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JPRS 81794

17 September 1982

West Europe Report

No. 2032

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LEMONIZ WORKERS CONTINUE TO BE INTIMIDATED BY ETA

Madrid EL PAIS in Spanish 10 Aug 82 p 32

[Article by Arantza Elu]

[Text] Bilbao--Some of the personnel who were providing security service for the Basque nuclear plant at Lemoniz have quit their jobs after having received photostatic copies the middle of last month of threats received by the employees of that service and directed to the Iberduero enterprise.

From that time on the Lemoniz security service has been in the hands of 300 employees corresponding to the enterprises PROSESA, PROSEGUR and ESEBI, after the Iberduero company accelerated its personnel restructuring plan and transferred its security staff to other positions on account of the threats that were received and confirmed by that same company.

In the days that followed, and on learning of a new letter in which the ETA threatened to kill the management of the mentioned enterprises is the power plant--who had been informed of the creation of a special commando "to watch their every step" and that they had 1 month's time to quit their jobs--it was possible to verify the absence of authoritative persons in the mentioned enterprises, power plant employees, with the excuse that they were away on vacation, according to the workers now employeed in the same entities in the power plant, while the enterprises maintain silence on the subject.

According to the same sources, the departure of these authorities has been joined by an undetermined number of workers involved in looking after the equipment, as well as in fire protection, in the face of the situation of uncertainty and fear in which they find themselves, beyond any explanation on the part of the enterprises or other interests.

The workers themselves explain their position: "We are in a time of great confusion, given the false information and our lack of means to escape this situation. No one, neither the enterprises nor any public organization has anything to say about us," state the Lemoniz workers, who have explained publicly their position in this regard, demanding a response from the enterprises, since the three companies mentioned lack a committee representing the Lemoniz employees. The only one that existed, that of PROSESA, is being renewed right now, becuase of the dispersion of its former members in various places of work.

Meanwhile, the enterprises are maintaining absolute silence on all aspects of the situation concerning their Lemoniz employees.

These same workers, most of them sworn guards, in addition to those involved in fire protection, report that the same PROSESA enterprise has provided one of the power plant's pavilions, now empty, with 50 beds, at the same time that it has offered its personnel the opportunity to remain at work in the power plant for 1 week followed by 1 month's vacation.

These proposals, as affirmed by the workers, have been accepted by some of the personnel who have already sent or are preparing to send their families back to their places of origin.

"If our position is untenable from the point of view of labor, in human terms it is desperate," comments one of the workers, 40 years old, married and with 2 children. "The women do not want us to go to work, and on our part we have no choice but to show up to keep our jobs," comments the same individual, who likewise speaks of the concern in the homes in case of the least delay or abnormality occurring at the time when he returns home.

In one of these houses, while they are watching television and the father mentions the tension in his working day at Lemoniz, a girl asks: "Papa, were those men crying?" After the children go to bed, the father continues: "Here they are going to shoot us without anyone doing anthing about it, and we all known that it will not be in the power plant, which is guarded by the Civil Guard. As everyone is saying, it will be on the road or in a cafeteria. It is a situation of anguish and total desperation," says the same worker, who, after midnight, goes out on the street with his wife. Outside there is a night celebration and there are festivities in the barrio.

On the other hand, as EFE was able to learn from reliable sources, the Iberduero technicians will be able to joint the work in finishing Lemoniz once the work is renewed under state protection. It appears that once the nuclear power plant is under state control the government intends to renew immediately work on the complex near Armintza. All Iberduero workers who wish to return to their places of work would take part in this work. Whatever vacancies remain would be filled by technicians from other specialized enterprises.

9746
CSO: 3110/204

ETA-M ANNOUNCES IT WILL ACT AGAINST DRUG TRAFFICKERS

Madrid EL PAIS in Spanish 9 Aug 82 p 9

[Article by Jose Luis Barberia]

[Text] San Sebastian--By means of a communique justifying the bombing of the pub "Lurpe," an event which took place early Thursday morning in Tolosa, the ETA-m announces that beginning immediately it will act against persons trafficking in drugs. The "milis" hold the position that the introduction and spread of hard drugs in the Basque Country actually constitutes "an orchestrated campaign with the objective of cultural, social and political repression."

The drug phenomenon is interpreted by the terrorist organization as an artificial creation that would seek the alienation of Basque society, especially its youth. ETA-m accuses the police itself of being behind this campaign to introduce drugs, at the same time that it indicates the pub "Lurpe" as one of the "bases in the infrastructure for the drug distribution network."

Jesus Maria Arteche, owner of the bar "Lurpe" and PCE member, absolutely denies that hard drugs could have been consumed in his establishment, although he does admit that some of the youths who frequented it smoked can and leeks, "as in so many other bars." The owner of the destroyed bar indicates that in his establishment there was a fairly rigorous control in regard to the consumption of hard drugs.

"In order to prevent their consumption we adopted a series of measures, such as putting a bolt on the restroom door, so that the customers were obliged to ask for the key whenever they wanted to use the restroom; we made sure that the girls went into their facilities one at a time and we even took out the door separating the urinal in the men's restroom. The bomb last," added Jesus Maria Arteche, "was a surprise, because even though the Civil Guard warned me that the ETA-m was going to bomb my bar, according to statements by a man under arrest, I had my doubts."

The PCE member maintains that his establishment's clientele was growing gradually and that in recent months the atmosphere was very different from that reflected in the bar's image that had been created in some circles of the population.

9746
CSO: 3110/204

ARTICLE EXAMINES PROGRESS ON DEVELOPMENT OF TYRA FIELD

Copenhagen BERLINGSKE TIDENDE in Danish 30 Aug 82 Sec III p 3

[Text] Half of the orders and most of the jobs on the 8.5 billion kroner construction project will go to Denmark.

While the natural gas pipeline network is working its way across Denmark and is currently well on its way across Funen and the Great Belt, the other end of the natural gas system, the gas fields in the North Sea, is turning into the biggest contracting job ever on the Danish continental shelf area.

There will be nine platforms in all on what is called the Tyra field, the cornerstone of the entire Danish natural gas system. Nine platforms that will make up the total Tyra field, but in reality they will be divided up into two groups--Tyra East and Tyra West, with the eastern part being the central platform system.

