, as will that of the government. The economy will remain prosperous in 1988 and 1989. And the constitutional revision would also be insipid with this parliament, or with the foreseeable new one.

All of these reasons are reversible. Neither will the country tolerate the impasse which characterizes the pathological political relations between the parliament and the cabinet today for an indefinite time. Nothing involved in real structural reform is occurring in Sao Bento, and the government is being limited in various sectors to purely temporary administration. The

parliamentary majority is not inviable, and the PSD is in a unique position to polarize it and achieve absolute domination of the Portuguese right wing. The popularity levels may slow down or stagnate within 6 or 9 months. It is hardly likely, after all, that the economic situation will be as good in 1988 and 1989 as it is in 1987. And it has not been proven that it should be so readily assumed that constitutional revision is a lost cause or lacks substantial political content.

With these two scenarios in mind, the PSD is preparing for both. On the one hand, it is developing its "Manifesto for a New Majority." But on the other, it is avoiding the definition or execution of any confrontational strategy which would lead to definitive crisis and parliamentary elections in October. For better or for worse, the Social Democratic leadership is for the time being more inclined toward postponing elections than toward moving them forward.

Even with all the long-range preparations, the prevailing state of mind is opposed to early elections. Basically, given the two strategic theses considered at the top level, today these leaders would rather to wait and see.

It is now February 1987. The next 90 days will serve to show whether the decision to "wait and see" is the ideal formula for this party, with this government and this prime minister. And in Belem, Dr Mario Soares, attentive, calm and happy, is following the development of events.

#### Electorate Seems To Disapprove

Lisbon EXPRESSO in Portuguese 14 Feb 87 pp 1, 24

[Text] Unlike what seems to be the desire of almost all the politicians, an unchallengable majority of 77 percent of the citizens of Portugal believes that the holding of legislative elections in 1987 would not be good for the country. The supporters of early elections this year account for only 19 percent of those questioned, and 4 percent have no opinion on the matter. These were the results of a poll of the EXPRESSO-Euroexpansao panel early in February.

Curiously, to speak the truth, the unanimous intent (admitted or not) of the party officials to have new elections held this year clearly goes against the views of the voters in any of the five major Portuguese parties. The belief that new elections would bring no benefits to the country was expressed by 86 percent of the PRD voters, 84 percent of the PS voters, 81 percent of the PSD voters, 74 percent of the CDS voters and 67 percent of the APU voters. Even among those who abstained in the last legislative elections, 71 percent do not want elections this year.

This discrepancy between the intentions of the politicians and the will of the voters in all political quadrants will have been registered by the various party general staffs, moreover, and will constitute the main obstacle to a public and unhesitating demonstration of the intention to hold early elections.



The risk of initiating a political crisis which would lead to a new consultation at the polls, but also to penalization by a part of the electorate (the dimensions of which it is hard to predict), has led to justified concern among political leaders. It is justified because according to this EXPRESSO-Euroexpansao poll, only 29 percent of the APU voters and 25 percent of the CDS voters would be in agreement with those who want new parliamentary compromises, and this figure drops to 14 percent for the PSD and PRD voters and 12 percent for the supporters of the PS.

The concern of the political leaders is further intensified by the fact, revealed by the poll, that it is the voters who participate most in political life and are culturally best informed who also indicated the best understanding of the advantages of new elections.

#### Apparent Paradox

Lisbon EXPRESSO in Portuguese 14 Feb 87 p 3

[Article by Jose Antonio Saraiva]

[Text] The country finds itself in an unusual situation. The government party, which should desire stability, wants elections, while the main opposition party, which should want elections, does not.

The PSD wants elections for an obvious reason. If they are held, it will not only improve its voting strength but will also increase its lead over the second largest party.

However, caution is needed. This result would only emerge clearly with a government victory if the opposition, not itself, sponsored the elections.

In fact, if the opposition were to bring down the government and precipitate a consultation at the polls, and if after this the government party were to win a larger number of deputies, this would create tremendous difficulties for the opposition parties.

For this reason, the Socialist Party cannot, in the near future, undertake any move in this direction.

And can the government?

The curious thing is that the government headed by Cavaco Silva, although it is also interested in an electoral consultation, cannot provoke one either.

And it cannot do so for two sorts of reasons.

First of all, because if the government were to resign, it would then see its popularity reduced.

It will be remembered that the prime minister reached his lowest popularity level after the political crisis which he provoked by asking the parliament for a vote of confidence.

It is natural that in the event of a resignation, the penalty would be still greater.

For this reason Cavaco Silva cannot, without running a serious risk, take the initiative of sponsoring elections.

But there is another factor which is no less of a reason to avoid such an action because it is subtle.

The reason is this. If the cabinet were to resign, it would be in competition no longer with the opposition parties, but with itself. If Cavaco Silva were to provoke a crisis, he would for all practical purposes be undertaking the obligation to win an absolute majority in the next election.

Any other result would emerge, given the present picture, as a "semi-defeat," and as such it could not fail to be grist for the mill of the PS, PRD and PCP, which would emphasize the fact that the government subjected the country to a crisis but did not achieve its goal--to govern alone.

At a time when the majority of the voters want elections, it would be too risky for the government to encourage them without the certainty that it would thereby cease to be in a minority position.

We find ourselves then in a blind alley.

The PSD, which would like elections held, cannot take the initiative in promoting them.

And if the PS did so, it would not be safeguarding its own interests, but rather satisfying the desires of the head of the government it opposes.

#### Debate Termed 'Obsessive'

Lisbon DIARIO DE NOTICIAS in Portuguese 18 Feb 87 p 6

#### [Editorial]

[Text] Week after week, the public has been given reports which say first that elections are imminent, and then that they will occur at a still distant date. The facts on which these successive versions are based come down to the glib statements of this or that party leader, if not mere speculation, with the speakers expressing their own views on the matter. Despite this, and despite the fact that the PCP, which has always supported the resistance of earlier governments to the demands for new elections, is now relying on another development, the possible dissolution of the present parliament represents one of the most prominent themes, not only in the mass media, but in the speeches of the main political agents as well.

In view of this possibility, the positions of the various parties have vacillated, if only in the tone in which they discuss the matter. The government itself, which during its first year of activity had as its tactic an attitude which said "Either let us govern, or we will ask the voters to

judge," turned to another path. A few months ago it choose to make the statement that it wants to continue in office despite everything. It was this, more or less, that the prime minister reiterated this weekend, and this attitude was confirmed by the recent polls, which showed that the possibility of elections is not the most appealing one.

This tactical inflection is understandable. A year ago, the executive branch sought to present an image which would prevent it from being placed in a reduced position due to the simple fact that it had minority parliamentary support. The opposition imposed some reverses upon it, moreover, but it nonetheless succeeded in establishing the wanted image with the voters. On this basis, it was easy to reach two conclusions--first, that the opposition parties would not change their attitude simply because they were faced with the imminent resignation of the government, and second, that insistence on the concept of elections, if prolonged beyond certain limits, might involve the risk of presenting the PSD as a factor contributing to instability, thus acquitting an opposition which vetoes certain documents but does not include the dissolution of the Assembly in its immediate intentions. This led to the new discourse and the new method of action adopted by the Social Democrats, with the assumption of the desire to govern, to make the opposition responsible for the limits of its action and to broaden the base of support in case, at any time, elections might be held. Not even the constitutional revision, which some time back a secretary of state used as an argument in support of the inevitability of the dissolution of the Assembly, is now reason enough to change the desired image of a government which is relying above all today on convincing the people that causing a break is not in its plans. Also in this connection there are the statements by Cavaco Silva, who regards it as unlikely that a trip to the polls would produce a parliamentary framework which would be ideal for the revision.

The attitude of the opposition is different from that of the government only in appearance. Here too, in the Socialist Party in particular, the order of the day seems to be to show that the government is planning for elections, while the socialists, although saying that they do not fear elections, add that it is not their intention to provoke any crisis soon. Not to speak of the PRD, which clearly urges an alternative without elections, like what the PCP preaches. We are therefore back to zero. At first glance, no one is prepared to assume the responsibility for sponsoring elections. And yet everyone voices the feeling that they should not be delayed. Isn't it time that we looked into the reasons for such an obsessive debate about a subject that no one wants to lay out on the table?

5157

CSO:3542/60

POLITICAL

PORTUGAL

PS UNCERTAINTY ON PUSHING FOR EARLY ELECTIONS REPORTED

Lisbon EXPRESSO in Portuguese 21 Feb 87 p 1

[Excerpts] The PS [Socialist Party] will not decide on whether or not to push for early elections until May--and certainly not before it is in possession of a "great national sounding" which will assure it of a solid election recovery, a highly placed Socialist source told EXPRESSO.

The source added that, until then, the PS will concern itself basically with "building its forces," while, at the same time, maintaining its strategy of frontal opposition to the executive branch, which it will subject to two parliamentary question periods in the coming months.

If there are costs for the Socialist leadership in provoking a political crisis resulting in elections, there are also costs in sustaining this government for much longer. For this reason, a choice between these two possibilities cannot be put off indefinitely.

In this regard, while the PS secretary general is still firmly rejecting an alliance with the PRD [Democratic Renewal Party], foreseeing a deterioration of the Eanes constituency, other figures in the party are attempting to pressure him to reach an agreement with the Renewalists, or risk having the "Right remain in power forever."

Among the initiatives planned by the Socialists in this phase of "building forces" is the preparation of two programs regarding the state business sector and combat against unemployment, as well as various sectoral initiatives which are the responsibility of the shadow cabinet, which will present an alternative "program of government" to the country in April.

6362

CSO: 3542/63

## POLL RESULTS ON PARTIES' POPULARITY FAVORS PSD

Lisbon SEMANARIO in Portuguese 31 Jan 87 pp 7-8

[Article by Antonio Pinto Leite: "Exclusive Norma-SEMANARIO Poll Shows Gains for the PSD on the Right, None for the PS on the Left"; first paragraph is SEMANARIO introduction]

[Text] The PSD is growing at the expense of the CDS and is headed for 40 percent; the two parties combined would have a majority in Parliament. The PRD [Democratic Renewal Party] registered a slight gain, thanks to its leftward turn, but the PS retains its dominance. The APU [United People's Alliance] sustained a sharp decline.

The poll that SEMANARIO is publishing today serves to confirm the general trends of voter behavior that have been manifest since early 1986 and confirmed by our successive surveys. In the poll, the PSD substantially surpassed its "score" from the last election and demonstrated a tendency to continue growing; the PS won the "primaries" of the Left, scoring a clear victory over the PRD and asserting its dominance in that political and electoral area; and finally, ratification of the two hegemonies--that of the PSD on the right and that of the PS on the left--was clearly achieved at the expense of the representativeness of the CDS and PRD, without making further inroads into the electorate of the APU.

This is essentially the scenario that will prevail in the event early elections are held in October--as appears increasingly likely--and the direction in which it will evolve is indicated in the poll results.

In the first place, there is no longer any doubt that a preelection coalition of the PSD and CDS would have an effective--if not an actual--majority.

With their combined total reaching 44.6 percent in May, 45.6 [as published] percent in September, and 44 percent at the present moment, it is clear that during a period of electoral tension--and with the prospect of achieving a majority--that percentage would increase even more and would provide a very obvious advantage in Parliament.

It so happens, however, that the PSD seems not at all disposed to hold preelection negotiations with the CDS, and consequently the aforementioned hypothesis--which can be replaced by others--should not be viewed as the primary alternative for analysis.

## At the Expense of the CDS

In the second place, it therefore follows from the poll results that the PSD has resumed its growth trend, surmounting for the first time the 35 percent barrier that since last May had barred its way (it jumped to 37.4 percent).

In the third place, the gains of the PSD were made basically at the expense of the CDS, a circumstance that only superficially can appear to contradict the fact that the CDS also went up in the poll by comparison with the November poll result (to 6.6 percent from 5.2 percent).

Indeed, if we look at the May and September polls we will see that the CDS received 9.6 and 9.8 percent, respectively. The party's slight recovery today is therefore minimal by comparison with the losses recorded in November.

On the other hand, the severe decline registered by the CDS in November (from 9.8 down to 5.2 percent) did not benefit the PSD; for everything indicates at this juncture that a significant segment of the CDS electorate chose to abstain from voting, probably as a transitional step toward Cavaco Silva.

In fact, the current poll results appear to establish that these originally CDS voters have now abandoned their posture of abstention of 2 months before, with a minority of their number choosing the CDS and the majority the PSD.

These shifts within the electorate of the Right lead one to anticipate that the PSD's opportunities for growth in this area are not yet exhausted, and that it is logical to consider an electoral solution that would ally the PSD with groups other than the CDS.

## "Commercial" Proposals

In the fourth place, the PS has survived not only as the largest party of the Left but also as a major party in its own right (on the order of 30 percent).

This "score" by the socialists has particular significance, especially during a phase in which the electoral marketplace of the Left is being exposed--by the PRD and PC--to political proposals that are highly "commercial," such as the suggested formation of an alternative government to that of Cavaco Silva.

Constancio's constituency seems not to be disturbed by his intransigence (or passivity), in that the PS recorded only a slight decline that was without great significance.

In the fifth place, the PRD--which had been in a free fall since last May--arrested its fall and improved its position slightly (from 5.8 percent in November to 7 percent today).

While this upsurge of the PRD is the result, on the one hand, of Gen Ramalho Eanes' intense activity in the form of frequent visits around the country and of public statements, it also reflects the obvious swing to the left on the part of the PRD, which has adopted a combative posture vis-a-vis the PSD and is pushing the proposals for the formation of an alternative government.

Although the upswing thus recorded leads to the perception that the leftward reorientation of the party line was a positive factor for the PRD, it does not conceal the fact that this shift on the part of the "renewalists" came late in the game and will probably yield only modest results when measured against the vote they received at the last election (18.0 percent)--a vote of which they like to boast today.

#### Crisis in the APU

In the sixth place, the decline of the APU (from 16.8 percent in November to 13.3 percent today) is intimately linked to the new party line of the PRD, thereby proving once again that the constituencies of the PC and PRD are contiguous, and that a part of the APU sympathizers and voters may not vote communist if they are provided with another credible option "on the left."

It could be that the destiny of the MDP is linked to this reality, and that it will play a significant (although obviously minority) role in the internal realignment of the electorate of the Left.

It should moreover be noted that the decline recorded by the APU (-3.5 percent) has no direct correlation with the upswing of the PRD (+1.2 percent), and that any accounting of the situation on the Left must also include the decline registered by the PS itself (-1 percent). It therefore seems obvious that between the November survey and the present one, a change has occurred in the composition of the group of "undecideds" (the "don't knows" and the "decline to states")--a change that has left a substantial proportion of the APU electorate in doubt today as to how to vote.

What will happen in the future to clear up this state of doubt is something that is not easy to foresee, although one can assume that in a period of euphoria for an "alternative" (to Cavaco) the more moderate wing of the APU will respond to the political proposals advocated by those parties that have the capability to come to power.

#### The Defunct ASDI

On the other hand, "conquering the MDP" could be an important victory for either the PS or the PRD in their struggle to increase their percentage of the vote.

It should also be mentioned that the universe of poll subjects (see the table, "Political Profile of the Poll Subjects") does not reproduce with absolute fidelity the trend of the voting in the most recent election of October 1985, to the disadvantage of the PSD (29.8 percent in October 1985 as against 26.4 percent of the poll subjects) and the PS (20.8 percent in 1985 and 18.3 percent of the poll subjects).

This discrepancy should be taken into account, and its correction will naturally produce increased percentages for the two major parties.

In short, if the current party strategies remain unchanged, the PSD will have a majority in its pocket if it chooses to ally itself to the CDS, but it can also consider a majority solution that leaves out the CDS or is in opposition to the CDS. For its part, the PS has established itself in an impregnable position as leader of the Left; the political survival of the PRD and General Eanes in the electoral marketplace is increasingly dependent on the leftward orientation of their party line, so that their strategic objective will be to assimilate the MDP [Portuguese Democratic Movement] rather than quarrel with the PS or with the PSD on account of the defunct ASDI.

Table 1. Distribution of the Vote

	<i>Resultados nas eleições/85 (1)</i>	<i>Sondagem de* Maio/86 (2)</i>	<i>Sondagem de* Setembro/86 (3)</i>	<i>Sondagem de* Novembro/86 (4)</i>	<i>Sondagem de* Janeiro/87 (5)</i>
<i>PSD</i>	29.8	35.0	35.6	35.6	37.4
<i>PS</i>	20.8	25.6	24.8	31.3	30.3
<i>APU</i>	15.6	14.6	14.8	16.8	13.3
<i>PRD</i>	18.0	12.3	9.2	5.8	7.0
<i>CDS</i>	9.7	9.6	9.8	5.2	6.6
Blank	2.6	---	3.9	5.2	5.4

Key:

1. 1985 Election Results
2. May 1986 Poll\*
3. September 1986 Poll\*

4. November 1986 Poll\*
5. January 1987 Poll\*

\* Note: The results obtained in the course of the successive polls are extrapolated by taking as the "universe" only the intention to vote as expressed in each of the polls.