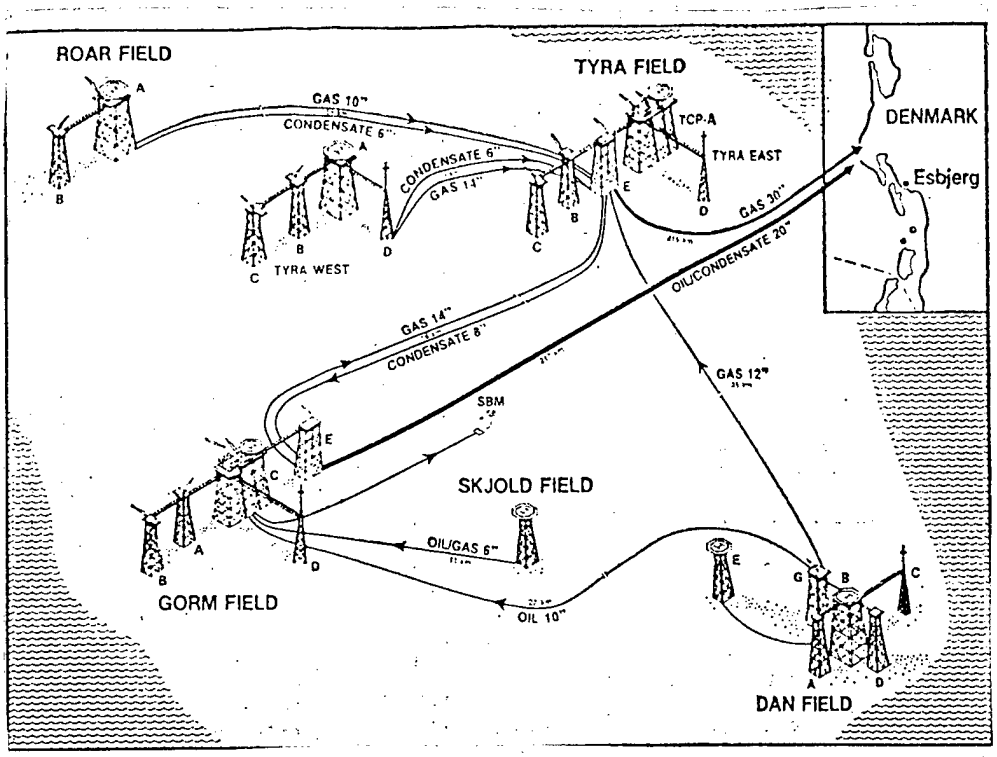
Each system consists of a large platform with treatment modules and a residential areas. Veritable factories and entire hotels are involved here, compressed into the smallest area possible in order to save on the steel supports the height of the Round Tower that make up the foundation framework of the platforms.

Platforms Under Construction

Today all nine foundation structures and the decks to go with them have either been installed or are under construction all over Europe. Thus at Tyra East, the two production platforms from which the network of gas wells will fan out for kilometers down below the ocean floor have already been installed and the decks--which include practically everything that is visible above the surface of the water--have been put in place. The Dan East drilling platform, owned by L. Lauritzen, is currently drilling production wells at one of these platforms, namely Tyra East B.

The foundation structure for the somewhat larger platform, Tyra East E, has also been put in place. From here the gas pipeline network will

connect the fields with the network on shore. The platform along with its full complement of pumps and so forth to make sure that the gas gets on land properly are being constructed in France and are expected to be installed during the winter. The other foundation structures are being built by the firm that also delivered most of the foundation structure for the Gorm oil field, McDermott in Scotland.



The Dan, Skjold and Gorm oil fields have been installed and work is now being done to set up the nine platforms that will constitute the Tyra gas field. Construction has not yet begun on the Roar field, however.

Central Platform

The A platform, which will contain the gas factory and the residential facilities and will be the central platform in the entire family of Tyra platforms, is being built partly in France and partly by DeGroot in Holland. The French U.I.E. firm is building the substructure and the Dutch are building the superstructure. But the latter is a hollow shell.

Nine completely finished modules in all, eight of which are whole factories, electrical plants and the like, will be installed on the A platform later. The eight technical modules are being built at A.P. Moller's own shipbuilding facility, the Lindo Shipyard, while the Alborg Shipyard is in charge of the residential module.

It is not without reason that the competitor in Alborg is building the residential module for the western platforms too, as it did for the Gorm field. The reason is simply that the shipyard's expertise gained from the building of passenger ships has made the Alborg Shipyard's residential module something special. Lovely little luxury cabins set an entirely new standard for how the platform crews will live in the future.

Danish Offshore Shipyard

The last platform at Tyra East is the one from which the gas can be burned off in case it is necessary. The so-called Flair platform is built by Monberg & Thorsen at Denmark's only offshore shipyard in Alborg. Monberg & Thorsen started this activity with the construction of the Skjold field. Expensive lessons were learned in the form of an overturned substructure side and problems with welders and others when the company cast itself into what may be the most difficult discipline within the offshore sphere of activities.

The initial problems now appear to be a thing of the past and the gas field in the North Sea will get not only two Danish-built Flair platforms but also the substructures for the two production platforms at Tyra West, which were built at Alborg. Last year, Monberg & Thorsen had to give up on building the complete foundation structure for the Tyra East C platform because it would have meant a delay in completion, but now they are doing so well that they are actually ahead on their construction plans.

Some 20,000 Tons of Steel Studs

The so-called piles, which in principle are gigantic studs that are pounded down into the ocean floor around each leg of the platform and are filled with cement to keep the platforms in place, are also built largely in Denmark. Two-thirds of the steel pipes, of which the gas project alone will use more than 20,000 tons, are built by Danish firms. These firms are Volund in Esbjerg, Jorgen Bladt and Monberg & Thorsen in Alborg, which are responsible for building most of the piles, while S.I.F. in Holland and the platform giant, McDermott, in Scotland are building the rest.

And all of the footbridges for the entire gas field are being built by the Offshore Contractors consortium, which consists of Sonderjyllands Engineering Firm and Hojgaard & Schultz.

Installation to Provide 1,200 Jobs at One Time

While the big "hardware" is being put in place, a number of Danish firms are preparing for the fight over the installation work onboard the platforms. In offshore parlance, this work is called "hook-up" and it is estimated that when things are at their wildest sometime next summer, there will be around 1,200 people employed in installing equipment on the platforms.

The work itself will be handled by the A.P. Moller company, Danbor, from Esbjerg which will take care of all functions down to the foreman level. It will be the first time a Danish firm tries this. The 12,000 [as published] men from the firms that succeed in participating in the work will be housed in a hotel platform that is not yet completed but is being built in Goteborg.

Equipment Costing 8.5 Billion Kroner

In addition to this, the hotel facilities on the two A platforms can house around 170 people apiece before the gas is turned on. Once the platforms are in operation, only 90 overnight guests at most will be allowed on each of the platforms. These 180 men will see to it that the entire gas field delivers the 2.5 billion cubic meters of natural gas a year which DONG [Danish Oil and Natural Gas] has purchased. And for this purpose, equipment worth approximately 8.5 billion kroner has been placed 200 km out in the North Sea. And although the Gorm oil field produced a larger share of Danish orders and employment than was at first believed possible, the Tyra field can be properly called a Danish field. It is estimated today that over half the construction work and most of the manpower will be Danish.

6578
CSO: 3106/164

DOMESTIC FUELS BEING USED FOR NEW PRODUCER-GAS POWER PLANT

Helsinki HUFVUDSTADSBLADET in Swedish 13 Aug 82 p 16

[Article by Bjorn Sundell]

[Text] Karhula--Peat, wood shavings, bark, and other domestic raw materials are providing the fuel for Ahlstrom's and Wartsila's new producer-gas power plant. The gasification reactor is the result of 5 years of research and planning by those two firms. The gas drives a diesel engine which in turn drives a generator, and the power plant can generate from 2 to 30 megawatts of electricity.

The idea behind the producer-gas power plant is not new in itself. Sixty years ago the Helsinki gasworks was already using wood to produce gas, and automobiles operating on producer gas were a very common sight in Finland during the war years.

What is new about Ahlstrom's and Wartsila's joint project is the fact that for the first time, a good-sized producer-gas power plant has been designed that produces both electricity and heat that can be fed to a district heating system.

Domestic Fuels

The purpose of the project was to design a power plant that would operate on domestic fuel for small communities and industrial areas. The pilot plant in Karhula has been used to gasify planer shavings, sawdust, bark, peat millings, and coal. Oil can also be used if necessary.

The domestic fuels being used in the power plant's gasification reactor can replace 3 tons of oil per hour (comparing the producer-gas power plant with a conventional oil-fired power plant).

Besides the two firms involved, the Ministry of Commerce and Industry has also contributed to the project. The government's share totals 2.2 million marks.

By combining Ahlstrom's gasification facility and Wartsila's diesel engines, it was possible to come up with a power plant which, according to information from the firms involved, is a competitive producer of electricity and heat for communities of less than 30,000 inhabitants located near the source of the raw material.

From 2 to 30 Megawatts

Engineer Markku Hujala, who is one of those behind the project, says: "A diesel power plant is most competitive within a power range of between 2 and 30 megawatts and therefore does not compete with conventional heating power plants."

The two firms intend to market the producer-gas power plant primarily in Finland, but they also feel that opportunities exist for exporting it to countries that have peat resources or energy forests that grow rapidly. Many developing countries might therefore present possibilities.

The investment cost for a power plant producing 5 megawatts totals about 26 million marks.

11798
CSO: 3109/224

ELF AQUITAINE CHIEF TALKS ON FUTURE REFINERY PROBLEMS

Rome RASSEGNA PETROLIFERA in Italian 30 Jul 82 pp 701-702

[Article: "Gloomy Predictions for the French Refinery Industry"]

[Text] The president of Elf Aquitaine declares that refining destroys the company little by little and that losses for the French industry will equal those of 1981: 13 billion francs.

It is being remarked in recent days in France that for years one has grown used to the dramatic formulas used by oilmen to denounce a situation imposed on price policies by the various French governments which succeeded each other. One heard too often, they say, cries of "wolf." On the other hand, at a time when leaks are multiplying in the vessel of French economy, the refining-distributing sector continues to deteriorate and it represents a problem unlike any other.

This time, however, one would be mistaken in seeing only a sign of great discontent in the declarations made recently by the president of Elf Aquitaine on the occasion of the traditional half-year meeting with financial analysts and the press. For Albin Chalandon the situation is serious, very serious.

The chief of Elf Aquitaine appeared particularly pessimistic. This time the tone seemed different from that of the past. Polemics have given way to a clear and courageous analysis of a future that Chalandon sees decidedly gloomier than uncertain.

Worries are over, he said, because refining determines Elf's future and "destroys our company little by little." The company is compelled to curtail severly its 5-year investment plan shifting it toward a new approach as far as restructuring of the chemical sector is concerned. "The crisis is all over." The United States, however, is on the verge of a comeback and about to regain formidable muscles. Europe, instead, is experiencing the American crisis and in France we are afraid of a stagnation caused by austerity measures.

The situation is made worse by "the industrial weakening of France." The financial situation of companies "is constantly deteriorating." French labor "is no longer competitive." Heavy industries "are using up public savings."

Therefore, "it is absolutely necessary that we control the deterioration of heavy industry" (metal, refining, heavy chemistry). Competitiveness can only come from technology and innovation.

"We must reorganize, diversify, especially by creating large companies like the Japanese, according to macroeconomics strategy." "We must begin to react in this direction."

Is there any future in [oil] exploration? "The business is becoming increasingly vulnerable." Profits are decreasing due to rising technical costs. There are, however, some "gains" in the various ventures carried out in the world, "especially in the United States." Elf has ambitious goals.

Distribution activities are not a total loss, as some believe, "but are very seriously compromised." In Europe large international companies are fighting each other with price wars; furthermore, some companies are offsetting their distribution losses with capital profits.

"This creates in Europe a bad economy of prices, a scandalous situation in the philosophical sense of the word." In France "we are even worse off." We should, however, extend warm thanks to minister Herve' "who managed to give oilmen a rule for the game that had been sought for many years." But "the rule was changed" as soon as it was introduced. In such conditions one fears that this may happen again under price controls.

Refining "determines Elf's future" because if things keep going the way they are, "refining destroys our company little by little. We are wasting away. We are compelled to downgrade our plans. In the petrochemical sector we are dissatisfied with our association with Total. But Elf's commitment corresponds to our needs and our capabilities." For the restructuring of heavy chemistry "we went along with the government setting, however, very specific conditions, but after our talks with the previous minister of industry we reviewed our projections especially with regard to refining where the situation does not seem to be improving at all. This convinced us that we could not increase our financial participation in 1982. "With our plans in mind, we do not see how we could participate more actively in the French chemical industry. One cannot jeopardize company and workers...