Table 2. Political Profile of the Poll Subjects

	(1) <i>Partido em que votou em Out/85</i>	(2) <i>Resultado eleições/85</i>	(3) <i>Partido em que votaria «hoje»</i>
<i>PSD</i>	26.4	29.8	37.4
<i>PS</i>	18.1	20.8	30.3
<i>APU</i>	15.6	15.6	13.3
<i>PRD</i>	18.0	18.0	7.0
<i>CDS</i>	9.4	9.7	6.6

Key:

1. Party for which voted in October 1985
2. Result of 1985 election

3. Party for which would vote "today"



Who were the 595 persons polled by Norma? For whom did they vote in the 1985 election? Here is the political profile of these poll subjects; it demonstrably reflects--with almost complete fidelity--the nation's political profile as expressed at the most recent election of 1985. The PSD and PS were "disadvantaged," in that their percentages of the poll subjects is lower than the corresponding percentages of the vote totals they received in the election.

Table 3. Poll Results (not extrapolated)

(3)								
Sexo (1)			Idade (2)		Class. Soc. Econ.			
Total	Masc.	Fem.	18 44	45 ou mais (4)	(5) A/B alta	(6) C média	(7) D baixa	
How did you vote in October 1985?								
CDS	9.4	9.2	9.6	7.7	10.5	5.8	11.4	—
PSD	26.4	24.1	28.5	27.4	25.7	60.6	11.1	82.1
PS	18.1	15.1	21.0	19.2	17.5	6.2	22.7	5.8
PRD	18.0	15.1	20.8	12.2	21.8	13.1	20.3	9.2
APU	15.6	26.7	5.0	18.4	13.7	1.6	21.0	—
Outros (8)	.2	.3	.1	—	.3	—	.2	—
Branços (9)	4.3	4.5	4.0	7.5	2.2	—	5.9	—
N/sabe (10)	1.1	.4	1.8	.8	1.3	2.3	.8	1.3
N/respondem (11)	6.9	4.6	9.1	6.9	6.9	10.5	6.5	1.6
Would you vote in an election today?								
Votariam (12)	86.8	88.6	85.3	92.8	81.1	92.9	82.7	100.0
N/votariam (13)	9.1	5.5	12.1	5.9	12.2	5.2	11.8	—
Não sabem (10)	4.1	5.9	2.6	1.4	6.7	1.8	5.5	—
N/respondem (11)	.0	—	.0	.0	—	.0	—	—
How would you vote in an election today?								
CDS	5.8	3.2	8.2	4.0	7.7	2.8	8.0	—
PSD	33.1	29.7	36.2	28.6	37.7	44.1	22.9	78.4
PS	26.8	29.0	24.8	29.8	23.7	16.2	34.3	5.8
PRD	6.2	9.9	2.9	9.3	3.0	6.0	6.0	9.1
APU	11.8	20.1	4.3	9.2	14.4	8.3	14.7	—
Outros (8)	.1	.2	—	—	.2	—	.2	—
Branços (9)	4.7	1.9	7.1	9.0	.2	11.2	1.9	—
N/sabe (10)	6.1	1.3	10.4	5.7	6.4	5.7	6.3	5.3
N/respondem (11)	5.5	4.6	6.2	4.3	6.6	5.7	5.8	1.4

Key:

- |                                 |                      |
|---------------------------------|----------------------|
| 1. Sex                          | 8. Other             |
| 2. Age                          | 9. Blank             |
| 3. Socioeconomic classification | 10. Don't know       |
| 4. 45 or older                  | 11. Decline to state |
| 5. A/B Upper                    | 12. Would vote       |
| 6. C Middle                     | 13. Would not vote   |
| 7. D Lower                      |                      |

Technical Note:

1. Universe: Adults 18 years and over resident in the cities of Lisbon, Coimbra, Evora, Porto, Vila Real, and Viseu.
2. Sample: 595 individuals.
3. Sampling method: "Random route" method for the home, where "kish" method used for the individual to be interviewed. The sample has a nonproportional imputation, and is weighted during the data-processing phase to ensure the representativeness of the universe consisting of the six cities.
4. Technique: Direct, personal interview--using a structured questionnaire--at the residence of the interviewee.
5. Sampling points: Six cities, in which 120 starting addresses were selected.
6. Field work: Interviews conducted between 16 and 20 January 1987.
7. Margin of error: For the total, the margin of error was plus or minus 4 percent, for a confidence level of 95 percent and for  $p = 50$  percent.
8. Institute in charge: The survey was conducted by Norma, Ltd, Portuguese member of Gallup International.

[The Leaders of the Five Parties]

What do the poll results show with respect to the possibility of early elections? That Cavaco can choose the alliance he wishes, but that he must rely on an alliance. That Constancio must rely on himself. That Cunhal is dependent on the outcome of these elections. That Eanes must rely on bipolarization. And that Adriano Moreira is dependent on Cavaco and on Freitas.

[PSD: Cavaco Silva]

In May 1985, before the advent of Cavaco, Norma gave the PSD 16 percent in its polls. Twenty months later it has given the PSD 37.4 percent, in the most abrupt and spectacular electoral upsurge in the recent history of national and international democracy.

The trend of the PSD is still upward, even though the party has not yet begun to campaign nor has the actual voter been presented with the image of an excellent head of government and the chance to win a majority. The PSD by itself is probably good for 38 or 40 percent; this means that although it cannot obtain a majority on its own, it will be able calmly to choose its own ally.

[PS: Constancio]

The PS is in the hands of Constancio--as is the nation, moreover. Whether he intends to unseat Cavaco Silva, to govern with the PRD and with the support of the PC, or to have early elections, each of these options has disadvantages

for Constancio. If he governs with the PRD, he will be swallowed up by the contradictions inherent in this solution, coupled with the aggravating circumstance that he will thereby be rescuing his natural rival, Eanes, for another 10 years. If he provokes early elections, he runs the risk that Cavaco Silva will obtain a majority and send him into an intolerable internal exile. His decisions will depend on how firmly he believes (or does not believe) in his long-term political future.

[APU: Cunhal]

It is symptomatic that Cunhal cannot stand to hear talk of early elections--he who for 12 years asked for nothing else in our country but early elections. That is to be expected, however: such elections could bring about a parliamentary majority led by the PSD, thereby ending the instability; the affirmation of PS hegemony on the Left, and an end to the fragmentation of power in that sector; a monumental rift in the PRD, with the consequent loss of that priceless instrument of instability and obstruction, an instrument whose effectiveness is heightened in a period of constitutional revision; and the decline of the APU, which would probably be sacrificed in an election that for the Left would be more in the nature of a poll between Constancio and Eanes than anything else.

[PRD: Eanes]

Eanes realized late in the game that bipolarization is not a Machiavellian invention to keep him awake at night, but a sociopolitical reality that destroys those who fail to understand it. For months the PRD deluded itself in a rapprochement with the PSD--a move that for it was disastrous. During that period Constancio salvaged the PS from the ruins and set his sights for a 30 percent share of the electorate.

The current "leftist" foray--extending from the proposal for an alternative government to the Radio Law--will enable the PRD to recover somewhat but no longer will modulate the hegemonic tendency of the PS. Taken together, it all shows Eanes to be a very poor political manager--one who went from almost 70 percent in 1976 to 7 percent in 1987!

[CDS: Adriano Moreira]

He has his back against the wall, in a mixed posture of "alone but proud" and "entirely available." Despite Cavaco Silva's public silence, the PSD does not want to negotiate with Adriano Moreira. Either the CDS will change, or it will remain alone: such appears to be the party's destiny. Today's 6.6 percent will be a precarious support base from which to withstand the combined electoral assault of the PSD, Cavaco, and the vision of a majority. If to all this you add Freitas do Amaral, the CDS appears to be doomed.

The failure of the CDS as an institutional asset could give rise to a small political party that is "strictly to the right," and to the birth of another party situated somewhere between the PSD and CDS.

10992

CSO: 3542/53

## PARTY SYSTEM ANALYZED, CRITICIZED

Lisbon SEMANARIO in Portuguese 21 Feb 87 p 18

[Commentary by Jose Miguel Judice: "The Butterflies and the Parties"]

[Text] The evolution of the political system could be accelerated or slowed by the way in which the party system evolves. By this, I mean that political modernization and development in Portugal are, to a certain extent, conditioned by the political parties--by the way they are organized, by the way their internal power relations are structured, by the way they articulate with the relevant interests.

Generally speaking, the Portuguese political parties were created from one day to the next, in a hyperpoliticized environment, but one which was ignorant and unprepared for political activity, in a period of heightened and abnormal conflict in Portuguese society, in the midst of what could be considered a revolutionary process. This marked the parties and gave them special characteristics: the importance attributed to the founders; the old-boy militancy; the concept of party affiliation as a form of protection against adversity or as a factor in increased upward mobility; generosity and dedication; exaggerated maximalist ideological propositions, generally out of phase with the real sentiments of the members and even more so with those of the voters.

In addition, there is the circumstance that the degree of development of Portuguese society is also very favorable to phenomena of patronage and dependency which are typical of traditional societies. The Portuguese parties inevitably reflect the society in which they are inserted, and the more successfully they reflect it, the more political power they have. For this reason, throughout the country and throughout the party spectrum, people join parties for reasons which are, in many cases, similar to those of the premodern frames of reference which, as I noted above, are reducible to the concept of patronage.

In other words, people often join parties to win promotions, to sell products, to be appointed to posts--in a word, because, rightly or not, they feel that party etiquette bestows some advantages; namely, a kind of protection against bad times and difficulties. And while, generally speaking, this does not mean joining parties which which one has radical differences, one's party membership is still of some importance in the way one gets along.

As if the times in which the party system was conceived and the environment of the Portuguese society were not enough, the electoral primary system and the oligarchical principle, which is more or less basic in any party system, create a combination of complex and disturbing factors.

In fact, the election process by slate and proportional method means, among other things, that much of the power of selection, or even all the real power of choice, rests in the hands of the leadership of each party (and its local extensions). It also diffuses the responsibility of the weak politicians; the most prominent figures in each party are always elected, because they are put up for the safest seats on each district ticket.

For this reason and for others that point in the same direction and are not worth listing here, the party primary system tends to be dependent and not creative, conservative and not innovative, obedient and not wayward, conciliatory and not assertive, tending to opportunism and incoherence. This is not to say that there are not many and distinguished exceptions, nor does it mean that black and white ethical judgments are applicable in this type of sociological observation.

However, the fact is that the way the party system is organized and the way power relations within each party are set up, for the reasons cited above, and the system by which political leaders are elected (not to mention the selection process for non-elective posts) do not serve to modernize the political system but, on the contrary, are an impediment to this modernization and to the political development of the Portuguese society.

If this is generally the case, everything is accentuated to the extent that a party is closer to the area of power or has had an influence in that area for longer. For obvious and understandable reasons: the closer a party is to the power, the more it attracts the political butterflies, because the light which radiates from this party is naturally brighter than any other.

This means that the degree of political opportunism, of careerism and toadying tends to be greater in the parties in power than in the opposition parties; it is easier to find people of this type in the PSD [Social Democratic Party] and the PS [Socialist Party] than in the PCP [Portuguese Communist Party] or the CDS [Social Democratic Center Party], not because of the moral superiority of the Communists or the Christian Democrats, but simply because these parties are farther away from the power and thus not so attractive.

The fact that, in the Portuguese system, the parties in power tend to be large parties adds a special factor to reckon with. Large parties must and should be open and broad in matters of ideology. They must be representative of developed societies and not vestiges of antisystemic parties of preindustrial societies: fundamentalist, closed, radical and, in the end, more in the nature of brotherhoods or sects than political organizations. This being the case, however, it is also easy for pragmatism and liberalism to degenerate into opportunism and indifference to values.

Given all this, is my conclusion one of total pessimism and absolute negativism? Obviously not. On one hand, because such problems will tend to change with

time and, on the other, because, despite everything, the tendency toward bipolarization and toward acceptance of the principle of alternation in power, as well as a consensus in Portuguese society regarding the need to reform the electoral system, will end by functioning as corrective factors.

The important thing, however, is not to tolerate the negative aspects of the political reality just because they are natural or because they will come to be corrected. There is a pedagogical element to political activity and, if this element is present, it can help to speed up the correction of evils in the party system and to hasten its modernization. To apply this constructive criticism to the whole party system and not just one of the parties is neither destabilizing nor hypercritical, and to judge it so is merely a symptom of the poor state of health of the party system.

One thing is certain and should be mentioned. In the degree of development of European societies in general and Portuguese society in particular, one unquestionable need in an open and pluralistic society is the existence of party forces with internal coherence, political-ideological dynamism and a determination to modernize. The evils of the party system are ailments which may be harmful, but they do not and cannot justify an anti-party conception, which is simply a cover for more pernicious projects.

6362

CSO: 3542/63

## LEFT URGED TO PRESENT CLEAR ALTERNATIVE PROGRAM

Lisbon SEMANARIO in Portuguese 21 Feb 87 p 6

[Commentary by Marcelo Rebelo de Souza: "Left Running to Left"]

[Excerpt] The Difficulty of Attacking Cavaco Silva

To an attentive observer (who is preparing to leave the country for 2 weeks and hence will not be able to comment on political events during this period), there is a surprising phenomenon, more striking than all the others in our party scene: the preoccupied, diligent, urgent fashion in which the Left is racing to the Left.

It all began with a severe inability to understand and confront a person, a style, a wave of the likes of Dr Anibal Cavaco Silva.

The Left underestimated him; it assessed him incorrectly; it did not understand what he signified.

It underestimated him, since it considered him to be a political meteorite, a passing, precarious and temporary phenomenon.

It assessed him incorrectly, since it confused his tactical and strategic errors with an inevitable quick fall, condemning him to immediate oblivion.

It did not understand his significance, since it failed to comprehend that he was and is a far cry from the traditional image of the leadership on the Right.

Well, Dr Cavaco Silva cannot be underestimated--it is one thing to like him and another thing not to want to recognize his dimension.

Dr Cavaco Silva cannot be assessed incorrectly--it is one thing to observe that he has already committed two outstanding strategic errors (as we have written here) and another to draw the unquestionable conclusion that this is a man doomed to a rapid and abysmal fall.

Well, from the moment he assumed office, Dr Cavaco Silva has not hidden three qualities which the Left had to understand, at the risk of not understanding anything that is happening in Portugal at this time: decisiveness; the use of the economy and of finance as a political weapon; and demagogic and penetrating populism in his immediate contact with the Portuguese.

The Left was on another wave length. It saw the leaders on the Right as indecisive and hesitant, as jurists preoccupied with political theory; as elitists, removed and inept with the language, the daily discourse of an anonymous and exploited citizen; as inhibited in the use of the promises, the slogans, the passionate appeals directed more at those Portuguese who are not living well and who cannot help but rebel against their condition.

Along comes a decisive leader, swift, an expert at anticipating, who wagers on determining the political timing of the other side.

The Left is confronted with a leader who is not a jurist, but who is also not an economist-technocrat, filled with ethical qualms about using his knowledge in the admitted service of political tactics or strategies. He is an economist, but, above all, he uses the economy and finance to surprise, to counterattack or attack his adversaries, turning economic facts into political facts.

Does the opposition on the Left want to go to bat with political laws, with general ideas, with abstract debates? The prime minister will lure it into a discussion of the budget, into his election terrain, knocking the wind out of the opposition.

Does the PRD [Democratic Renewal Party] question the government about its national defense policy? The prime minister takes up the debate; he talks about the budget and its execution, robbing the debate of its drama and the PRD of its initiative.

Does the leftist opposition "crush" the government in the Parliament, voting out the Radio Law again and overriding the presidential veto?

On the very same day, the National Statistical Institute releases the inflation figures for January, which are the best since May 1973, and foreign banking leaders hold press conferences in Lisbon, praising the economic policy of Cavaco Silva.

For the Left, however, the phenomenon is even more complex. Dr Cavaco Silva is not the classic leader of the haute bourgeoisie, residing in Cascais or in Restelo, elitist, distant, inaccessible; he is the petit bourgeois "self-made man," who came from nothing and who makes a point of appealing to his origins, his rise, his perception of the concerns of the most oppressed.

And he does this with unexpected populist sophistication.

Until now, only someone on the Left could play this game. It was the PCP [Portuguese Communist Party] that launched slogans, stirred up bogeymen and planned campaigns.

It was Dona Manuela Eanes speaking, her eyes brimming with tears, of the exploited.

It was Dr Mario Soares embracing the common citizens in the big city, with the geniality of one who lives with them, with the same amount of money, the same working hours, the same problems after the 10th day of each month.



Now appears a political leader who is an expert in "marketing" his image and the image of the government over which he presides.

Austere, discreet in dress, with moderate habits, he does not reflect the good life of the exploiter.

Simple and direct, he appeals to the Portuguese, without circumlocutions, in a charming emotive style.

Where the Left says "kill," he says "chastise." When the Left advocated socialized medicine, he chose to call for a more traditional and stronger liberal profession. When the Left appealed for social measures, he came forward with pension increases, surplus funds used with broad popular effect. When the PCP agitated with mobilizing slogans, the government did not hesitate to resort to massive advertizing, particularly on radio and television, of all its decisions with broad social "impact."

To attack this man, this style, this wave is a surprising and unwelcome challenge for the Left.

For the PCP, there is stupefaction at this national-populist Right, which robs it of many of its traditional trump cards.