We accept the responsibility for the industrial management of a petrochemical conglomerate in which Elf Aquitaine's role does not exceed too greatly its present quota, but we refuse to accept full responsibility for the risk on capital."

It is important for SNEA, the mother company, to continue to have available the funds necessary for carrying out its activities. "Our only protection is to be able to withstand American competition in order to compensate for the financial decline between now and 1990."

Chalandon concluded that "it is necessary to normalize our actions by being more modest in our ambitions."

The Problem of Refining.

Refining, in spite of the introduction of new price policies last May, causes oil companies an uninterrupted financial hemorrage. The formula reacts poorly to the brutal evolution of the costs for the purchase of crude oil especially if only partially applied. On 10 June of this year, the partial application worked because the 6 cents (French franc) level in price variation per liter and product had not been reached. That was so because at the time prices had been set approximately at the minimum of the "tunnel," namely at 8 percent above refining costs. But the parameters used in the calculations which produced this result were those of the previous month and no longer correspond to the situation of the moment. Thus profits for industry after 10 June appeared more than sufficient.

The devaluation of the franc and the substantial increase of the exchange value of the dollar in relation to the franc which subsequently occurred, produced in a few days a much deeper deficit for the industry. Thus the refining and distributing industry suffered a financial loss of 1.7 billion francs in June, due to the effect on the prices at the pump of the 1-month fluctuation in costs. At the end of June for the Elf group alone the loss was about 350 francs per ton versus 120 francs per ton 2 months earlier. It seems almost that the formula backfired. In July, the rise in prices introduced on the 13th of the month but limited to 7 cents per liter for the consumer, represents for the refineries only an increase of 3 or 4 cents per liter, due to the variations in VAT [Value-Added Tax] to be borne by them. The ceiling in the movement of oil prices, accounting for the rise in the value of the dollar which in a month is quite felt, is causing the oil industry additional losses of 2 billion francs, which came to over 8 billion francs for the first 7 months of the year. And it must be said that the formula, without restrictions and without the added burden of VAT to be borne by companies, would have meant additional increases at the pump of 19 cents (French franc) in the price of super and regular gasoline, of 10 cents in the price of gasoil for motor vehicles and of 9 cents in the price of gasoil for heating.

In August, unless the government reviews the system or price controls are maintained, the formula should be applied without restrictions. But this hypothesis, as president Chalandon fears, is not certain at all and, as a consequence, the financial hemorrage previously mentioned could go on. According to quick calculations, losses may add up to a billion francs a month which would bring the total loss for the year to 13 billion francs, namely to the 1981 level. A comeback to a balanced budget for refining appears, therefore, to be always less probable.

In the meantime, even without any knowledge of it, consumers are enjoying an exceptional advantage equal to the losses suffered by an industry which, without doubt, is questioning the coherence of this situation with regard to economic policies on energy that the government increasingly wanted to implement.

9758
CSO: 3104/273

LE GUEN DESCRIBES WAYS TO INCREASE COAL USE

Paris L'HUMANITE in French 27 Jul 82 pp 1, 5

[Article by Rene Le Guen: "To Produce 30 Million Tons of Coal"]

[Text] Reconquering the domestic market, creating productive and skilled jobs and improving working and living conditions are all priority objectives that imply implementation of a bold energy policy. The fight against inflation to put our foreign trade back in balance and ensure the independence of the nation requires that France produce a maximum of its own energy by all the means at its disposal on national soil. Of course, the relationship between the level of growth, its content and the evolution of energy consumption must be taken into account, while at the same time integrating all of the energy conservation that is possible.

The policies carried out by the Right during these last decades have placed our country in a dangerous position of energy dependence in which oil and imported coal have a preponderent place.

We myst radically reverse this orientation by diversifying our consumption of primary energy to reduce the proportion of oil and increase our production as much as possible; nuclear energy, coal and the new longer term energy forms fulfill these objectives.

A true energy policy is inconceivable except in the context of a medium- and long-term strategy that is based on choices made to bring the country out of the crisis and, more specifically, for the implementation of a new quantitative and qualitative growth.

That is all the more necessary because agreements in the energy field most often impose heavy investments, periods of amortization and, in particular, long construction periods.

Therefore, to implement a diversified energy policy ensuring not only the security of supply for France but also its independence, it is necessary to make a significant place for coal among the nation's primary resources.

In fact, coal constitutes the greatest fossile-based energy resource from the standpoint of resources and reserves, both in France and in the world.

While no one can deny this reality, a certain tendency to draw back in the face of the effort to be made can be noted.

Certainly the policy of accelerated regression carried out by the Right has left deep scars, particularly the fact of having interrupted prospecting, weakened the research and technological development potential both in the area of production and in consumption, devaluated the miners' work and done away with training.

That is why the paper L 'USINE NOUVELLE of 7 June 1982 recommends that the contract program that the government is to sign with the French Coal Company [CDF] be part of a real participation in the international rise of coal. It says, "Only the purchase of foreign mines, the development of coal engineering and getting into international sales would allow the technical and human potential of CDF to be developed, while at the same time ensuring France the supply required."

The progress that is possible in the nation's coal operation is totally unknown. Thus, the dangerous reasoning of 10 years ago with respect to oil, which has since failed, would now be repeated for coal, and with even more serious consequences because of the American will to dominate and speculate via the dollar.

Develop Our Reserves

France has its own reserves and resources to be discovered, which allow us to develop a broad coal policy. It has the means to implement it because of the experience and the quality of the workers in the nationalized CDF. We must, therefore, demonstrate the political will by setting realistic objectives. With the victory of 10 May, the regression has been stopped (the production that was supposed to be reduced to 18 million tons per year in 1982 has been maintained at 20 million tons per year, thanks to the action of the miners). We should start at this point and set a time in the 1990's for moving to 30 million tons per year in order to reach 40 million in the 2000's.

That requires certain decisions involving all of the fields, including that of the Nord-Pas-de-Callais:

--Invest in order to improve and extend the operations now underway. For example, it would be contrary to the national interest and to the policy of change not to invest the Fr40 million required over a period of 3 years to open a new cut at Saint-Etienne that could produce at least 600,000 tons.

--Invest to open new workings. Operations should be started on the 250-million-ton minimum estimated 10 years ago at Lons-le Saunier.

--Invest in manpower to allow BRGM [Geology and Mining Research Bureau] to accelerate its prospecting research, which is already revealing new possibilities, at Decize in the Landes, at Manosque, etc.