For the PRD, there is the diffidence of its leader, contrasted with what he would like to be. In Dr Cavaco Silva, General Eanes sees all the qualities which he has wished for himself, but to no avail.

For the PS [Socialist Party], there is the annoyance of the honest, prudent, calm, rational, working economist with the stirring, charismatic politician who uses the economy as a tool of televised marketing, designed to sway multitudes and, in subliminal messages, to charm every Portuguese with the serenity which is felt, sensed, in him.

For various intellectuals on the Left, there is the distaste for someone who is the opposite of them; there is the affront to their theories and the confrontation of their myths.

Moreover, the Left had the supreme bad luck to fall into two traps at once; it attacked the president of the republic and it attacked the Catholic Church.

The obstacle known as Cavaco Silva was not enough. Now, in addition to insulting the president which it put in Belem, it has reopened an unnecessary and counterproductive dispute with the Catholic Church.

Race to the Left

With his style, Dr Cavaco Silva represents a powerful weapon in capturing the sector of the electorate which has oscillated between voting for the PS and the PSD [Social Democratic Party] from 1976 until now.

With the support of Dr Mario Soares, whom the Left foolishly antagonized in the matter of the Radio Law, it has clearly become more unlikely that

Dr Cavaco Silva will encounter a leader in the PS or PSD who can take that electorate away from him.

It is certainly not Gen Ramalho Eanes, whose party makes a weekly point of demonstrating the obvious--that it is a party well to the Left--and the one who is most probably deceived is its leader.

It is certainly not Dr Vitor Constancio, who does not have the style of Mario Soares, capable of leaving a dinner with capitalists to go on television with a radical antifascist speech in which he claims that fascism begins in the most zealously democratic Right, not to mention his dinner companions of 30 minutes ago.

Contrary to what an active minority in the PS seems to think, no one is in a position to repeat the experience of Dr Mario Soares--not Jaime Gama and not Dr Antonio Barreto.

Only Dr Soares had the profile to attract the Right. Even so, when--at the pleading of Dr Almeida Santos--he faced Dr Cavaco Silva, the result was not brilliant.

No other Socialist leader will find it easy in the near future to take the field at the center of the national party spectrum.

Perhaps for all of these reasons, the Left has begun a race to the left, which is apparent in the vote on the Radio Law.

Dr Constancio did not wish to give the appearance of weakness; he changed his vote and laid his bet on the Left.

The PRD had no other choice but to "see" and even "raise" the PS bet.

The hour is coming for this radicalization. The PCP is the same as it always was, but it might have to make more noise if the PS and PRD approach dangerously close to its area of influence.

The PRD senses the appeal of its electoral bases and cannot appear to be the staff of the PSD, losing potential votes to Socialists and Communists.

The PS reads the latest polls and understands that, although it is losing votes to the PSD, it is attracting PRD and Communist voters in more or less equal proportions.

They all have something to gain by moving to the Left, to court it, influence it, lead it.

Dr Cavaco Silva has given a decisive push toward the bipolarization or twin hegemony of Portuguese political life.

On the Right, and extending even to the more moderate Center Left, the terrain belongs to him or is indirectly dominated by him.

On the Left, it remains to be seen who will take charge of events.

This will depend, as we see it, on whether the elections are held in the relatively near future.

If the elections are held in October, the PS, increasingly stamped as leftist, has unique opportunities to put the squeeze on the PRD and to attract the Communist electorate.

On the other hand, the PRD and the PCP will not gain very much by an early election date; they would prefer to wait for the internal Socialist erosion, the prolonged struggle which could emerge in the PS as its dissatisfied constituency allies with the various candidates for leadership at medium range. Strangest of all is the facile argument which Dr Constancio offers for moving very radically to the Left (heard so often in the Socialist minority), which is incorrect. Any other leader would or will have to do the same thing, confronted with an overwhelming phenomenon such as Dr Cavaco Silva. What Dr Constancio should be talking about is the temerity of going to parliamentary elections, about his excessively remote image and about the failure to anticipate unnecessary and hence gratuitous confrontations.

October elections are in the interest of the PS. For the PRD and the PCP, they are superfluous or even dangerous.

For all of them, however, it is time for the Left to assert itself as the Left, to demonstrate that it represents a clear, credible, frontal alternative to what Dr Cavaco Silva personifies.

At least for the next few months (or perhaps for the next few years), Portugal will see a Left that is racing to the left.

6362

CSO: 4542/63

## BACKGROUND DETAILS ON ARMS-CARRYING SHIP 'GRETl'

Lisbon EXPRESSO in Portuguese 21 Feb 87 p 11

[Article by Benjamin Formigo and Jose Judice]

[Text] When the M.S. "Gretl," an FRG freighter registered in Hamburg, returns to the port of Setubal next Monday, the administrators and the more than 1,000 employees of the Oeiras Foundry, as well as the Portuguese and West German authorities, will breathe a sigh of relief. For 15 days, the "Gretl" and its cargo, 66,900 120mm mortar shells, valued at \$6.8 million, have been wandering around the Mediterranean, while a complicated battle of telexes was being waged between Lisbon, Copenhagen and Hamburg, to decide its fate.

The problem of the "Gretl" is that it could not fulfill the mission for which it was hired: to carry the Portuguese munitions to Iran. By law, the FRG prohibits the sale of arms to nations at war or the use of ships under the FRG flag or manned by FRG crews for this purpose. After EXPRESSO published a photograph, 15 days ago, of the "Gretl" taking on arms for Iran at the port of Setubal, the Hamburg maritime unions and the FRG authorities opened an investigation which finally led, on 15 February, to the order directing the ship to interrupt its voyage and return to Setubal or to the nearest port of an EEC country.

If the material were not returned to Setubal and were unloaded at another port, the Oeiras Foundry ran the risk of failing to deliver it within the time agreed on with the Iranians and, consequently, of not being paid. As is customary in these transactions, the client (in this case, Iran), does not pay for the merchandise until it is unloaded at the port of destination.

The Oeiras Foundry, a traditional manufacturer of cooking stoves and household appliances, converted several years ago to the production of metal components (coverings and shells) for artillery munitions, which today represent 70 percent of its activity.

To arrange for the "Gretl" to return to Setubal, where it would be easier to transfer the munitions to another ship, the ship owner, Stahmer, required the Oeiras Foundry to pay \$155,000 [or 21,700 contos] in freight charges that would normally amount to an average \$75,000. After several days of negotiations, during which the "Gretl" was incommunicado, an agreement was reached for the

payment of \$105,000 to return the ship, with its cargo, to its point of departure.

#### Poulsen's Role

The negotiations between the German firm Stahmer, owner of the "Gretl" and the Oeiras Foundry were conducted by J. Poulsen, a Dane, to whom the Hamburg firm had leased the ship.

Poulsen, a ship charterer and agent of Koersder, in Denmark, is a man with well known ties to the international arms traffic. Among the recent known operations of this Danish charterer is the shipment of Portuguese arms to the Nicaraguan "contras," on the ship "Erria," which he had owned and which he sold last year, through former CIA agent Thomas Clines, to General Richard Secord--two of the principal figures implicated in the "Irangate" scandal.

Starting in the middle of the 1970's, Poulsen created a virtual monopoly in the maritime transport of "dangerous cargo," that is, arms and explosives, and he currently controls 90 percent of this traffic.

Another condition imposed by Stahmar to have the "Gretl" return to Lisbon was a pledge from the Portuguese authorities that it would not be legally responsible for possible damages caused by the interruption of the voyage--an interruption provoked, it is noted, by the fact that the Hamburg firm had not requested authorization from the FRG Government to transport arms to Iran.

In fact, Stahmar claimed it had not known the ship was carrying arms or that it was going to Iran, since it was chartered by the Dane Poulsen. According to statements to the press, Stahmar only became aware of the nature of the cargo and its destination after EXPRESSO published the news item.

However, according to documents which we have obtained, Stahmar not only took out the special insurance normally required for Gulf shipping, but, on 7 February, the day before "Gretl's" scheduled departure, it forwarded to Lisbon the navigation charts for the eastern Mediterranean and the Gulf. Moreover, the ships' captain received and signed the cargo manifest on which the nature of the cargo was explicitly stated: 120mm shells, with weights and quantities specified.

#### Exchange of Ships

None of this would have happened if the Portuguese munitions had been transported on the ship which was originally to have carried them; the "Adonis," registered in Panama and commanded by the Greek Liidakis Georgios, permanently leased to the Iranian Shipping Line, to carry supplies of war materiel to Iran.

The "Adonis" was to have gone to Setubal to take on the munitions at the beginning of the month. It was to come from Santander, where it had gone to pick up 1,200 tons of Spanish war materiel for Iran. It happens that the cargo loaded in Spain could not enter Portuguese ports, since it was materiel which was proceeding to Iran with false Portuguese documents.

GAMESA (Metallurgical Auxiliary Group, S/A), headquartered in Vitoria, acquired this materiel from the Spanish weapons industry, presenting false certificates of final destination from the Portuguese Defense Ministry. Consequently, upon being loaded on the "Adonis, this materiel was also registered with a false Portuguese destination (see documents [not reproduced]). If the Portuguese customs or naval authorities had at any time inspected the cargo or the documents of the "Adonis," it would have immediately been detained and its cargo would have been seized.

The voyage of the "Adonis" was only one of several exportations of Spanish arms to Iran, using false Portuguese documents. EXPRESSO learned that, since 17 October 1986, there have been five shipments to Iran with false Portuguese documents. Last October, the "Louise A," flying the Danish flag, departed Santander with weapons allegedly destined for Portugal. Days afterward, on 21 October, the ship "Sea Trader," also Danish, left the same port with arms falsely documented as exports to Portugal. The latter ship returned to the same port on 8 November 1986 to pick up another arms shipment. On 13 January 1987, the "Atlantic Island," registered in Cyprus, left Barcelona, carrying Spanish war materiel, its destination falsely listed as Portugal.

In all these voyages, the cargo consisted of weapons that Portugal does not use, namely 122mm ammunition (used by the Warsaw Pact countries), or materiel which Portugal manufactures itself, such as 60mm and 80mm mortars and ammunition. All the cargo manifests for these ships list the consignee of the materiel as the Portuguese Ministry of Defense.

Although the Lisbon authorities have asked for an explanation, the Spanish Government has yet to reply. It is not known if the case is under investigation in Spain; it is being investigated in Lisbon by the Judiciary Police.

6362

CSO: 3542/63

## POLISARIO FRONT ATTACK ON FISHING BOAT PROVOKES REACTION

Lisbon DIARIO DE NOTICIAS in Portuguese 23 Jan 87 p 6

[Editorial: "The Sahara Waters"]

[Text] The attack by the Polisario Front against the trawler Eugenia has reopened--or, rather reactivated--the issue of the safety of Portuguese vessels and their crews that fish along the coast of the Western Sahara, pursuant to the cooperation agreements signed with the Kingdom of Morocco.

Portugal is not at all involved in the Saharan conflict; still, the issue is not without political ramifications, at least as regards our attitude toward the Polisario Front. Looking at it this way, it seems clear that, whether or not we are sympathetic to the demands of the Saharan guerrillas, the attack on fishing boats--or any other commercial vessel--is, objectively speaking, a terrorist act. The phraseology used by the Front in the communique in which it assumed responsibility for the assault (especially where it says that Moroccan "aggressive forces" were on board the Eugenia) is not convincing, inasmuch as the presence of Moroccan soldiers is due precisely to the fact that several other boats, traveling without military protection, had already been attacked. It seems to us, then, that when the Front resorts to actions of this type it loses, objectively speaking, the right to assume the role of a liberation movement. And this is a point that needs to be made.

Much more important, however, is the imperative Portugal faces of guaranteeing, by every legitimate means at its disposal, the safety of our countrymen who toil in the fishing grounds of North Africa. Even if we acknowledge the impossibility of protecting them completely, we must also recognize that the present situation is untenable; we cannot allow the men of the Polisario to continue to sink fishing vessels and machine-gun the crews with impunity. The risk these fishermen run must be reduced to a minimum, if indeed they cannot be eliminated.

It is well known that Portugal is not the only country whose fishing fleet has been attacked by the Polisario front. At least two other nations--Spain and Morocco--frequently confront the same problem. It becomes obvious, then, that the defensive measures taken so far are not enough. Therefore, new solutions will have to be found, whether by reinforcing the cooperation among the three countries, or by intensifying the patrols.

We do not pretend to hold the key to this very delicate matter; we only recognize the obvious. Portugal, although it is not an interested party in the disputes over Western Sahara, must face up to a reality that cannot be swept under the rug; continuing to fish in that zone involves measures to protect its boats and its fishermen, all the more so because that activity, we repeat, takes place under the umbrella of the agreements between Lisbon and Rabat, and the latter government does indeed have an interest in the conflict.

The alternative--in light of the constant attacks by the Polisario Front--would be to give up our cooperation with Morocco. But just recently, during the visit of Prime Minister Azzedine Laraki, the Portuguese Government expressed its intention to strengthen Luso-Moroccan ties in several areas, fishing being one of them. Which would seem to be desirable anyway, for various reasons too obvious to belabor. This means, then, (and the facts bear this out) that we cannot rule out the possibility that there will be more attacks by the front against Portuguese vessels and that we cannot fail to be prepared for them.

12830/13046

CSO: 3542/49



## BITTER APPRAISAL OF SECRET ARMS SALES TO IRAN

Istanbul MILLIYET in Turkish 17 Nov 86 p 10

[Commentary by Talat Halman]

[Text] From the first days of the Iranian revolution Ayatullah Khomeini was branding the U.S. as the 'Satan', and in the worst possible meaning from a religious standpoint. In Khomeini's eyes U.S. represented all conceivable evil in the world, and the devil incarnate, it was diffusing the evil throughout the world. A formidable propaganda battle has since been conducted between Iran and U.S. The taking of 50 hostages immediately after the revolution and their imprisonment for 444 days has led to the complete breakdown of relations between the two countries.

Then Iran-Iraq war broke out. This war between two co-religionists, where both sides are in the wrong, has been wreaking havoc in both countries for over 6 years now. No one knows how many have been killed. Estimates are in hundreds of thousands, perhaps over the million mark. Khomeini and the dogmatic reactionary clique around him are trying to dress up this horrible carnage as 'Jihad', while sending 13-14 year olds to their deaths with nonsensical superstitions like, "You are going to become martyrs and go to heaven, how lucky you are!" Iran-Iraq war is continuing today with all its primitive, inhuman ferocity.

We now learn that Reagan has been secretly dealing, for the last 1,5 years, with the Iranian government which had branded him as the 'Satan'. Furthermore, the U.S. government, with the help of Israeli agents, has sold weapons, military equipment and spare parts to the Iranians. That means Reagan has violated his own embargo. He was jailing private individuals for a crime he was committing himself.

Why did Reagan do this? To clear himself, he is saying that the Iranian government had influence over terrorists holding a number of Americans hostage in Lebanon. He says that the secret arrangement was made for the release of those captives. Well, no one would dispute that every government should do all it can to save its citizens from the hands of terrorists. But in this case, the U.S. Government was on record saying, "We will never give in to terrorists. Our allies should do the same. We should be resisting as a common front." Apparently during that time concessions were being made ostensibly 'to save the hostages'. I am saying 'ostensibly' because Reagan and his men are using the hostages as an excuse. The real aims of the Reagan administration are as follows:

1. Selling large quantities of arms to Iran. The fundamental reality of U.S. foreign policy, its unchanging rule, its absolute priority is to sell arms. Arms have become an icon for the U.S. The secret Iran-U.S. deal could not have been struck unless tied to the buying and selling of weapons.
2. The arrangement is based on the premise of Iran defeating Iraq. All present and future sales are geared to the reconstitution of Iraq and its environs. It is part of a strategy of 'Turkey incorporating Kirkuk into its borders'. The scenario envisions part of Iraq coming under Turkish sovereignty. It is reckoned that such an outcome would be favorable for U.S. as Turkey is already in the bag.
3. Waiting in the wings for Khomeini's demise the U.S. government is trying to position itself vis-a-vis a new Iranian leadership through arms and technology sales. The real worry of the U.S. in a post-Khomeini situation is a Soviet grab of control from the inside or outside.

The geopolitical factors, the oil reserves in Iran and Iraq, Israel's interests against Arabs, new NATO measures against the Soviets all combine to create a situation in which U.S. is ready to resort to all kinds of subterfuge. And Reagan lies without any scruples...So long as the arms sales go on...As for the Ayatullah, he embraces the 'Satan' for the sake of arms, without much heed to the slaying of Iraqi Muslims. The victims, once again, are the Muslims. America always manages to come out on top when such games are played. And in the Islamic world, while the little devils are playing their ugly little games, men-women-children hundreds of thousands of innocent people are losing their lives.

12466  
CSO:3554/115

## NATION'S INDIFFERENCE, POOR ADMINISTRATION SCORED

Lisbon EXPRESSO in Portuguese 24 Jan 87 p 7

[Commentary by Jose Sarmento]

[Text] What is it like to be Portuguese in this second year of grace of our affiliation with Europe? What is it like to work for the government in Portugal--to be a bureaucrat?