--Invest in the technology of operation and in the training of men as miners, as shift bosses, as engineers for the future.

--Develop research in the use of coal, in the area of gasification. For example, why should French Gas Company build its first large-capacity gasification unit at Le Havre for imported coal instead of locating it in an area favorable for the use of domestic coal?

These are, of course, only several directions that the contract program to be signed with CDF should take. It is no longer possible to relate the profitability of planned investments to the cost of imported coal, which takes into account neither the social cost of shutdowns in the economic life of the nation nor the multiple consequences of dependence.

Furthermore, on this point the Economic and Social Council has proposed to the prime minister that a task force be created to evaluate the additional price that domestic energy, compared with imported energy, can sustain. This evaluation is all the more necessary because everyone agrees that the methodologies used to make comparisons are questionable.

The West German Example

That probably explains why the West German Government has decided, by legislative means, on the use of German coal at market price in thermal power plants.

If such a measure were taken in France, EDF [French Electric Company] would have to absorb 15 million tons of domestic coal instead of the same quantities imported. And the location of new thermal power plants would not be compromised by the location of unloading ports and would correspond better to the regional diversity of industrial and home needs. That is the case, for example, with the extension of the Vitry power plant, where the construction of a 600-megawatt unit corresponds to the needs of the Paris region.

An energy policy cannot be a matter of episodic sensitization. It requires continuity in the application of middle- and long-term objectives, which explains the continual interest that the French Communist Party takes in it.

9969
CSO: 3100/886

NEW EIB LOANS FOR ENERGY, INDUSTRY, TELECOMMUNICATIONS

Rome RASSEGNA PETROLIFERA in Italian 16 Jul 82 p 659

[Article: "EIB Loans for Italy"]

[Text] The European Investment Bank granted Italy new loans for a total value of 327.400 million ecus (470.7 billion lire), to be invested mostly in the energy sector. The largest share of this loan, 255.500 billion lire, benefits from a 3-percent discount in interest to be charged to the EEC's [European Economic Community] budget.

The financed projects involve the following sectors:

1 - Energy; natural gas and oil:

a) 134.500 billion lire loaned for investments carried out by the ENI [National Hydrocarbons Agency] group.

- 120 billion lire to one of ENI's subsidiaries, ISNAM, S.p.A. [National Gas Pipeline Company] for the completion of a 260-km portion of the Italian-Algerian gas pipeline between Melizzano (Campania) and Civita Castellana (Lazio).

- 9 billion lire for the purchase of equipment for deep drilling, soil exploration and utilization of gas and oil fields by another subsidiary, SAIPEM S.p.A.

- 5.5 billion lire for the construction by SNAM S.p.A of a 30 km gas pipeline in Friüli that will be linked with the Tag gas pipeline carrying gas from the Soviet Union.

b) Energy conservation by industry, organization of the infrastructures necessary for the production of energy--50 billion lire loaned to IMI [Italian Credit Institute] in the form of two global loans (similar to a line of credit).

The largest share, 30 billion lire on loan for 8 years, will be lent out to industry for the purchase of equipment that will allow a more rational utilization of energy in the productive cycle, for the implementation of the

measures necessary to replacing gas and oil with coal or other sources of energy. The global loan could be used also to finance the industrial production of equipment necessary for the conservation of energy or the utilization of alternate sources of energy. The second global loan, 20 billion lire granted for a 15-year period, will contribute to the financing of investments for the infrastructures necessary for the production of primary energy, for the utilization of the Community's energy resources or for the import of energy as a substitute for oil. These funds can be used also for infrastructure works requiring a more rational utilization of energy (as for instance networks for home and commercial heating, distribution of natural gas, thermal plants where waste can be burned, recycling of material with high energy content).

2 - Small and medium-size initiatives. Three global loans for a total value of 110 billion lire granted to finance the start or the expansion of small and medium-size industrial concerns:

- 60 billion lire to central Mediocredito (for a 10-year period) for investments in North and Central Italy regions having development problems;

- 30 billion lire (for a 12-year period) to central Mediocredito for investments of the same nature in the South;

- 20 billion lire (for a 6-year period) to IMI which will lend the funds out to eight leasing companies operating in the South. It is the first time that EIB grants a global loan to contribute to the financing of this type of leasing.

3 - Telecommunications: 110 billion lire granted to SIP, Italian Telephone Company;

- 100 billion lire for the improvement of the telecommunication network in Calabria, which includes service to be extended to approximately 67,000 new customers, most of whom reside in isolated areas;

- 10 billion lire for new maintenance work on telecommunication installations in Campania and Basilicata damaged by the earthquake in November 1980.

9758
CSO: 3104/276

GOVERNMENT OIL FIRM ESTIMATES PROFIT FOR 1982 OPERATIONS

Oslo AFTENPOSTEN in Norwegian 24 Aug 82 p 33

[Text] Stavanger, 23 August. Statoil expects a profit before taxes and annual settlement of accounts of about 3 billion kroner for the current year. Taxes are expected to come to 2 billion kroner so that the net result after taxes and settlements will be about 700 million kroner for 1982, according to information available to AFTENPOSTEN. The corresponding result last year was 1090 million kroner. The combined sales for Statoil companies in 1982 appear to be approaching 16 billion kroner. This means that Statoil again this year will not pass Norsk Hydro and take over the position of Norway's biggest firm. Norsk Hydro expects this year's sales to reach about 19-20 billion kroner.

It was emphasized to AFTENPOSTEN, HOWEVER, THAT Statoil's forecasts will depend on several uncertain factors such as development of oil prices, exchange rate of the American dollar and how production at Statfjord proceeds. A strike by the employees on the permanent installations in the North Sea will quickly result in reduced profits for Statoil and reduced tax income for the state.

Statoil's calculations for the first half of this year, which have not yet been published, show a net result of almost 400 million kroner after taxes and annual settlement of accounts. Before taxes and settlements the profit is well over 1 1/2 billion kroner.

The results for the first half year are somewhat over the forecasts the company originally published. This is because production at the Statfjord-A platform expanded very favorably and rose above the original forecasts. Furthermore the high rate of exchange for the American dollar more than compensated for the decline in crude oil price in dollars which was paid in the first 6 months of the year.

For 1981 Statoil had a profit before taxes and annual settlement of accounts of about 1.9 billion kroner. The company paid 352 million kroner in taxes. The decline in the net result after taxes and annual settlements from 1981 to 1982 is because the increase in profits before taxes and settlements was more than eaten up by the increase in taxes, which for 1982 were over 2 billion.

9287
CSO: 3108/150

EXPORT EARNINGS FROM OIL, GAS UP TWENTY BILLION THIS YEAR

Oslo AFTENPOSTEN in Norwegian 24 Aug 82 p 33

> [Text] Stavanger, 23 August. The total value of Norwegian oil and gas exports can reach well over 50 billion kroner this year if production continues to be normal and prices hold at their present level. The latest figures from the Central Statistical Bureau show that the value of exports in the first 7 months of this year have already reached 20 billion kroner.

The latest official forecasts from the revised national budget which was released in May indicate a combined export value of 40 billion kroner for this year. Exports told AFTENPOSTEN that a favorable development of production and a high dollar exchange rate so far this year will lead to the final number reaching 10-12 billion kroner higher.

A part of this difference is due to the safety margin that the authorities use in their forecasts. These figures also presuppose that there will be no strikes on the permanent production platforms such as the Operating Employees Union (OAF) warned of on Tuesday. A lengthy production stop at Ekofisk, Frigg and Statfjord as a result of a possible strike could reduce the estimates considerably.

Low prices on the so-called spot market have recently created a certain pressure on the official prices of member countries in OPEC. OPEC's special committee which watches the market situation decided, however, at its meeting in Vienna on Friday to maintain the official production ceiling of 17.5 million barrels per day until further notice. The chairman of the committee, Oil Minister Mana Saeed al Otaiba from the United Arab Emirates, rejected all suggestions that the price of Saudi Arabia's light crude, which is the basis for OPEC's price system, would be changed. Until the next OPEC meeting on 20 September OPEC will study the possibility of increasing the price difference between the lightest and the heavier oils. Director Jarle Erik Sandvik of Statoil said that there would soon be an end to the large reductions of oil stocks which have taken place in recent months. Then the OPEC countries can increase their production somewhat, but there can hardly be any strong increase in the total demand, he said.

Price development for the rest of the year will largely depend on whether OPEC countries stay within the recognized quotas, or if several of the countries will try to sell their oil through different forms of rebate or through sale on the spot market at prices below the official price.

"The prospects for a certain increase in OPEC production as a result of the extra large stocks being reduced will reduce the probability of a price decline this year," said Sandvik, who also emphasized that the high dollar exchange rates have caused the prices now paid for Norwegian oil, measured in Norwegian kroner, to be higher than ever.

The value of Norwegian oil export in the first 7 months of this year totaled 17.5 billion kroner, a decline of 1.7 billion kroner when compared with the same period last year. The difference is primarily because of short production stops at both Ekofisk and Statfjord in May-June this year. On the other hand gas export increased from 9.6 billion kroner to 12.5 billion kroner.

9287
CSO: 3108/150

WAVE OF BUSINESS BANKRUPTCIES BLAMED ON MANAGEMENT

Hamburg DER SPIEGEL in German 16 Aug 82 pp 25-28

/Unattributed article: "Management Is the Weak Spot"/

/Text/ Anyone wanting to speak to Hans Ringwald on the telephone must be lucky, if he catches the lawyer on the first try. The fact is that Ringwald can rarely be found at his Stuttgart office these days.

Ringwald is one of the top insolvency administrators—the specialists who handle bankruptcies and settlements. His recent customers included Dual, the record turntable manufacturers, and the Goetz metal construction business. No wonder he is hardly ever at his desk.

Ringwald and his colleagues are certainly not hurting for business. Ever since the Bundesbank instituted its high-interest rate tight money policy; ever since economic growth began to stagnate and real income began dropping more and more businessmen have had to appear in bankruptcy court and to open their doors to the administrators.

Officially, 11,653 bankruptcies and settlements were registered in the FRG in 1981—one-fourth more than in the previous year and a record.

Last year, according to Creditreform, a business information bureau, 305,784 persons lost their job because their employers went bankrupt. The bureau estimates the losses to the economy in terms of unemployment, default and destruction of assets to amount to "at least DM 18.5 billion."

For that matter, business mortality will not soon come to an end. "The potential for bankruptcy is so great," says Friedrich Wilhelm Carstens, spokesman of the Deutsche Bank board of directors, "that many times we simply cannot believe how many sound businesses might still run into trouble."

The new wave of bankruptcies has hit firms big and small all across the FRG including Luebeck nonferrous smelting, Hanover office supplier Pelikan; Berta's wax goods factory in Fulda, dido's animal farm in Cologne; the Erbach 05 gymnastics club and the Costa Blanca tennis club in Hilden.

AEG is just one case among many, albeit the most important by far. Rollei photo manufacturing went out of business as did the European publishing house in Frankfurt and the sanitarium belonging to the Frieda Klimsch foundation in the Black Forest.

It is already apparent that the 1981 record will be broken this year. If the trend registered during the first half of this year continues, there should be 16,000 bankruptcies this year.

Never before in the 33-year history of the FRG has there been such a mass collapse. Not since 1931, when the Danat Bank collapsed following the bankruptcy of Northern Woolen Mills and when the number of unemployed and subsequently the number of brownshirts grew by leaps and bounds have there been as many business failures in Germany.

Many things are different today than they were in the early thirties. But the justifications those who have failed are offering have remained the same. The blame for the debacle is laid at the door of the government.

"Our businesses are going under because the government is taking our money," was the slogan chanted by businessmen who demonstrated in Nuremberg last May. As far as anyone can tell, it marked the first and thus far only demonstration by businessmen in the FRG.

Once again legends are being spun about the doughty businessman who goes bankrupt because conditions are bad or about the sound business that goes under because of high interest rates, taxes and wages—because of all the things that go by the name of background conditions today.

Whatever these background conditions may be about, one thing is certain: In the final analysis, it is the politicians who are made responsible for the sorry state the businesses are in.

In a poll conducted among its members by an association of employers dealing with wholesale and foreign trade, "political factors" were given as the main reason for business woes. The interest rates are so high, it was said, because the government was borrowing too much money from the banks. And on top of that, there is a "tax policy hostile to efficient operation."

Aside from government at all levels, the other major culprit are the labor unions. The metal trades employers association, for example, states that the "aggressive redistribution policy of the labor unions" is to blame for the "plunge into the abyss." What the association failed to mention was that the workers have been earning less in real wages over the past 2 years than they did before.

One explanation is missing from the business list of grievances—the admission of their own mistakes.