What is it like to be a member of this Lusitanian community which has so long been oriented toward--and dependent upon--the sea, so long exclusively concerned with its own greatness and miseries, so long incapable of affording its children the opportunity and the hope of a better life?

What is it like to be Portuguese in a Europe that knows Portugal as a country of uncomplaining laborers willing to accept any kind of work, those docile and obscure immigrants from some southern country? From a country people know nothing about, except perhaps vague notions about some beaches, some vacations, at most a faint idea that its people had some sort of role in history but left the stage quickly, and very long ago. Or, then, in the eyes of the Eurocrats, the poorest country in Europe, with a per capita GNP so low that it is always astounding how people survive there, the country that has no industry, no agriculture, nothing to offer except its own problems and inabilities?

Because, in the final analysis, doing anything at all is just a bother to us. First, because it involves work. Second, because it demonstrates that, after all, someone other than us has managed to do something. Third, because nothing or no one calls on us to render an account, since we are unable to furnish one by ourselves. In a country that is doing so well managing its own bankruptcy; where the national championship teams of continuing dismantling have, since April 25, worn the colors of ideologies that were in vogue half a century ago; in a country like this that neither feeds nor educates its own, but which forces them to seek their fortune in other societies; in a country like this one, what can happen when it joins up with a powerful association whose function is to generate growth and wealth?

From a Parasitical State...

Well, it happens that in this country we have both a government and a government apparatus. Full of bureaucrats, with a full array of chiefs and subchiefs. Its activity consists in large part of the sport of the zero-sum game; i.e., doing nothing because there are not even any goals to achieve.

As a staged caricature of the country, the government apparatus serves as both a catalyst and an interpretive factor for the vicious circle we have perfected so well.

This is why the public servants, silent accomplices of a society without hope, cannot fail to be seen by the social body as a cancer that lives off of and eats away at the little bit of activity that some of them are able to keep going.

From this to the apologetic temptation of pure, hard liberalism, there is a very small step that no analysis of the results or of the contribution that the state makes to the life of its citizens can dare to contradict.

What is the fate of a governmental apparatus that shows itself capable of resolving so few of the real problems of the citizen, that placidly burns up the resources of which the state has so few? And that, as a result of the politicization that the country has recently discovered, has become the stage for the play of forces that only appear to be contradictory because they converge in the nothingness of their contribution?

What fate awaits a government apparatus that has lost touch with the rules of moral obligation and responsibility, which, despite the crooked game played by the corporatist apparatus, actually did exist and had been more or less respected until April 25?

...To a Competent Administration

To the writer--being a Portuguese and a government employee, and inspired by the perhaps pathetic desire to continue to be both--all these reflections seem to be valid and opportune.

It is because while there's life there's hope that one keeps aspiring to find a way to channel the available hope toward the construction of a modern, fair, tolerant, and efficient Portugal where each individual--even those for whom public service is a motivation that outweighs the pecuniary result--finds self-fulfillment and has his efforts recognized.

To make this possible we will have to construct, with all the patience and modesty that may be necessary, an administration that is competent and is regarded as such, an administration that is independent of political and economic forces and respected for this, an administration that is loyal to the political power that flows from the exercise of democracy and an administration capable of keeping alive, beyond any electoral and governmental vicissitudes, the vision of the future and the planning that is necessary if the needs of the citizens and the nation's economy are to be truly resolved.

An administration that serves as an effective link with policies determined on a supranational plane but which keeps, preserves, and develops the right to cultural differences, to a fatherland that has a history it is proud of. And that has a history that it believes is still unfolding.

An administration that knows how to build roads and hospitals, that knows how to guarantee to companies the conditions to compete and be competitive on international markets and that, without substituting itself for these conditions, has the courage and the pragmatism to undertake ambitious programs which the private sector has neither the means nor the immediate justification to pursue.

A public administration that is an active and positive participant in yet another war that we do not want to lose.

12830/13046  
CSO: 3542/49

## BASIC MACROECONOMIC DEVELOPMENTS IN THIRD 1986 QUARTER

Athens I KATHIMERINI in Greek 27 Feb 87 p 9

[Excerpts] The National Statistical Service announced the national accounts for the third 1986 quarter. The major developments of the basic macro-economic volume during this period are as follows:

The real gross domestic product in prices of production (capital, labor, land) factors increased by 1.5 percent compared to increases by 1.3 and 3.3 percent during the third 1985 and 1984 quarters, respectively.

On the other hand, during the January-September 9-month period, the real gross domestic product in prices of production factors increased by 1.7 percent compared to increases of 1.5 and 3.1 percent during the corresponding 1985 and 1984 9-month periods. Total expenditures of the economy for fixed capital investments in standard 1970 prices decreased by 1.0 percent [in the third 1986 quarter] compared to an increase by 1.3 percent during the corresponding 1985 quarter.

Inflation trends also remained intense during the third 1986 quarter. But a noteworthy slowing down was observed because the Consumer Price Index [DTK] increased by 3.2 percent between September and June 1986. It increased by 4.5 percent during the same period in 1985. This slowing down continued during the fourth 1986 quarter also and this caused the DTK to increase by 16.9 percent in 1986 compared to a corresponding increase by 25 percent in 1985 and by 13.1 percent in 1984.

The balance of current accounts with foreign countries showed a surplus of 165 million dollars compared to a deficit of 438 million dollars in the same 1985 period.

This significant improvement resulted from improvement of the trade balance as well as from that of the balance of invisible transactions. The trade balance improved as a result of the considerable decrease in the deficit of the fuels balance (237 million in the third 1986 quarter compared to 586 million dollars in the same 1985 period) following the drop in international prices for crude oil and the increase in commercial exports (excluding fuels) by 153 million dollars (plus 17.4 percent).

By contrast, commercial imports (excluding fuels) continued to increase despite the establishment of down payments on the value of certain categories of imported goods and the contractual income policy which decreased the real available income of individuals.

Improvement of the balance of invisible transactions is due mainly to the increased inflow of tourist foreign exchange by 227 million dollars (32.5 percent) and to the increased inflow of foreign exchange from the European Community by 111 million dollars (47.4 percent).

On an annual basis it is estimated that the deficit of the current accounts balance with foreign countries will reach about 1,700 million dollars.

7520

CSO: 3521/89

## FINANCE MINISTER DISCUSSES AUSTERITY, STABILIZATION PROGRAM

Athens TA NEA in Greek 18 Feb 87 p 18

[Excerpts] In a speech yesterday to the Union of Foreign Correspondents on the results and prospects of the stabilization program, National Economy Minister K. Simitis said that the policy of austerity will not continue indefinitely. He added that the success of the stabilization program allows the government free movement so that with the start of 1988 a new income policy will be prepared in cooperation with the working people. The income policy presently in force in conjunction with the known Act of Legislative Substance which forbids collective agreements will be definitely terminated at the end of the year.

Responding to questions on strike mobilizations, the minister said:

--Strikes are not pleasant because they show that there exist unsolved problems.

--Reactions of the working people are understandable but not justified.

--To achieve the targets of stabilization we must insist on the income policy now in force despite the social cost it entails.

--Mobilizations have inconsistent and offsetting demands. There is also political mobilization.

Simitis said that expenditures for amortizations will reach 1,500 million and 1,900 million dollars in 1987 and 1988, respectively.

Referring to prospects of the stabilization program, he said that for 1987 the targets are:

1. To restrict the price index to 10 percent between December 1986 and December 1987.
2. To reduce the deficit of the balance of current payments to 1,250 million dollars in order to approach the level of independent inflow of capital from abroad (1-1.2 billion dollars).



3. To reduce the public sector deficit--as a percentage of the Gross National Product--by 4 percentage points in order to free resources to be used for increasing our exports and for decreasing our imports, thus contributing to the improvement of the balance of payments.

7520

CSO: 3521/89

## RISE IN INDICATORS OF DOMESTIC CONSUMPTION

Lisbon O JORNAL in Portuguese 30 Jan-5 Feb 87 p 4-E

[Text] Construction is on the upswing. More building permits have been issued, and for the first time since 1983 the consumption of cement is increasing. This upward trend is still not very vigorous, however.

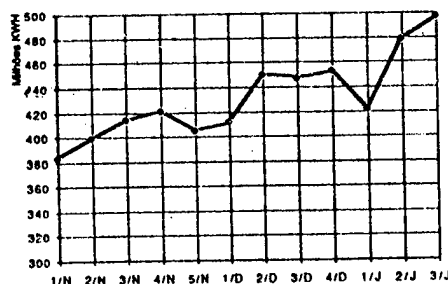
Demand for housing is increasing slowly. The supply of rental housing is below the figure for last year; the supply of houses for sale is increasing, although not very significantly.

An increasing number of indicators confirm the growth of private demand. Demand for motor vehicles exceeds supply. Intercontinental telephone calls have increased by more than one-fourth over the figure for 1985. Consumption of electricity remains at a high level.

There appears to be good news from another sector as well: the volume of help-wanted advertisements is greater than it has been for more than a year.

Figure 1. Consumption of Electricity: Rate of Increase Slows

Weekly Consumption of Electricity (in millions of kilowatt-hours)

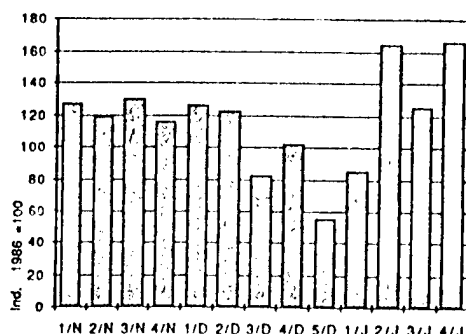


Weeks of November, December, and January

Consumption of electricity continues to increase. Another record was set in the third week of this month (highest weekly consumption in the past 2 years). This represents a slower increase in the rate of consumption by comparison with the previous week, however: an increase of approximately 20 million kilowatt-hours as against approximately 40 million the previous week.

Figure 2. Offers of Employment: A Record

Index of Offers of Employment



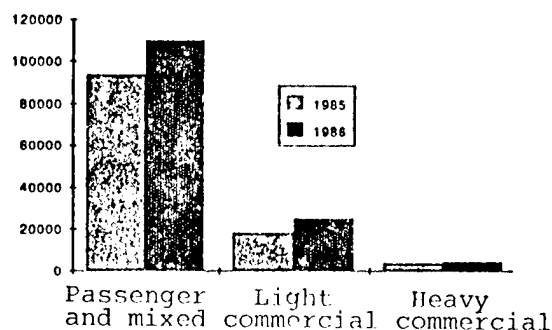
Weeks of November, December, and January

In the fourth week of the current month, offers of employment--as measured by the employment-opportunity advertisements published in a Lisbon morning paper--attained the highest level of any week in the past 12 months.

The volume of these advertisements was 60 percent above the weekly average for the past year. Does this mean better days ahead for someone who is unemployed?

Figure 3. Motor Vehicle Market: Demand Exceeds Supply

Evolution of the Motor Vehicle Market (in numbers of units)

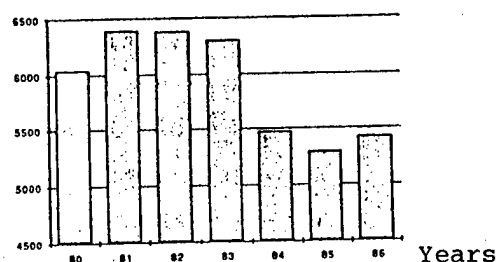


The demand for motor vehicles experienced strong growth in 1986: 17 percent for passenger and mixed vehicles; 39 percent for light commercial vehicles; and 23 percent for heavy commercial vehicles.

This expanded market is probably explained by the increased purchasing power of private persons; the revival of investment; and the deductibility of the IVA [Value-Added Tax] (which replaced the IVVA). Demand continues to exceed supply: if there had been no import quotas, more motor vehicles would have been sold.

Figure 4. Consumption of Cement: Reversal of Trend

Consumption of Cement (in thousands of tons)



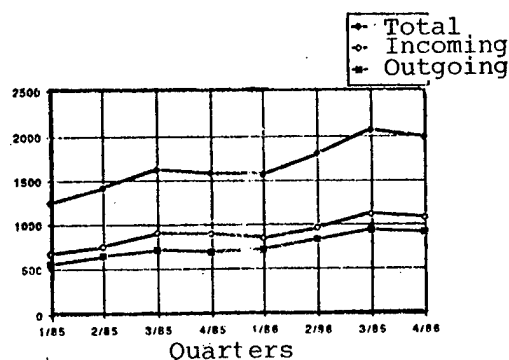
Total sales of cement on the domestic market recorded a slight increase of 2.6 percent last year.

Sales volume is still far below the figures recorded up to 1983.

The downward trend that began in 1982--and was greatly accentuated in 1984 and 1985--has been reversed; it is a good sign.

Figure 5. Intercontinental Telephone Calls: Portuguese Take the Initiative

Total of Intercontinental Telephone Calls (in thousands)



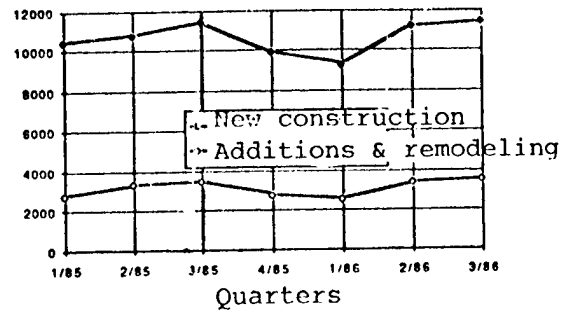
Intercontinental telephone calls--transmitted by radiotelephony--increased significantly in 1986: by 27 percent over the figure for 1985.

The Portuguese are taking the initiative: calls originating in Portugal registered a greater increase (30 percent) than did the calls originating abroad (24 percent).

Is the volume of international business transactions increasing, or are people intensifying their contacts with their emigrant families? Probably both.

Figure 6. Building Permits: New Construction Increasing

Building Permits Issued (in numbers of permits)



The volume of building permits began to increase in the second quarter of last year. The increase continued in the third quarter.

These licenses are issued by the municipal councils. They are a reliable indicator of change in the figures for housing construction.

The increase was greater for new construction than for additions and remodeling.

These data are indicative of a revival of real estate investment.

10992

CSO: 3542/53

## WAYS TO HELP INDUSTRY EXPLORED

Istanbul DUNYA in Turkish 10 Nov 86 p 2

[Article by Turhan Onur]

[Text] Turkey's problems do not recede with industrialization; on the contrary, they seem to increase with it. Problems become more diversified, come out in the open. Proliferation of issues and their continual discussion are good signs, and necessary for faster development. Here we will deal with one of the issues, namely, protecting our industry from unfair foreign competition.

In initial stages a country's industry needs to be protected from foreign competition. During the 60s and 70s Turkish industry was adequately protected, and with good results. Since 80 however, our internal markets have been steadily opened to foreigners. Opening one's markets and industry to the outside world can be a very complicated affair. It requires, along with depth of economic knowledge, close monitoring of domestic and external markets, production and banking. Perhaps more importantly, it requires a realistic evaluation of internal and external circumstances, making decisions with full awareness of social consequences, and the determination to stick by those decisions.

1. It is generally agreed that Turkey has to open its industry to international competition. That is considered necessary for industrial development. But the degree of openness and its timing are crucial factors. One should also recognize that overseas markets have different characteristics. Even industrialized countries have felt the need for taking measures to make the competitive environment somewhat more tolerable for themselves.

We can examine the countries which create unfair competition for Turkey dividing them into groups:

- Eastern Bloc countries: products of these countries are usually of lower quality, and since there is no cost accounting in the Western sense, they sell their products far below normal prices in order to bring in much-needed foreign currency. Such practices are to the detriment of countries like Turkey.

- Far Eastern countries: Japan, with its advanced technology and high volume of production; South Korea, with its cheap labor and advanced technology; and countries like the Philippines, Singapore, Taiwan and Hong Kong with their very cheap labor, reasonably advanced technology and willingness to work with narrow profit margins, have all been exporting their products cheaply, and preventing industrial development in countries like Turkey. Even Western governments are trying to protect themselves from the competition coming from the Far East, and Western businesses and industry are engaged in a struggle involving both trade and politics.

Having opened domestic markets to the outside world with its policy of expansive liberalism, Turkish industry went through tough times during the 80-84 period, largely due to unfair competition coming from Eastern Bloc countries. The problem was compounded in 85-86 when another round of unfair competition hit, this time from the Far East, though the goods were admittedly of a better quality.

Protection of our industry should not be understood merely as helping out our industrialists. If we take a broader perspective we realize that a policy of enlightened protection, and only to the extent required, is necessary for creating employment, for developing our technology, and preparing the ground for a more powerful industry in the future.

Import quotas and allocations are not the right way to go about it. But we have every right to impose stringent quality controls. The most reasonable course is to insist that all imported products conform with Turkish Standards (TS) as well as U.S. Standards (ASTM), German Norms (DIN), British Standards (BS), French Norms (NF), and Japanese Standards (JIS). This is not protectionism. If we want to get value for our money we have to prevent sub-standard products from entering the country. But such a policy would require establishment of testing labs in something like 4 major centres -- Istanbul, Izmir, Mersin and Ankara. The job could be given to Turkish Standards Institute (TSI) but the financing has to come from the government.

2. Another way to protect our industry is to introduce import restrictions on a country-by-country basis. But care must be taken here. Information has to be gathered for every single product with regard to demand, domestic production capacity, cost and quality of domestic product, cost of quality of imported product, FOB and C/F prices, and so on. The quantity of imports can then be determined without inducing complacency in our industries or giving rise to black market. Volume of imports should be readjusted to changing conditions.

3. FOB prices of the products can be monitored with reasonable approximation at every quality level. Any price too far below the norm can be justifiably viewed as unfair competition or dumping, and disallowed.

The current implementation of customs duties and 'funds', though beneficial, is inadequate. On the other hand, organizations like IMF, OECD, GATT and EEC are known to take issue with customs duties and 'funds' and interfere with our country's policies. Unfair competition could be avoided by limitations with regard to quality and quantity, but without giving rise to such interferences.

4. Certain firms engage in the practice of establishing new 'assembly plants' in sectors where domestic content is reasonably high and the quality of production quite adequate. But some firms, operating with low domestic content and importing a good portion of the value added, are a source of unfair competition from the inside. This is witnessed particularly in the automotive sector. Such 'assembly plant' investments should not be allowed. The quality and capacity in existing production lines are often sufficient, with extra room left for exports.

We have so far focused upon mass consumer goods, durables and investment goods. But there is another group, equally important for our industrial development, which contains production lines such as transportation vehicles and the machinery used by municipal services and state economic enterprises; thermal and hydrolic power stations, transmission lines and transformation stations (under the auspices of Turkish Electricity Authority and State Waterworks); highways, refineries, oil and gas pipelines and similar infrastructural investments. During the 50s, 60s and 70s such investments were undertaken by foreign firms because Turkish firms did not have the technology and the financial resources. Foreign firms used to bring credit and equipment, and we had to pay 50 - 100 percent extra for this combination of credit, technology, equipment and managerial skills. But during the last 10-15 years our technology, managerial skills, equipment and already



established industries have reached a level sufficient to tackle a good part of these jobs ourselves. In fact, our performance in the Middle East in the last 5 years is indicative of this.

It is our view that the only reason why these big-ticket items are commissioned to foreigners is the question of credit. At first glance it might appear that we commission these projects to foreigners in order to have these infrastructural installations as soon as possible. But we should know that these projects are usually arranged at governmental levels without adequate examination of the options available with regard to cost, technology, and quality. Such investments are costly not merely in their initial stages but constitute a burden on our economy long after. This is particularly true of the installations constructed by Eastern Bloc countries, with their high costs and low quality. As a result their products cannot be exported, or large state subsidies are required for that purpose.

Meanwhile, Turkish industries, contracting firms, technical personnel and machinery are left idle, and plants are forced to dismiss workers. We could build these infracture installations relying on our own capabilities, using the most suitable advanced technologies. Our contracting firms should be able to use high levels of domestic content while bringing in latest technologies and foreign credit, at just the necessary levels, by working in conjunction with reputable foreign firms. Our government should try to finance the domestic part of the expenditures from internal sources without having to further augment our foreign debt. A selection can be made among a number of Turkish firms fulfilling those conditions, on the basis of not the cheapest but the most suitable offer.

In infracture investments the budget should not be strained beyond reasonable levels. Such investments should be paced in a way that ensures timely completion of projects. And the volume and number of projects should not exceed budget capabilities. As certain projects are completed, and start contributing to the GNP, others can be phased in. Thus we would be protecting our industry from the effects of unfair competition from Eastern Bloc and Far Eastern countries.

## Conclusion

Following measures should be considered for the prevention of unfair competition:

- Effective standard controls in durable and non-durable consumer goods and investment goods, particularly from Eastern Bloc countries (TS-ASTM-DIN-NF-JIS),

- Quantitative restrictions on some imports, particularly from the Far East,

- Monitoring excessively low FOB and C/F prices, barring such goods from importation,

- More stringent domestic content regulations and stricter implementation,

- In large infrastructure investments that require big sums, Turkish industries and contracting firms should be given a good portion of the work; internal financial resources should be used rather than foreign credit to pay for domestic expenditures like labor, machinery and equipment.

12466

CSO:3554/109

## OVERVIEW OF COPPER INDUSTRY

## Bottlenecks Seen in Financing, Raw Materials

Istanbul DUNYA (Supplement) in Turkish 10 Nov 1986 pp 1, 5

[Article by Yalman Ozguner]

[Text] Copper goes back to the beginnings of human history and still has an important role to play. Anatolia may well have been one of the earliest sites where copper flourished. Copper industry is still much in evidence in these parts. The industry, while deriving the benefits of advanced technology, is also having to struggle to overcome bottlenecks, and trying to reach more progressive stages.

Considering that the known copper reserves of Turkey are around 3 million tons, Turkey may not be considered 'copper country'. Procurement of copper ore might get increasingly more difficult given that the current yearly consumption of copper is 50-60 thousand tons. When this figure goes up to 70-80 thousand tons in the next few years it would mean that reserves will be depleted within a decade or so.

Due to the ongoing revision and maintenance of Karadeniz Copper Works, dependence on foreign supplies (in blister copper in particular) is bound to increase in the coming year till at least 88, and the shortfall in production (since Feb 84) will have to be covered by a 100 percent increase in imports. Even today 40 percent of existing demand is met by imports.

The primary reason for the bottleneck seems to be expensive credit. Copper producers say that the ore itself is responsible for as much as 70-85 percent of total production costs. "Due to the credit shortage cost of borrowing has increased more than 100 percent. And financial constraints make it difficult to switch production to other compounds." Industry executives add, "Impor-

tation of copper on credit means an additional 45 percent in costs due to high price of credit." In a situation like this something has got to give, and that usually turns out to be production cutbacks. But that is hardly a solution as it drives up unit costs. An often mentioned problem is high energy costs and lack of a program of selective rates, as applied in some countries as an incentive measure.

The need for the reorganization of foreign trade, both exports and imports, is widely recognized in copper industry circles. Expanding overseas markets, particularly for electrolytic copper, is frequently urged. As figures would indicate, electrolytic copper has an overall capacity of 140 thousand tons/year whereas consumption is only 60-70 thousand tons/year, including exports. So it is easy to understand the calls for the industry's 'rationalization'. Since domestic demand cannot be expected to absorb existing productive capacity, the only solution seems to be forcing the overseas markets.

Industry executives underscore the need "to lower production costs by lowering energy and credit prices, and introducing subsidies, export insurance and export credits." Under present circumstances, profit margins in exports are so low that producers of electrolytic copper are not terribly interested. They are embroiled in battles over domestic market shares anyway. In addition, the recession in Middle Eastern economies, particularly that of Iran and Iraq, compound exporters' problems. It is proposed that copper be placed on Export List No. 1.

A common problem in foreign trade is determining which goods are to be imported under which conditions, and establishing pragmatic criteria to that end. For instance, how is one to make sense of the fact that 'loaded copper pipes' constitute the major item in both export and import tables. According to industry officials, the discrepancy is a "side effect of the system whereby exporters are allowed importation rights on the basis of their export earnings. In this way certain goods are bought cheaply from abroad and sold cheaply on the domestic market to bolster company cash flows. A two-tiered price structure is then formed, and a sector which needs protection gets hurt in the process." A similar complaint is made in relation to customs duties. "While high rates are applied to products with little or no domestic production, low rates are applied to products plentifully produced at home." Industry executives say that the tariff system, somewhat gone off the rails in recent years, needs to be rearranged in favor of the home-grown industrialist.

Looking from the import side of things, one of the sticky points is a lack of dialogue between cable producers and electrolytic copper producers. While the former seem intent on importing, electrolytic copper producers say it is not necessary to import as they could provide the goods at the price the 'cablemen' pay for imports. They argue that if this were done "our excess capacity would be brought into use and the country wouldn't have to pay all that foreign exchange." But some claim that the reason why the 'cablemen' like to import is because they receive tax rebates that way. A sound government policy is needed to reconcile such discrepancies, say the officials.

The revision at Karadeniz Copper Works does not help matters either. The ore shortage is compounded. It is not yet clear how the shortfall is to be covered. It seems that Etibank is ready to import after estimating demand and capacity. But some circles are quite skeptical about this, arguing that "soon after the decision to import is announced, certain outfits will band together and get into the import act. In the absence of government guidance, it is unclear whether imports would meet the actual demand, or whether the needs of the economy would be served."

Complaints about specific issues are also made. For instance, some firms say they are able to collect the payments due from public projects 5-6 months in arrears, causing them liquidity problems. Mention is also made of small-scale producers who work copper without electrolysis, wasting the gold, silver and other precious metals in the ore.

The current picture is that of an industry going through a painful period. The industry has urgent problems. Unless depleting reserves are renewed external dependence is bound to increase. Given this unavoidable situation, a strategy has to be reformulated based upon the tenet 'Turkey may not be copper country, but neither is it ready to forego its copper industry'. And that would undoubtedly require more exporting and finding overseas markets for finished products in ever larger quantities.

#### Statistics on Exports, Imports

Istanbul DUNYA (Supplement) in Turkish 10 Nov 86 p 6

[Text] Volume of foreign trade in copper and copper products has risen 82 percent in the Jan - Jul 86 period compared to the same period in 85 -- from \$60.8 million to \$111 million. During the stated period exports have risen 87 percent, from \$20.5 million to \$38.5 million, while imports recorded an 80 percent increase, from \$40.3 million to \$72.5 million.

## COPPER AND COPPER PRODUCTS

## IMPORTS

January - July

V = \$ thousand

Q = tons

	1984		1985		1986	
	Quantity	Value	Q	V	Q	V
Molds, copper ore and scrap	16,655	25,027	18,491	26,699	35,092	48,563
Copper oils	5	14	2	9	6	25
Loaded pipes, wires	5,419	9,996	4,194	7,067	8,672	14,983
Foils and sheets	317	738	1,236	3,066	904	2,630
Leaves and tapes	56	433	141	855	709	1,376
Copper powder and scales	43	178	42	181	61	355
Empty pipes (large and small)	699	2,091	699	1,772	963	3,192
Pipe extras	3	53	6	48	8	68
Containers, water tanks, pots	3	36	---	---	3	40
Marine ropes	10	54	4	27	60	83
Copperwire textiles	17	201	13	160	26	255
Nuts and bolts	3	44	7	69	10	131
Coils	1	27	3	42	1	33
Other articles	154	571	48	328	144	816
TOTAL	23,385	39,463	24,886	40,323	46,164	72,550

## COPPER AND COPPER PRODUCTS

## EXPORTS

January - July

V = \$ thousand  
Q = tons

	1984		1985		1986	
	Quantity	Value	Q	V	Q	V
Molds, copper ore and scrap	10	17	3,468	4,790	565	781
Loaded pipes, wires	6,049	9,663	6,552	11,371	21,029	34,157
Foils and sheets	1	7	182	468	54	150
Empty pipes (large and small)	---	---	7	26	2	141
Pipe extras	1	5	7	27	2	9
Containers, water tanks, pots	---	---	---	5	---	---
Marine ropes	61	167	175	436	102	237
Copperwire textiles	---	---	32	79	---	---
Nuts and bolts	2	2	---	3	4	27
Heating apparel and accessories	---	1	30	106	40	170
Domestic articles, health accessories	31	192	155	3,169	159	712
Other articles	22	137	14	69	54	2,126
TOTAL	6,177	10,191	10,622	20,549	22,050	38,510

## Exports

In the Jan - Jul 86 period exports of copper and copper products increased 87 percent compared to the same period last year -- from \$20.5 to \$38.5 million. Volume of exports increased by 107 percent, from 10.6 thousand tons to 22 thousand tons. Which means that there was a \$188/ton drop in export revenue.

A breakdown into specific items reveals that largest share in exports is taken by 'loaded pipes and wires' with 88 percent. Exports of this item increased 200 percent from \$11.3 to \$34.1 million. Among importers Iran heads the list by \$6.6 million in 'loaded pipes' and \$15.6 million in 'electrolytic wire'. Iraq has imported \$9.3 million worth of 'electrolytic wire.'

## Imports

In Jan - Jul 86 imports of copper and copper products increased by 80 percent, from \$40.3 to \$72.5 million. Among imports largest share is taken by 'copper molds, copper ore and scrap', totalling \$48.5 million. Imports of blister copper were from Chile (\$27.2 million), South Africa (\$7 million), Italy (\$2.6 million), and Holland (\$3 million). Next comes 'loaded pipe' with \$14.9 million, a nearly \$8 million increase from 85 when \$7 million was imported. Of this, \$4.2 million was imported from West Germany, \$2.1 from Italy, \$1.7 million from Australia, and \$1.8 million from Saudi Arabia.

Other items on the imports table: Sheets and foils (\$2.6 million), leaves and tapes (\$1.3 million), large and small empty pipes (\$3.2 million).

The 85 annual figures were: Imports \$81.1 million, exports \$49.6 million. In the first 7 months of 86, \$12.1 million worth of copper ore was imported, all of which (31 thousand tons) from Chile. During the same period of 85, 22.6 thousand tons had been imported from Canada and Chile, totalling \$8.7 million. Annual figures for 85: 33 thousand tons of copper ore imported, totalling \$11.7 million.

12466

CSO: 3554/108



## REPORTED U.S. ASSISTANCE FOR KEEPING BASES

Athens ENA in Greek 5 Feb 87 pp 8-10

/Article by E.A. Papageorgiou/

/Excerpts/ The Americans appear ready "to pay" a billion dollars to continue operating their bases in Greece for 5 more years after December 1988. This information comes from Washington, from sources that are as a rule informed about what is being planned without noise of publicity.

Therefore, according to this information, 500 million of the 1 billion dollars will be paid in cash. Of the remainder, part will consist of a grant in military assistance and the rest in aid with long-term low-interest credit. After the signing of the new agreement the granting of increased military assistance to Greece is discounted. Most probably "humanitarian aid" will also be granted. Terms are most broad so that every other form of aid, unconnected to economic or military, will be able "to be accommodated." Cyprus is an example. At first it used to get humanitarian aid for the refugees because of the Turkish invasion. Later on it was decided--and this is continuing--that it receive "humanitarian aid" without reference to its refugee problem.

The same sources, that are not opposed to the Greek case, add that Greece probably has a foretaste at least of American intentions for 1 billion dollars.

And yet for Greece, negotiations on the bases issue is not only economic in nature regardless of how important that is. This is so because Greece has certain problems that are connected with the Cyprus and Aegean problems. Mr Papandreou is not revealing his intentions but he does not hide the fact that he has certain cards "in his pocket." It would be foolish to reveal what they are before negotiations begin, that will, as procedure determines, begin with the official American notification--in the spring--about new negotiations concerning the bases. According to information from our own sources, the Americans want the negotiations to enter their substantive phase next fall. They are not concerned about the possibility that Greek elections might take place before the negotiations end. It suffices that they know in advance that these negotiations will come to a positive conclusion.

However, the same sources have other information that add other interesting facts: specifically, that we must not be concerned about aid to Greece and Turkey. The 7-10 ratio will be maintained. Also, an increase for our country will be sought so long as a new bases agreement will come about.

The sources also mention that as for Congress' stance vis-a-vis Greece the following are to be kept in mind: First, the majority in both the House of Representatives and the Senate will be made up of Democrats for the next 2 years. The Democrats have always faced Greek problems with more understanding and good will. Second, the chairmen of certain important committees, as far as we are concerned, in both the House and Senate remain well-disposed to Greece. From this standpoint, the Reagan administration is literally fooling Turkey with its proposal for additional assistance when it is taken for granted that Congress must agree with this, something that almost certainly will not happen.

There are also other factors that could affect relations between Greece and the United States. One of these is the intense activity initiated by the Turks in America to paint a picture of their country as a very "enthusiastic" one, with activities that are intended as "proof" that it is a "civilized" country with traditions and cultural progress.

Finally, there is a substantive problem that is of interest to us. Both in America and West Europe--let us be conservative in our observations--there is obvious concern over the rise of Islamism in Turkey. The Islamic movement is developing in Turkey in manifold ways one of which is the move to bring back the veil. These "patterns" are not agreeable to either America or to West Europe. They are concerned because it is evident that in no way would it be acceptable to have a friendly country with an Islamic character. Without doubt this factor is the best, comparatively speaking, that we can expect. And we will be following it because it has special importance for us.

5671

CSO: 3521/91

## FORMER NAVY CHIEF ACCUSES GOVERNMENT OF NEGLECTING NAVY

Athens ENA in Greek 29 Jan 87 pp 35-38

/Article by A. Delis/

/Excerpts/ Nikos Pappas, the well-known commander of the Velos whom the government made navy chief, honored him for a 5-year period of time and then suddenly dismissed him on Christmas eve, will long remember that "day of reckoning," namely 22 December 1986. Whenever it is mentioned, Nikos Pappas is beside himself. It is perhaps for this that his present criticism of persons--such as Mr Andonis Drosogiannis--and situations--such as what is happening in the navy--is unusually bold.