The managers have just recently had their unremitting high proficiency confirmed for them by an "analysis" prepared by the industry-financed German Business Institute. "If 'management errors' were to blame," the Institute concluded, "then the leadership qualities of German management would have had to decline by half over the past 3 years, since the number of business failures has almost doubled during that period." The "general situation," they said, was to blame for the sharp increase in bankruptcies.

To be sure, the situation is none too rosy. Investment goods producers suffer from lack of capital and from skepticism about the future on the part of their industry customers. Producers of consumer goods are adversely affected by a general unwillingness to make purchases, by declining real income and worry about the future on the part of the average citizen.

Some businesses—especially those which work with little capital of their own but with lots of expensive short-term credits—are particularly hard hit by by continuing high interest rates. And without a doubt, the high cost of wages and social services in this country makes it difficult for some labor-intensive manufacturers to keep pace with Far Eastern competition which can rely on cheap labor.

But it makes no sense to think that adverse conditions exist only in the FRG. Some years ago, multinational companies like Hoechst and VW were continuously exporting capital for new plants into supposedly high-profit areas such as once vaunted Iran, Brazil or the United States. These days, the managers have something to crow about, if the homegrown profits of the parent plants are sufficient to make up for the losses of their woebegone foreign subsidiaries.

Nor does it make any sense that the same general conditions are deadly for some firms but not so for others. Electrical manufacturers like AEG and Bauknecht are faltering while electrical manufacturers such as Bosch and Siemens are doing well. Salamander of Kornwestheim is getting along well in the difficult, stagnating shoe business while the Pelikan company goes under although the office supply market is expanding.

Looking for alibis, it seems, is just one way for the managers to gloss over their own shortcomings and weaknesses. In fact, it is the mechanisms of the otherwise highly praised free market economy which draw the line between winners and losers in the final analysis.

The collapse of business firms is as much a part of capitalism as long lines of consumers are a part of socialism. In market economies, wrote economist Werner Sombart at the turn of this century, "there is a selection process taking place among the entrepreneurs as well as among business firms themselves. Only the strong survive. Everything weak, rotten and frail that was swept along in boom times falls by the wayside."

Economics Minister Lambsdorff looks at things much the same way today: "The entrepreneur must cope with the structural changes of the market economy even if he can only do so by going through a painful adjustment process which may involve temporary losses."

The boom years are over—when even the not-so-bright entrepreneur was able to make a profit on borrowed money and when the chaotic business practices of many a manager were covered over by constant growth patterns.

But once structural changes turn into a structural crisis wrong decisions can no longer be papered over. The particular business firm is then selected out by the market itself—and certainly not by the government.

Publisher Hermann von Schroedel-Siemau, for example, went under in style as thousands of others do these days in this country. When the schoolbook publisher closed his doors at the end of 1981, he left behind unpaid bills amounting to DM 77 million. The Hanover publishing house was no longer able to pay wages and salaries to its 450 employees. Some 1,800 authors were left high and dry as Deutsche Bank refused to extend further credit. "Bankruptcy is a very ugly business," the publisher said wrily.

Schroedel-Siemau incurred the huge losses when he tried to diversify his otherwise moderately successful schoolbook publishing business. For DM 8 million, he bought the non-fiction publishing house of Econ, which also includes the Claassen and Marion von Schroeder publishing companies.

While the mass distribution of school texts ran almost automatically via the education ministries of the various Laender, the new situation called for totally different marketing approaches and distribution channels. Every new non-fiction customer had to be dealt with separately—but how this is done Schroedel did not know.

There was an even greater miscalculation when the publisher tried to "Europeanize" his textbook program. The foreign subsidiaries he set up to offset lower print runs due to the low birth rate generation influx into the schools lost millions.

A Paris subsidiary, capitalized at DM 10 million, did not pan out. In Spain, Schroedel lost DM 15 million. The Vienna branch, he said, "has worked out quite well" although it is "still in the red."

The once flourishing firm which realized double-digit profits for years went down by stages as a result of the divers experiments of its owner. It turned out to be extremely difficult for bankruptcy administrator Egon Kretschmer to keep assets and liabilities apart. "I was literally at the end of my rope," he later said.

Over the past 10 years, Kretschmer found, the publishing house still made DM 21.5 million in profits but during that period Schroedel spent DM 83.7 million of the firm's assets. Just the same, Schroedel did not permit the poor state of his business affairs to interfere with the good life he was leading.

Kretschmer drily listed all the other investments the publisher had made: two villas complete with butler and staff in Hanover; apartments in Basel, Vienna, Paris and Madrid; a castle complete with hunting preserve and a forester in Franconia; a private jet plane and pilot; a yacht in the Mediterranean; one Mercedes 450 SEL and one 500 SLC coupe; a hotel on the Schlei river complete with yacht harbor and sailing school.

A bankruptcy study by Commerzbank lists a number of typical "management mistakes in large family enterprises" as for example Friedrich Jahn's Wienerwald fried chicken chain; the Pelikan group belonging to the Beindorff family and the refrigator plant owned by the brothers Gert and Guenter Bauknecht. The list could easily be expanded.

"The first weak spot is management as such," says Karl Baumgartner, a management consultant from Sindelfingen, "in the sense that it either did not develop a strategy for stagnating or shrinking markets or did so too late."

But the managers continue to trust in quantitative growth even when sales start to stagnate. And if sales volume drops, the best thing is to come up with new products.

But a wider range of products may not always be the way out. Unless real innovations are presented and if the firm engages in too many individual activities, "a crisis may well come about automatically," says Baumgartner.

The Bremshey company of Solingen, for example, gave up its ghost at the ripe old age of 120 for this very reason. The descendants of founder Caspar Wilhelm Bremshey were no longer able to hold on to their inheritance. Now, the plants are being liquidated and cannibalized.

Two products had made the Bremsheys world-famous: the "Knirps" folding umbrella and the "Dinett" folding table. Both patented products became generic terms for consumers.

In the early seventies, the firm decided upon adding to its worldwide reputation by introducing new products such as pocket umbrellas, carpet sweepers, automobile seats, exhaust pipes, steel tube furniture, heater components, cosmetic boxes, electric shavers, hospital beds, household articles, store interiors and TV tables.

The result was that Bremshey got a lot of orders; but to the dismay of the stockholders the losses just kept on growing. In the end, the owners decided to close up shop by the end of the year.

Bremshey diversified too much and invested too little was the conclusion reached by chief accountant Aloys Kordes as he summed up a decade of wrong decisions.