Adm Nikos Pappas, navy chief for 5 years and one of the bravest officers of the armed forces, emphatically states that what happened--and the "worst" happened--was sad. He speaks unusually--using "tough language"--about his two civilian superiors, Giannis Kharalambopoulos and, above all, Andonis Drosogiannis. Nikos Pappas says, "Drosogiannis distinguished himself as an enemy of the navy," and as for Kharalambopoulos "he did not throw" his undoubted democratic weight to defend the honor and respect of three officers who, unquestionably, had for many years the respect of the government. This was the situation until that morning of 22 December, just before Christmas, when the Government Foreign Affairs and Defence Council decided on the retirement of the three chiefs, namely army, air force and navy. All have agreed that the government's "beloved" methodology of surprise was repeated, only this time it was "without reason."

/Question/ It is clear, Mr Pappas, what has brought us here to your home. We need convincing answers. So, tell us frankly: why was it necessary for you to appear "so bold" in the way you express yourself?

/Answer/ I do not understand why I should not have said all that I did say. I have been used in my life to face up to things with some sort of bravery. I have always been frank and have always fought to improve the situation in the navy. If I spoke boldly, it was not I who was to blame but the situation that had developed in the navy in recent years. In no case whatsoever could I remain silent on the deliberate efforts by men such as Andonis Drosogiannis to downgrade the navy. This man had a negative effect on the navy and I told him that myself when he complained to me that I used to say that I called him "the gravedigger of the navy." I answered him candidly, that, yes, indeed, that was the way it was. And why should't I have said it? Was I afraid of him?

/Question/ Mr Pappas, but why so much anger at Mr Drosogiannis? One would say you both had some sort of precedents.

/Answer/ What kind of precedents would I have had with Drosogiannis? The man does not have any vision. He doesn't have anything. He is a nervous person with unprincipled behavior. He was nothing but a "rustic lieutenant colonel." He used to parachute and it is certain that he is no Clausewitz. He has no concept about defense matters and how could he? How can he understand the navy spirit, the strength of the navy in a country that is pre-eminently maritime?

/Question/ Before we get into the essence of things you insinuated in your order of the day, tell us, Mr Pappas, does politics interest you?

/Answer/ I do not want to get involved in anything because I know I will lose. I prefer remaining outside of all of that sort of thing. I am happy with the title of honorary navy chief.

/Question/ Mr Pappas, a strong feeling of bitterness is apparent in your farewell order of the day. So, you left the navy feeling bitter?

/Answer/ No. I did not leave with the bitterness of a man who did not succeed in convincing the political leadership that it is not possible that this systematic downgrading of the navy can continue.

/Question/ How do you say this? What is it that obliges you to talk about a "downgrading" of the navy?

/Answer/ It is evident that the navy never was favored by the state budget. It always got the smallest piece although it should have been in a better financial condition. The lack of appropriations, that are generously granted the air force, forced the navy to lag behind, something I repeatedly described as "criminal." From the very outset, from the first day I assumed command of the navy, I tried to convince competent officials that maritime strength predominates in the defense of the country. I, therefore, put forth certain plans to increase the naval strength of our country. And here I cannot say that I found the necessary agreement or interest on the part of the political leadership. I encountered men with a great level of short-sightedness who did not realize what the downgrading of the navy meant for the defense of the country. I proposed a series of construction plans that were seriously held up. It is Drosogiannis who is responsible for these delays.

/Question/ What is necessary to refer to revelations after your retirement?

/Answer/ You are making a big mistake here. From the very beginning I yelled and said, "Look after the navy, gentlemen." No one listened to me. And they did not listen because these people could not understand. And how could various elementary school teachers who knew nothing about the sea understand? And, of course, how could Drosogiannis, whom I well call a "rustic lieutenant colonel," understand? And what did I tell them? That it is, gentlemen, unacceptable that the navy get only 17-18 percent of the budget and that the air force should be in such a favored position from a budget standpoint. This was always the case, the air force getting the lion's share to the detriment of the navy.

/Question/ Does one see jealousy between the navy and air force?

/Answer/ Of course, it exists. And why shouldn't it exist since the navy is stuck with 17 percent of the budget? Nevertheless, despite of everything, we did do something. The program for constructing five tank landing vessels, that had been completely designed by navy officers with the help of the National Metsovion Polytechnic School, has already been implemented. Construction has already begun in the Elefsis shipyards. I should point out here that Greek value added tax in the construction of these vessels amounts to 40 percent. The next program that concerns the construction of frigates has been unjustifiably delayed. We have designed frigates each one of which is in the 3,000-ton class, with Greek value added tax of 30 percent. I hope the contracts will soon be signed with the shipyards, indeed, after the observations I made in my order of the day. I think that the revelation that the order has been unjustifiably delayed will help my friend, the new navy chief, because now the political leadership has been exposed. I did this on purpose, i.e. to expose it, so that it would not play with the navy. No Drosogiannis can play with the navy because it is as if one plays with the defense capability of the country, I would say even with the economy since it is certain that the construction program I left will provide work for the shipbuilding firms of our country that are now considered problem firms.

/Question/ Mr Pappas, many people are asking whether perhaps at the bottom of all these things is something else that led you to criticize the government's policy severely. Perhaps you are bitter because you did not become chief of GEETHA /National Defense General Staff/?

/Answer/ I am aware of the "know thyself" principle. I could not become chief because Admiral Degiannis had been promoted and also because I had clashed with the leadership of the Ministry of National Defense. They did not forgive me one thing: that I openly differed with the line they applied. And then I could not become chief because of Kouris who had cast a spell on the prime minister without realizing that an "Angelis-type" armed forces general staff /General Angelis was commander in chief of the armed forces during the junta years/ was being rebuilt contrary to the spirit of Law 600--and Drosogiannis succeeded in this because he had no concept about defense matters. What did Drosogiannis know about NATO? Nothing. Although Kouris is an excellent technocrat he is also knowledgeable in fact. He knows the Rodgers agreement. He does not simply know it, he wrote it himself. Don't tell me now that Davos wrote it. Davos doesn't even know how to say "yes" in English. Kouris wrote it. So, we never got the title GEETHA chief. That was certain.

/Question/ So, why all that unaccustomed passion in venting your criticism?

/Answer/ I was forced to by the way the change in leadership occurred. The change as such did not make me bitter because that is something normal. However, the way in which they replaced us was not normal. I had pointed this out to Mr Kharalambopoulos--I myself back in September. Namely, that I wanted to leave. The only thing I wanted was that we shouldn't be surprised. However, it's not worth discussing any further. Man is judged by his actions--and my story is being judged by my actions and not words. I sincerely hope that this situation will not continue. Let us say that it was an ugly moment for the government--even though I continue to believe that so long as Drosogiannis remains in it "we will dream of coups d'etat."

/Question/ What does that mean? Mr Drosogiannis is dreaming of coups d'etat?

/Answer/ I know that he dreamed. And he upset us unjustifiably. I told you, the man has no idea of what he's doing.

5671

CSO: 3521/91

## WHITE BOOK ON NATIONAL DEFENSE PUBLISHED, SUMMARIZED

Lisbon DIARIO DE NOTICIAS in Portuguese 2, 3, 4, 5 Jan 87

[Article by J.C.]

[2 Jan 87 p 2]

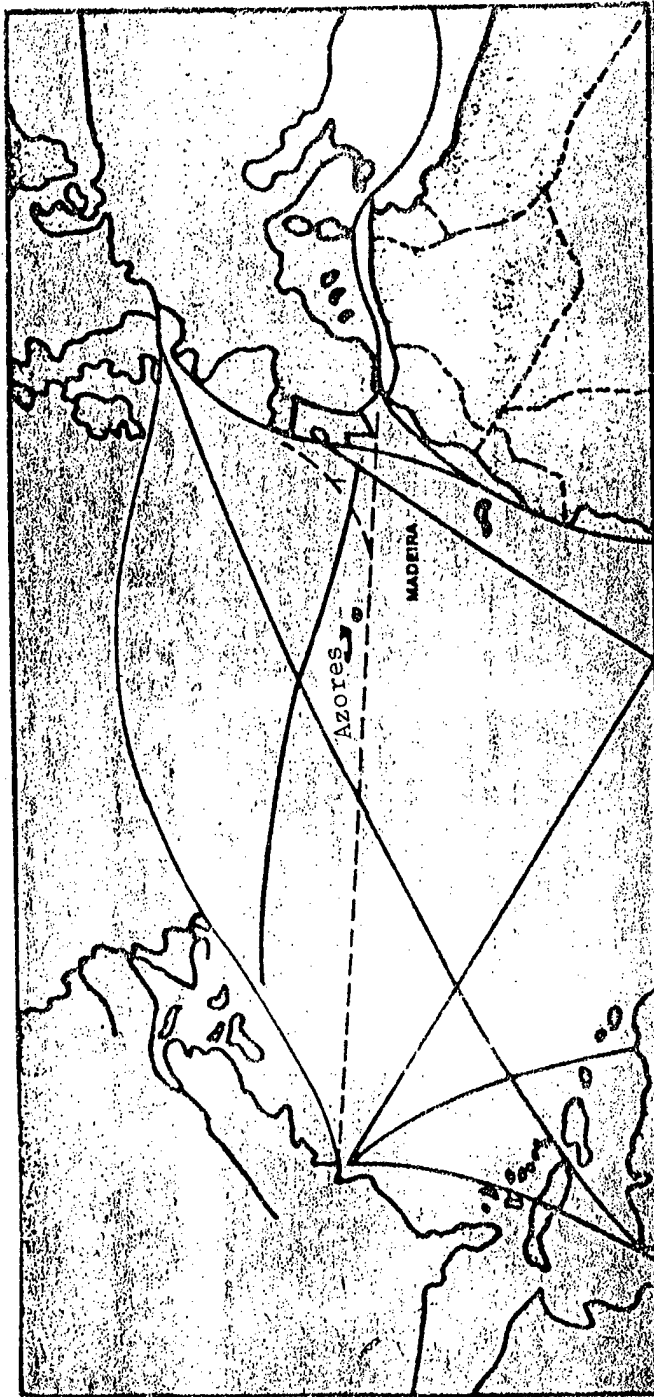
[Text] Portugal's geographic location, taking into account the triangle formed by mainland Portugal, the Azores, and Madeira, is the most significant element in Portugal's contribution to defense of the West within NATO, according to the "White Book on National Defense, 1986," recently published by the Ministry of Defense.

According to that document, which attempts to place national defense within not only a national but also a Western context, the major maritime and air routes used to supply Europe with raw materials or hydrocarbons and those that would be used to bring military help and reinforcements from America to the Old Continent in case of a serious crisis or war all pass through Portugal or adjacent areas.

The fact is that "passing through the so-called strategic Portuguese triangle or its immediate vicinity are about two-thirds of the imports, including hydrocarbons and raw materials, which are needed by the countries of Europe and which come from the Persian Gulf, South America, and the Pacific, as well as one-third of U.S. petroleum imports. It is estimated that those routes are traveled every day by about 500 ships, over 100 of which pass through the Strait of Gibraltar."

If that is the situation with regard to commercial routes and, of course, in peacetime, the strategic Portuguese triangle will be equally vital in wartime, when it must provide the American forces with the air and maritime corridors needed for fast action in Europe.

From that standpoint, the territory of the Azores occupies a special position as a vital space for the support and security of U.S. military reinforcement for Europe. Without it, European defense is not feasible against the military strength of the USSR and the Warsaw Pact.



The map shows Western trade routes (solid lines) and military routes for bringing aid and reinforcements to Europe (broken lines). As can be seen, the latter pass through Portugal.



That easy link between the United States and Europe, which can be seen on the map above and in which Portugal occupies a key position, results from the simple observation that West Europe alone is incapable of defending itself against action by the Warsaw Pact, a further difficulty being that the Warsaw Pact countries are also located on the Old Continent, whereas the Americans will have to cross the Atlantic to reach the Old Continent.

According to the document under review here, it is that physical circumstance which makes it necessary for ground forces of the United States and other allied countries to be present in the FRG and also for other--chiefly naval--equipment to be deployed in the Atlantic and the Mediterranean.

#### Warsaw Pact's Military Potential

The Warsaw Pact's military potential is in fact very considerable, and the following Soviet components can be stressed as its more significant elements:

1. Hundreds of ground-launched intermediate-range missiles in sufficient numbers to strike at all of Europe, not to mention the cruise missiles that can be launched from the air or from nuclear-powered submarines.
2. About 170 divisions of armor, motorized infantry, and airborne troops, of which 95 are apparently intended for use in Europe.
3. About 7,000 interceptor aircraft with 2,900 ground-attack aircraft and 2,700 transports, some three-fourths of which can be regarded as presenting a direct threat to NATO in Europe.
4. Considerable naval power capable of defending the territory governed by the Warsaw Pact, carrying out amphibious and air attacks--notably in the vicinity of the Danish and Turkish straits--interdicting NATO's use of the sea thanks to hundreds of submarines and long-range antiship aircraft, and attacks on land targets using submarine-launched cruise missiles.

All the above-mentioned military resources available to the Warsaw Pact and Portugal's geostrategic location may show that the European countries closest to the eastern front are not--at least not necessarily--the ones facing the greatest danger of a sudden military attack. Geostrategic considerations may justify action against Portugal during a direct conflict in an attempt to prevent our country from controlling the corridor providing the United States with direct access to Europe across the Atlantic.

#### Portugal Cannot Be Neutral

The White Book also says that because Portugal's geostrategic location is considered basic to the security of Europe, our country cannot adopt a neutral position. Consequently, the decision to make Portugal part of the Atlantic Alliance derives not only from the necessity to show solidarity in defense of the West's moral and cultural values but also from the need to become part of a defensive system that is essential in order to make up for national shortcomings and vulnerabilities in the defense of our own basic interests.

The document assumes that the real opponent is the USSR and the other Eastern countries, although it is careful to express hopes for a political and military change based on the possible negotiations between the superpowers.

But with regard to the USSR, it makes it clear that Portuguese territory would be of the greatest importance to the Soviets, since they could use its bases and obstruct any immediate U.S. military support for Europe.

The Ministry of Defense seems concerned not only about the East-West conflict but also about the entire North-South problem. On that subject, it says:

"The risk of generalized war arises not only from East-West antagonisms. Actually, the economic, political, social, and cultural problems of the so-called Third World are probably at the root of over 90 percent of the military conflicts occurring since the end of World War II, and the risk in conflicts of that kind is that they may spread and become internationalized or even lead to direct involvement by the superpowers."

Consequently, in view of that specific situation, the document mentions the need to reduce the risk of military conflicts in the Third World. On this point, it emphasizes:

"By the nature of things, Portugal is in a position to cooperate to mutual advantage with some states in the so-called Third World that are concerned about their economic and social development and about aspirations for territorial cohesion and national identity. This is because historically, it has lived with the peoples of those regions for centuries. Its special cultural and human relationship with countries whose official language is Portuguese, as well as its centuries-old familiarity and experience with many of their economic, technical, and human problems, puts Portugal in a position to be especially useful to them, and that, very naturally, may benefit the entire West."

Besides the East-West conflict and the problematics of North-South relations, the "White Book on National Defense" also discusses the possibility of external aggression or threats arising in particular from our geostrategic location, developments in the worldwide balance of power and its relation to our exclusive economic zone, and many other vectors.

#### Intelligence System of the Republic

In order to cope with any situation of that kind, it will be important for national authorities to have access to specific, permanent, and properly structured knowledge of all potential acts of aggression or external threats. For that reason, the establishment and proper functioning of the Intelligence System of the Republic "is seen as an important and urgent requirement within the framework of the state's responsibilities in matters of national defense."

In legal terms, the operation of such a service must involve matters of a secret or privileged nature, since only in that way, according to the document, will it be possible for the organs of sovereignty to define and

promote, in an objective, timely, effective, and rigorous manner, actions aimed at reducing existing vulnerabilities or improving our means of defense.

The strategic objectives as defined necessarily involve a theoretical characterization of defense that will also reflect the strategic concept of national defense as contained in the resolution issued by the Council of Ministers in the wake of Law No 29/82.

The entire process is aimed at learning what the dynamic concept of defense is, ascertaining who its actors are, and determining the means for achieving the objectives.

As a first analysis, we will say by way of commentary that in fact, the strategic objective that seems to emerge as something palpable and real for the small country known as Portugal is activity within the framework of NATO. It is not believed that we are going to be invaded by Spain or France, much less by Morocco. And without international support, we are not going to do much to keep the maritime and air corridors open between the United States and Europe. Old frigates, airplanes from another era, and structures dating almost from the postwar period are not going to perform miracles. And the document recognizes this, as we will mention later.

Operations by our national military structures can be very useful in terms of small-scale actions often described as terrorist, but they will not count for much from the international standpoint or within the framework of NATO.

For that matter, the "White Book on National Defense" has the virtue of showing, if we are not mistaken, that our defense resources need to be redimensioned under penalty of becoming obsolete. Vasco da Gama's fleet was very useful in its day.

[3 Jan 87 p 2]

[Text] "National defense is not limited to the area of military defense against violent external aggression. In our day, national defense is basically preventive in character, using measures of various kinds to reduce vulnerabilities and to upgrade and dynamize the country's potentialities." That statement is made right from the start in the "White Book on National Defense."

In our day, national defense is indeed a combination of measures aimed at the overall objective of security, security being understood "as that condition or state of the nation reflected in a permanent guarantee of its survival in peace and freedom and ensuring sovereignty, independence and unity, the integrity of the territory, and the collective protection of persons and property and of the country's cultural values."

Basically, what we are dealing with is a definition as open to criticism as any other, but one which shows that threats to security are not necessarily military. They can also assume a political, economic, and cultural character.

It will therefore be important to formulate and adopt concepts of national defense which provide permanently and flexibly for all the actions with which we must deal.

Present-day developments in scientific and technological knowledge constitute one of the main reasons for the need to have flexible and enlarged concepts of national defense. The socioeconomic progress of peoples, the development of means of communication and transportation, and advances in armament have created, along with notable benefits for our communities, new and serious vulnerabilities in the security of states.

"The great development of means of communication and transportation has made the world smaller, broken down isolation between nations, and reduced the effect of frontiers, but along with that, it has increased the exposure of states to actual or potential threats or aggression."

On the other hand, the progress made with armament has made military forces highly dependent on increasingly sophisticated and expensive equipment, a circumstance that has drastically reduced the number of countries capable of designing, producing, acquiring, and maintaining such equipment.

### Nuclear Weapons

The "White Book on National Defense" says that the advent of nuclear weapons and other weapons of mass destruction has created military circumstances completely different from those surrounding conventional weapons. The new weapons mean that there are very serious risks in a direct military confrontation between the big powers, although the fear of mutual destruction has given rise to the "effective deterrence of direct war" between them.

But that same circumstance has "opened or left ajar the door to limited regional conflicts or armed conflicts between or through the intermediary of smaller powers, those conflicts being conducted in such a way as to avoid the risk of direct involvement by the two big powers."

That being so, another defense concern besides the entire complex situation arising from the East-West conflict and so-called North-South dialogue has to do with the coexistence of industrialized and highly developed countries with backward and underdeveloped states. The latter are constantly experiencing internal politicosocial convulsions that are "often taken advantage of or fomented from outside for the purposes of disputes between foreign interests."

### Concept of National Defense

After describing national defense and discussing matters related to Portugal's strategic position, the "White Book on National Defense" draws attention to Law No 29/82, now in effect, which states that "national defense is the activity carried on by the state and the citizens to guarantee national independence, the integrity of the territory, and the freedom and security of the inhabitants against any aggression or external threat while respecting the democratic institutions."

It is that concept, incidentally, which justifies the White Book itself to some extent, since Minister Leonardo Ribeiro de Almeida, writing in its preface, expressly states the following:

"This book is addressed primarily to all Portuguese. The intention is that it should constitute a basic tool in clarifying the national defense situation in our country, such clarification being necessary and useful for ensuring better participation by the Portuguese in exercising their right to defend the homeland, a right established in the Constitution as everyone's basic civic duty."

With the general duty of the Portuguese to participate in matters of national defense being understood in that way, the document says that Portugal advocates the path of negotiation and arbitration for the peaceful solution of international problems and conflicts, feeling that it has the duty to contribute toward the preservation of international peace and security. In exercising its right of self defense, Portugal reserves the use of force for cases of defense against external military aggression, whether actual or imminent.

It is also stated that "as the symbol of the homeland, the seat of sovereignty, and the fulcrum of the nation's life, the national territory is a basic element around which all national defense activity is polarized and carried out."

In keeping with that same stance, the permanent objectives of the national defense policy are to guarantee national independence, ensure the integrity of the territory, safeguard the freedom and safety of the inhabitants, guarantee the functioning of the organs of sovereignty and all other democratic institutions, contribute to the development of the community's moral capacities, and ensure the preservation or restoration of peace.

#### National Territory

It has already been stated that the national territory is of outstanding importance in the national defense policy for obvious and extremely varied reasons. On this subject, the "White Book on National Defense" says:

"The narrow width of mainland Portugal, the small size of the islands, and the fact that the territory is widely scattered do not provide the best conditions for defense, considering our present military resources. This is because those conditions do not provide suitable territorial depth and because they force us to disperse our forces over a wide area of the ocean. But territorial dispersion also has advantages: it compels a possible attacker to divide his forces, makes it possible to some extent for the forces defending the mainland and the archipelagoes to provide each other with mutual support, and favors conditions for extending military defense in space and time, with the resulting delay being exploitable in other areas of national defense."

But in contrast to the small extent of the territory, the size of the exclusive economic zone [EEZ] looms large. It is about 18 times larger than

the land area. It is one of the largest EEZ's in Europe, representing about one-third of the total area covered by all the EEZ's belonging to countries in the European Economic Community.

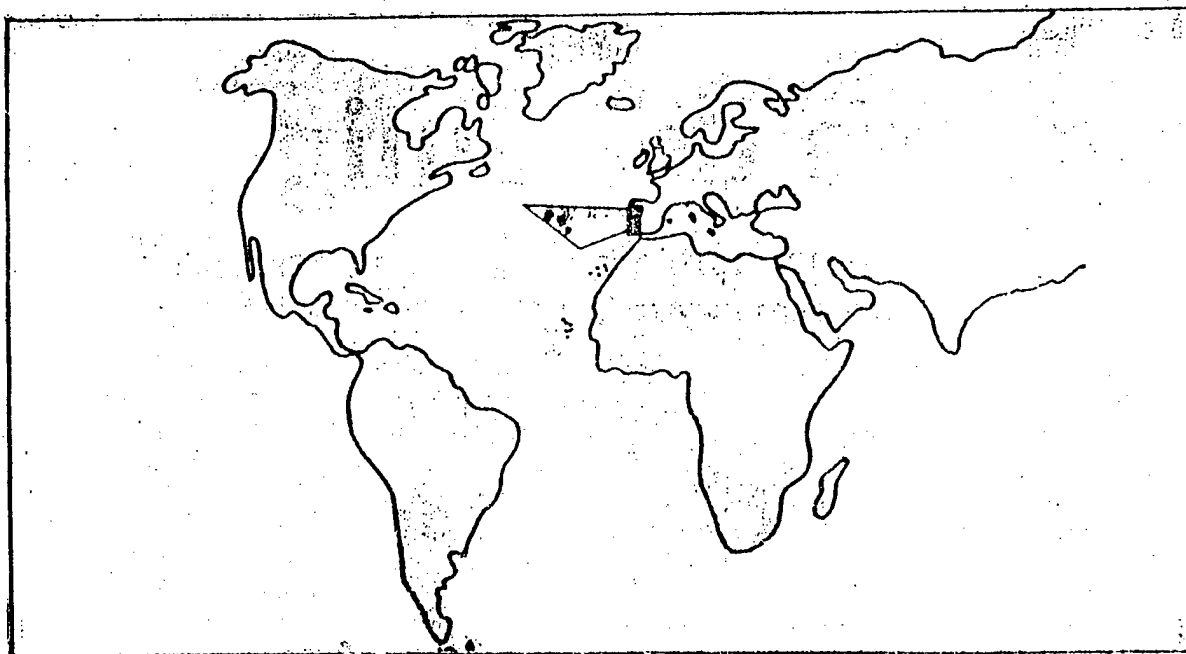
Although the natural resources in the zone may turn out to be relatively limited, the fact is that they have not been exhaustively explored, and it is certain that defense of the area constitutes a basic objective.

#### Defense of Portugal

The document then discusses all the nonmilitary actions to be implemented for strengthening national defense. From the standpoint of the strategic concept of defense, they can be reduced in simplified form to one idea: Portugal must be transformed into a prosperous country in which all citizens will live well and be aware of their rights and duties in the context of a democratic state.

In fact, and as emerges from the document being considered, everything is related to defense—from the social standing of individuals to their economic means or their culture. It is citizens who defend a country, and they will be more apt to do so to the extent that they are more aware of their responsibilities and of better conditions at all levels.

Awareness of the fatherland can determine a certain behavior in defending it and is a basic uniting factor. But that is not all. A state in which resources are less scarce and the citizens live in confidence is necessarily much more capable of defending itself, especially if there is a strong cultural element. We all know of small states which stand up to or have stood up to big powers because of their support for values that frequently date far



The map shows the territorial area for which our country is directly responsible.

back in time. And we also know that states falter when their awareness as a people is destroyed or at least fades.

No Roman contingent tried to enter the small homeland of Asterix [a French cartoon character]. There was a potion that everyone drank when necessary. But there was also a final banquet, and it has very precise meaning as the meeting of a village united around a single objective. It is the meeting of "warriors"--the people of the village--that determines defensive capability.

It may be called patriotism (a concept that is growing outdated), in which case it sometimes evokes images of "God, fatherland, and family," or simply the defense of democratic Portugal, but the idea is, or ought to be, the same.

All citizens have the duty to preserve democratic Portugal by fighting for it. But they have a right that is no less important: it must be possible for all citizens to criticize democratic Portugal.

That, unless I am mistaken, must be the concept of democracy and not of patriotism, which smells of agitation.

[4 Jan 87 p 4]

[Text] "The situation of the Portuguese Armed Forces, besides reflecting the consequences of the vicissitudes the country has experienced in recent decades..., reveals the need to continue a rather extensive overhaul, since significant inadequacy in the system of existing overall forces is still visible.... In the present circumstances, it must be recognized that in fact, the general system of our Armed Forces does not project the credibility required for making it... a deterrent factor that is sufficient, necessary, and adapted to the country's situation." So says the "White Book on National Defense."

After referring once again to Portugal's geostrategic importance in the context of a conflict between NATO and the Warsaw Pact--a subject already discussed in a previous installment--the document says:

"In contrast to the Portuguese territory's high degree of geostrategic importance, the current weakness of our national resources makes it difficult in practice to establish an autonomous force system that is properly designed for defending specific national interests and those of our allies in the national strategic space simultaneously."

The country's economic growth and planned development of its defense industry will provide the solution "necessary for easing the reequipping of the Armed Forces in the present and supporting it more strongly in the future."

Recourse to counterpart deals and foreign aid provided by our allies must not be abandoned, "but they are not likely to reach significant proportions, and they can never play more than a supplementary role."

## Organs of Sovereignty

In addition to discussing the current situation in the Armed Forces, the document lists the organizations responsible for defense matters under the terms of the Constitution and Law No 29/82 dated 11 December [1982].

As everyone knows, the president of the republic is ex-officio supreme commander of the Armed Forces. Specifically, it is his prerogative to declare war in response to actual or imminent military aggression from outside and to make peace at the government's request, with the Council of State having been consulted and the Assembly of the Republic having given its authorization. Together with the government, he also assumes top leadership of the war once it has been declared and presides over the Higher National Defense Council. He appoints and dismisses the chiefs of staff through a complex procedure in which the Armed Forces themselves and the government are directly involved.

Naturally, the government is the organ of sovereignty responsible for conducting national defense policy and the top authority for administration of the Armed Forces. The minister of defense has direct political responsibility for the Armed Forces, and under him are the Armed Forces chief of staff and the heads of the three armed services.

The Armed Forces chief of staff exercises operational command in peacetime, but in the event of war, he assumes complete command of the Armed Forces. He also has operational responsibility for the security forces in wartime or in a crisis situation when those forces have been placed under his command by law.

The "White Book on National Defense" then describes the structure of the Armed Forces General Staff, after which it analyzes the equipment and operations of the Navy, Army, and Air Force. Lastly, it also discusses the security forces.

### Portuguese Navy

According to the document, Portugal has the following ships:

1. Three antisubmarine frigates (Almirante Pereira da Silva class, 1,900 displacement tons).
2. Four antisubmarine and antiaircraft frigates (Comandante Joao Belo class, 2,100 displacement tons).
3. Six ocean patrol corvettes (Joao Coutinho class, 1,400 displacement tons).
4. Four antisubmarine and antiaircraft corvettes (Baptista de Andrade class, 1,400 displacement tons).
5. Three Albacora class submarines.
6. Ten Cacine class patrol craft.
7. Four Sao Roque class minesweepers.



8. Seven coastal patrol craft (two Dom Aleixo class and five Albatroz class).
9. Sixteen landing craft (3 LDG, 12 LDM, and 1 LDP).
10. Three training ships (Sagres, Vega, and Polar).
11. One hydrographic ship.
12. One oiler for replenishment at sea (14,000 displacement tons).
13. One lighthouse tender.
14. One logistic support ship.

At the operational level, the Navy also has a Marine Corps consisting of three battalions, one fire support unit, one tactical transportation unit, one aquatic support unit, and one special operations detachment.

Navy strength totals 14,991 men, including 8,731 regulars, 1,431 of whom are officers. In addition, there are 5,655 civilian and semimilitary personnel, most of whom work at the Alfeite Navy Yard or at the National Rope Factory.

The Navy's reequipment and armament program comprises the following:

1. The first phase (three ASW frigates with organic helicopters) of a program calling for six ASW frigates (the construction contract has been signed).
2. Limited modernization of the Comandante Joao Belo class frigates.
3. Limited modernization of the Albacora class submarines.
4. Integrated communication systems for the Comandante Joao Belo class frigates and the Joao Coutinho class corvettes.
5. Procurement of an Action Speed Tactical Trainer (ASTT) simulator for training in naval tactical decisionmaking (already procured and now being installed).
6. Oceangoing patrol craft (in the planning stage).
7. Procurement of sundry materiel for use specifically by amphibious forces.

#### Army

The general organization of the Army comprises 6,067 officers, including 53 generals (23 in the reserve, although on active duty), 68 brigadier generals, and 629 colonels. The NCO class totals 7,525 individuals, including 166 sergeant-majors and 340 chief sergeants.

There are currently 30,195 people performing their compulsory military service, while the Army's civilian roster comprises a total of 4,828 people.

The Portuguese Army's various arms and services currently consist of the following units:

Infantry--One practical school, 14 regiments, 1 commando regiment, 1 mechanized infantry battalion, and 1 (independent) infantry battalion.

Artillery--One practical school, three field artillery regiments, one coast artillery regiment, one antiaircraft artillery training center, and two garrison artillery groups.

Cavalry--One practical school, three cavalry regiments, one lancer regiment, and five lancer troops.

Engineers--One practical school; two regiments and one company of engineers.

Communications--One practical school, one regiment, and one company.

Medical--One medical battalion and one practical school for military veterinary medicine.

Military administration--One practical school and one battalion.

Materiel--One practical school and one battalion.

Transportation--One practical school, one battalion, and one driver training school.

Besides the arms and services, the following units also deserve mention: the Santa Margarida Military Training Camp, the Independent Mixed Brigade, the Santa Margarida Base Force, the Special Operations Training Center, the Service Support Battalion, the Communications Intelligence and Reconnaissance Battalion, and the Army General Service Battalion.

We should also add that the Army operates the following institutions for training its cadres: the Military Academy, the Higher Military Institute, the Institute of Higher Military Studies, and the Army Sergeants School.

The Army's manufacturing establishments are the following: the Military Maintenance Establishment, the General Uniform and Equipment Shops, the Military Laboratory for Chemical and Pharmaceutical Products, and the General Engineering Materiel Shops.

The most important objectives in the 1987-1991 reequipment plan are these:

1. Bringing the 1st Independent Mixed Brigade up to strength.
2. Determining what is needed to set up a special forces brigade.
3. Organizing antiaircraft artillery units as soon as the weapon systems (SHORAD and SAM guns and missiles) and target acquisition systems (radars) are obtained.

4. Bringing the other units in the Army's system of forces up to strength and improving their equipment, specifically as regards motorized equipment, battlefield surveillance, antitank weapons, communications, engineering, and support services.

5. Tactical vehicles.

6. Antitank missiles.

[5 Jan 87 p 2]

[Text] The Air Force is, by the nature of things, the newest branch of the Armed Forces, although it is becoming increasingly significant in strategic terms. In Portugal, it was not organized as the third branch until 1952, when it was formed by combining the Army and Navy aviation forces, which were then abolished.

Since probably few people are aware of the fact, it deserves to be emphasized that (as is made quite clear in the "White Book on National Defense") military aviation got its start in Portugal as a result of a bill submitted to the Chamber of Deputies by Antonio Jose de Almeida in 1912. While that fact is not well known, everyone probably remembers the crossing of the South Atlantic by Gago Coutinho and Sacadura Cabral.

Be that as it may, we are not going to delve into the historical development of the Air Force any more than we did in the case of the Army and Navy in yesterday's article.

Following the same pattern and using the figures for 31 December 1985 as our reference, we can state that the Air Force has 2,737 officers, including 16 generals, 38 brigadier generals, 98 colonels, 226 lieutenant colonels, and 229 majors. The total number also includes officer candidates, unlike the figures reported for the Army, which includes its candidates under compulsory military service and does not provide a separate count.

There are 2,838 NCO's serving in the Air Force, including 56 sergeant-majors and 118 chief sergeants. The Air Force also has 8,873 enlisted men and 4,885 civilians. It should be pointed out that because of the nature of its missions, the ratio of officers to enlisted men and corporals in the Air Force is necessarily very different from that in the Army.

The Air Force has 19 squadrons consisting of fixed-wing aircraft and helicopters stationed at the bases in Sintra, Ota, Tancos, Lajes, Monte Real, Montijo, and Aveiro. It also operates the Beja Air Base and the airfields in Ovar and Lisbon.

It also has parachute troops divided into seven battalions (including one training battalion and three service support battalions) as well as combat support and service support units and groups stationed at Monsanto, Aveiro, and Tancos.

The program for the reequipment and armament of the Air Force calls for the following:

1. Establishment of an air command and control system to control air defense missions and missions in support of naval and land operations. It will also manage airspace in coordination with the Civil Air Traffic Control Center.
2. Procurement of four more C-130 aircraft to meet the growing need for air transport and search and rescue missions.
3. Replacement of the current training fleets in the medium term with only two types of aircraft that will be adequate at least for the elementary, basic, and supplemental phases of pilot training.
4. Procurement of two interceptor squadrons for air defense of the national territory.
5. Procurement of P-3 Orion maritime patrol aircraft for patrol and ASW missions.
6. Modernization of weapons in qualitative and quantitative terms so as to be able to respond to current and foreseeable tactical scenarios and guarantee a minimum acceptable maintenance level.
7. Improved survival capability for the units conducting air operations.

#### Armed Forces Budget

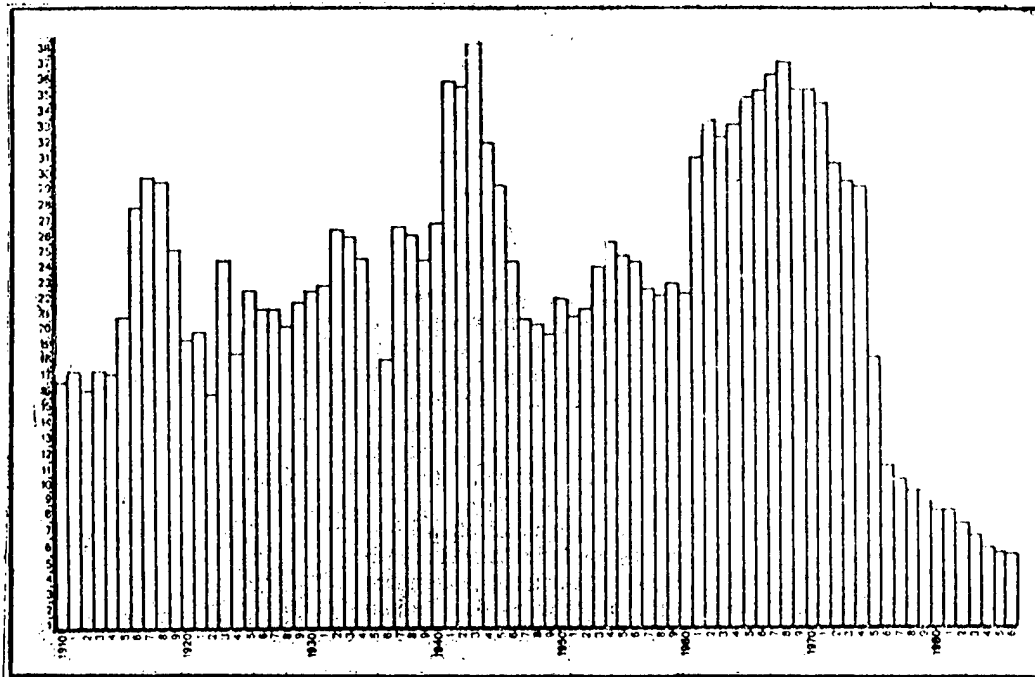
Before getting into a discussion of matters related to the security forces--the GNR [Republican National Guard], the PSP [Public Security Police], and the Fiscal Guard--it is no doubt important to talk about an old and specific question: how much do the Armed Forces cost the country? A simple answer would go like this: in 1986, the budget was 106,857,000 contos.

We are not going to discuss the question of whether that is too much or too little, especially since that question, which we are going to talk about in our last article tomorrow, must be presented in terms of whether the investment is useful or not. For now, let us just stick to the figures.

Of that total of nearly 107 million contos, the Armed Forces General Staff received 12,151,000 contos, the Army received 41,465,000, the Navy received 29,750,000, and the Air Force received 23,491,000 contos. For 1985, on the other hand, the total budget for the Armed Forces came to 85,890,000 contos. It should be emphasized, perhaps somewhat as a footnote, that the percentages allocated to each of the services and to the Armed Forces General Staff have remained relatively constant.

Considering all public expenditures for 1985, the Armed Forces spent 6.5 percent of the state budget. That percentage has been declining substantially and is now at its lowest point since 1910, as can be seen from the graph below.

### Military Spending as a Percentage of Total Public Expenditures, 1910-1986



Following the years of the colonial war--when defense spending totaled as much as 40 percent of the General State Budget--a very substantial drop in defense spending began as early as 1975, when it fell to 19.62 percent, and continued in 1976, when it reached 12.41 percent.

A comparison of the state budgets for 1984 and 1985 shows that it was also the Ministry of Defense's budget which received the smallest percentage increase.

In terms of gross domestic product, spending on the Armed Forces amounted to 2.44 percent of the GDP in 1985.

It should be emphasized that in comparison with the other NATO countries, and in terms of its state budget and GDP, the percentage that Portugal spends on defense can be considered average, as is shown in the table below. In terms of percentages, the country with the highest level of defense spending is the United States (30.2 percent of its Federal budget), followed by the FRG at 23 percent, Turkey, and France. The United Kingdom's spending as a percentage of its national budget is not shown in the table, but its defense budget is also extremely high, since it comes to 5.3 percent of GDP.

#### Security Forces

On the subject of security forces, we will present an extremely brief analysis beginning with the GNR, which has about 17,000 men with a small corps of senior officers and generals: 1 general, 1 brigadier general, and about 20 colonels, along with lieutenant colonels and majors. The figures are not very precise because the GNR is currently in the process of changing its rosters.

Its budget for 1985 totaled 11,327,610 contos, including 10,155,300 contos in personnel expenditures--an extremely high figure.

For its part, the Fiscal Guard has a force of 8,664, including 192 officers and 563 NCO's. As is known, its mission is to protect the frontiers and to carry out other tasks that may be assigned to it by law. Its 1985 budget totaled 6,977,071 contos, and here again, by far the greatest portion of that amount was for personnel expenditures.

The Public Security Police is an organization which, as everyone knows, is currently tending to become more and more of a civilian body as Army officers gradually leave its ranks. On the same date as the other security forces, its roster as approved by law comprised 17,114 agents, including 27 police chiefs.

Of the Army officers assigned to the PSP, two are general officers and 73 hold the rank of captain or above.

In 1985, the PSP's budget totaled 16,249,026 contos, of which 14,378,941 contos represented personnel expenditures.

As can be seen from this brief analysis, the Armed Forces and security forces use a very high percentage of their budgets to pay their personnel, and this necessarily makes it difficult for them to reorganize and procure equipment, which, as has been said before, is growing increasingly expensive because it involves highly developed technology.

Military Defense Spending by NATO Countries in Percentages

<u>NATO country</u>	<u>1984</u>		<u>1985</u>	
	Defense spending as a % of:		Defense spending as a % of:	
	<u>National budget</u>	<u>GDP</u>	<u>National budget</u>	<u>GDP</u>
Belgium	7.8	3.2	8.2	3.3
Canada	9.8	2.2	9.7	2.2
Denmark	7.0	2.3	6.7	-
France	16.5	4.1	18.7	4.1
FRG	22.7	3.3	23.0	3.3
Greece	19.4	7.2	18.0	7.1
Italy	4.4	2.7	4.5	2.7
Luxembourg	3.3	1.2	3.2	1.2
Holland	9.2	3.2	8.8	3.1
Norway	10.3	2.8	11.3	3.2
Portugal	9.4	3.3	8.4	3.2
United Kingdom	16.6	5.3	-	5.3
Turkey	20.0	4.4	21.6	4.4
United States	27.1	6.5	30.2	6.9

Note: The amount shown for Portugal includes the security forces.

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CSO: 3542/44

## BACKGROUND PROVIDED ON GENERAL SOARES CARNEIRO

Lisbon O JORNAL in Portuguese 30 Jan-5 Feb 87 p 21

/Text/ Now 59 years of age (born in Custodias, Matosinhos on 25 January 1928), married to a professor and father of six children (four girls and two boys), Gen Antonio da Silva Osorio Soares Carneiro "has earned" one more star thanks to his appointment to the position of deputy CEMGFA, and this is permitting him to prolong his military career begun in August 1947.

Second lieutenant in 1950, lieutenant 2 years later, Soares Carneiro was promoted to captain in 1955, major in 1967 and lieutenant colonel in 1973. Early in the following year, after 25 April, he was promoted to colonel, and on 28 June 1978 the Council of the Revolution promoted him to the rank of brigadier general. Three-star general on 15 February 1980, he would have entered the reserves last Sunday if he had not been appointed deputy CEMGFA.

His military career was "interrupted" in 1980 when he agreed to be a candidate of the AD (PSD, CDS and PPM) for the Presidency of the Republic. Defeated by General Ramalho Eanes the first time around, Soares Carneiro "returned" to his profession and was placed as voting member of the Supreme Military Tribunal. The leaders of the defunct AD now recognize that he was a "bad candidate," not having corresponded to the image which his backers tried to put forth: incorruptible and competent, highly cultural and very intelligent, exemplary family head, practicing Catholic with profound religious training, greatly interested in economic and political problems... An AD analyst even wrote that "he is one of the best informed men in Portugal" and "has the prudence of a Chinese and the astuteness of a leader."

It can be admitted that Soares Carneiro does have all those virtues, that all the eulogies made at that time were more than merited; but the truth is that they were not sufficient to captivate the electorate. Despite the funds involved in the campaign, the image which remained of Soares Carneiro is that of a competent and honest military man but also one who is too closely linked with the former regime which several times entrusted him with civil functions (read as: political), one of which put him in charge of the Sao Nicolau Prison Camp in Angola.

It is said of him that he is "more talked about than a talker" and that he is a "disciplined and disciplinary military man and an uncompromising respecter of

hierarchies." It is also said that he always supported the independence of the Armed Forces relative to political parties.

In any case, political functions are predominant in his military career, before and after 25 April. Also political activities. Discreet, his figure frequently crossed over the political scene. Chief of staff during the regime of Colonel Alberty Correia, governor general of Timor, in 1963, he remained there for 3 years. Later (1968) he was governor of Luanda District (Angola) and, following that, secretary general of Angola, the governor being engineer Santos e Castro. He was performing those duties on 25 April 1974 and the Junta of National Salvation appointed him to the position of governor general of Angola.

His connection with the Association of Commandos (of which he was chairman of the General Assembly) is understood by many to be a "political activity." In the "Hot Summer" of 1975 he was one of the founders of the "Committees for the Defense of Liberty" (clandestine) within the scope of the Armed Forces and, according to what was written during the electoral campaign of 1980, he "laid the groundwork, later dismantled, for the establishment of a network of resistance to communism."

From 1978 on, Soares Carneiro intensified his contacts with leaders of the AD and ended up being the candidate chosen by Sa Carneiro and Freitas do Amaral. However, those contacts were always very discreet--just as discreet as his personal life and career have always been. Last year the newspapers carried the story that Soares Carneiro allegedly revealed his intentions to support Mario Soares, but it was never possible to confirm that impression.

Besides being discreet, he likes to use abstract language, such as calling the events of 25 April an "escalation." "The people always unite in order, in a patriotic sense, to exalt the escalation which has now taken place," he said in 1974 when he was performing the function of governor general of Angola. "It is an escalation of which we must all prove to be worthy; this we can accomplish with harmony, with the certainty that in the diversity of each of us we must find the right path for all; and this with the conviction that the faith, determination and good will of all will keep us united, permanently steadfast."

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## FRG REPORTEDLY ASKS FOR INCREASED BEJA AIR BASE FACILITIES

Lisbon O JORNAL in Portuguese 30 Jan-5 Feb 87 p 2

/Text/ O JORNAL has learned from a well-informed Portuguese source that the FRG wishes significantly to increase the facilities now being used at Beja Air Force Base and that a new agreement in this respect is to be negotiated in the near future.

An FRG source told O JORNAL that there have been meetings with regard to the renewal of the accord but that for the moment "the matter is being kept at a low profile." According to our information, Bonn would like to obtain more aerial facilities, broader use of our national air space and increased training facilities at the Alcochete firing range.

Negotiations are scheduled to begin by 30 June 1987 at the latest and end before 30 June 1988. Air Force base 11, located in the vicinity of Beja, was established in 1964 in accordance with an agreement signed with the FRG and its purpose was to provide training facilities for that country's Air Force.

Both the Germans and Portuguese are approaching these negotiations in the positive atmosphere created by the satisfactory solution obtained in the construction of three Meko 200 frigates for our country's Navy. However, the Portuguese maintain that the two matters are completely independent and that neither is expected to influence the other.

The FRG is having great difficulty in providing adequate training in its country due to the congestion of its aerial traffic, the presence of air forces of various NATO countries and the country's high population density. That is why the FRG is having its air force crews train in other countries, particularly the United States, although here on a small scale, and uses the facilities provided by Portugal at Beja.

Meanwhile, a NATO project is underway to establish a training base in Turkey. The FRG would allegedly also participate in that project and this would obviously diminish Beja's importance in the minds of the Bonn officials. However, Turkey's great distance from Western Europe, its geostrategic situation and the difficulties it is having with the Greeks make one think that the realization of this project will be very slow and extremely costly.

According to O JORNAL's information, the Portuguese have substantial reservations concerning FRG's desire to broaden the scope of the accords. Our sources give two reasons for this attitude.

First, Portugal cannot be considered a country to which other countries can export inconveniences. Second, in carrying out the present agreement the Germans did not always respect the commitments made with regard to their contribution, whether military or in the area of industrial cooperation, already extremely limited and conditional.

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## FOREIGN MINISTRY DECISION ON ARMS SALES

Lisbon DIARIO DE NOTICIAS in Portuguese 23 Jan 87 p 4

[Text] The Ministry of Foreign Affairs announced yesterday that steps are being taken to reduce the risk that armaments might be diverted to destinations other than those recorded on the accompanying documents. This position was taken in the wake of reports in both the domestic and foreign press which pointed to Portugal as a transit point for weapons enroute to various countries.

In its communique, the Foreign Ministry said that "no sale of Portuguese defensive weapons had been authorized to organizations or movements fighting against internationally recognized governments of countries with which Portugal maintains diplomatic relations."

"All the authorizations for export of defensive materiel by Portuguese companies have been processed pursuant to and in observance of the legal norms in force," the note adds.

The ministry points out that "in addition to the Government's monitoring of domestic arms and munitions manufacturing firms controlled by the public sector, export and re-export transactions involving those items always require prior governmental authorization."

Domestic manufacture of armaments--the ministry explained--consists mainly of munitions and light equipment and is intended, essentially, for the export market.

In 1985 and 1986 exports were authorized to 42 countries in Europe, North America, Latin America, Africa, and Asia. "Both the volume and the very type of material exported"--the ministry stated--"give Portugal only an insignificant share of the world market."

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## DETAILS ON CONTEX NAVAL EXERCISE

Lisbon DIARIO DE NOTICIAS in Portuguese 25 Jan 87 p 4

[Text] About 1,000 men from the 7 navy units that spent 4 days participating in the Contex 871 naval exercises off the Portuguese coast returned to Lisbon today.

Commander Jose Lopes Carvalho, chief of staff of the Continental Navy Command, who was in charge of the maneuvers, said that "the exercises conducted over the 1,000-mile course went well, the objectives were met, and all the men fulfilled their assigned missions." In his opinion, the exercises served not only as a test of the equipment, but also to thoroughly evaluate the skills of the naval personnel. In his view, the training "is considered good."

The main focus of the exercise was training in anti-submarine warfare, "one of our biggest concerns, because our waters occupy a very strategic position," said Commander Carvalho. He went on to say that we must "diligently persist" in our preparations for anti-submarine warfare and for dealing with multi-threat scenarios in surface and anti-aircraft warfare.

The chief of staff of the Continental Navy Command emphasized that "we are very anxious to deploy the new frigates because they are modern ships that will enable us to work in all areas with skilled personnel." According to Commander Carvalho, the new ships will be equipped with missiles and other more modern weapons, as well as the helicopter, which has become indispensable to anti-submarine warfare.

Also taking part in the exercise were divers, aircraft from the Portuguese Air Force, and a plane from the British Air Force base at Gibraltar. The Portuguese Air Force used C-130, Cessna, A-7, and G-98 aircraft, as well as a helicopter.

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MILITARY

PORTUGAL

BRIEFS

SEPTEMBER DEFENSE INDUSTRY FAIR--From 15 to 18 September of this year Portugal will be putting on an initial fair devoted to the defense industry. This announcement was made in the December issue of the Spanish magazine, DEFENSA. This is the first event of this kind in Portugal. It will be entitled: Exposition of Defense Equipment and New Technologies. It will be sponsored by the government through the Ministry of Defense. According to the Spanish magazine, in addition to the motionless display of traditional weaponry and equipment, the exposition will include a number of "animated technical displays" which will have the participation of high-level industrial and military representatives from throughout the world. Provision is also being made for a series of demonstrations in which the participants will have an opportunity to present their weaponry, vehicles and equipment in action at the Alcochete firing range which is considered by the Ministry of Defense to be "one of the most complete in all Europe." /Text/ /Lisbon O JORNAL in Portuguese 30 Jan-5 Feb 87 p 40/ 8568

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