Ludwig Trippen, chairman of the board of Westdeutsche Landesbank, once listed "some recurrent mistakes" of family enterprises run along patriarchal lines. The bank has had a great deal of experience with bankruptcies in the construction industry and the middle classes.

"Sales volume," Trippen said, "unfortunately is still frequently confused with profits." When financial or investment plans are made, they are usually "improvised." The firm's business capital is "kept low at the expense of private wealth." The books are so intricately kept for tax reasons that "the entrepreneur himself cannot make head or tail of them."

"For another thing," he said, "middle-class entrepreneurs in many cases are technicians or artisans by trade and therefore do not know too much about business or perhaps do not even care."

In a study on causes of bankruptcy, the Institute for Middle-Class Research in Cologne reached similar conclusions. The research organization looked into 2,300 cases of bankruptcy which occured during the big wave of bankruptcies in the middle seventies.

The findings are "clear," the researchers said. The firms go under not only because of the oft-cited general situation but because of poor management. "In most cases, the collapse of the firms is due to wrong managerial decisions," the study said.

The researchers called the lack of entrepreneurial proficiency and of proper information and management "disastrous." The cause of bankruptcy "more often than not," they said, "was the personality of the entrepreneur himself." In 20 percent of the cases, the institute said, the businessmen in question suffered from "character deficiencies."

The external symbols of such inner weaknesses include big company limousines primarily being used for private pleasure and inordinately high expenditures for a variety of hobbies. Such outlays often exceeded the firms' capability to realize profits.

When their financial troubles went from bad to worse, some owner/entrepreneurs did not shy away from breaking the law. "The records often showed," the institute said, that the entrepreneurs resorted to larceny and manipulation of promissory notes.

Rudolf Mueller, the Hof public prosecutor, believes that "criminal acts are committed in 80 to 90 percent of all overt and covert business failures." In order to save his firm from going under somehow, the owner tries to mislead the banks by producing fake balance sheets and the suppliers by giving them uncovered checks.

Most of the fraudulent bankrupts take flight as it turns out. Official statements say that the number of those leaving the country is on the rise. The notation "present whereabouts unknown" applies to Duesseldorf building control firm owner Wilfried Teppler and to fashion clothes manufacturer Peter Warnke. Berlin architect Dietrich Garski, who brought down the socialist-liberal city government when his firm collapsed, fled to Toronto.

Eckhard Hoffmann from Wiesbaden, who went bankrupt, fled to Caracas. Hoffmann left two firms in the lurch--Lendle & Co and GTG, a dryer and equipment business. Both plants have since been cannibalized by irate creditors under cover of darkness; 100 employees were never paid and DM 20 million in debts were outstanding when Hoffmann made good his escape.

Hoffmann defrauded a number of customers more than just once. In doing so, he employed a financing scheme that is in wide use now—sale-lease back.

Under these schemes, leasing firms purchase plant machinery or even entire plants and then turn around and lease them back to the seller.

Hoffmann closed about 30 of these leasing contracts—in most cases for plastics machinery worth between DM 400,000 and DM 600,000. But it was the same machinery every time—12 pieces of equipment altogether. German Equipment Leasing of Mainz and UTA Leasing of Aschaffenburg each went ahead and bought the machinery from Hoffmann several times.

That worked very simply. Hoffmann merely changed the serial number on the particular piece of machinery and since the leasing firms never checked, State Prosecutor Dieter Arlet feels that the firms "share some of the guilt," even if they were the injured party.

Be it a clean bankruptcy or a tainted one, there is one thing that applies to every business failure: it destroys production capital that might have benefited the economy and it makes for a loss of jobs.

Some bankruptcy administrators try to save at least some parts of the firms that have gone under. Bremen administrator Hans Richard Schulze says it is their aim to help the firms "go on in spite of bankruptcy." That is why they attempt to calm down the creditor banks and to get government to provide bailout money.

In such cases, the administrators turn into entrepreneurs themselves. Gunther Gustafsen from Hamburg, for instance, kept the coking plant of the Luebeck Nonferrous Metal Works going for a year under fire. Horst Pitroff from Nuremberg turned hotel manager in Murnau in Bavaria without wanting to at all. "If I have to close down," he said, "the place will be a shambles."

Buyers for firms that have gone bankrupt are rare these days and if one is found—as in the case of hi-fi manufacturer Dual—he does not buy the whole business, Ringwald says, "but just a share of the market." The new owners are less interested in the physical plant than they are in the established trade name.

If no buyer can be found, the government is expected to jump in with money and loan guarantees. Fearing for endangered jobs, the economics ministers of the Laender do come up with taxpayers' money despite official denials. In the forefront are CDU/CSU ministers Anton Jaumann in Bavaria and Birgit Breuel in Lower Saxony.

"We must liquidate fewer firms and get more back on their feet," says Hans de With, a state secretary in the Bonn ministry of justice, whose department is working on a reform of the bankruptcy law. But to get a firm back on its feet costs money—lots of money as the AEG example has just shown.

If the demise of viable firms can be prevented without the government's or the banks' pouring too much money into them to tide them over, then that makes eminent sense from the overall economic point of view. To shut down a firm like Pelikan—which was sucked dry by its greedy owners—would have made sense only to market economy purists.

In principle, however, the demise of firms no longer viable is part of the rules governing the competitive system. Any artificial resuscitation of the ailing firms, says Germany's best-known bankruptcy court justice Wilhelm Uhlenbruck from Cologne, "has an utterly detrimental effect on the economy as a whole." In the final analysis, all government aid is granted at the expense of more efficient competitors and may in fact lead "an entire industry to the brink of ruin."

But such insights apparently do not mean much to those who have done just that to their firms.

Hans Friderichs of Dresdner Bank, an FDP man, and Heinz Duerr of AEG, a CDU man, did not feel embarassed about going begging to the government after their attempt at a "market economy solution" for AEG's problems had failed. And the Brothers Bauknecht from Stuttgart along with the Beindorff clan that runs Pelikan all went begging to Bonn as well.

Entrepreneurial failures have to be straightened out by government. That may not be part of pure market theory but rather of those general conditions many a manager feels he needs to partake of.

9478
CSO: 3103/655

FIRMS LOSING TO JAPAN, CANADA, UNITED STATES IN AFRICAN MARKETS

Paris L'USINE NOUVELLE in French 22-29 Jul 82 pp 35-41

[Article by Eric Lecourt: "French-Speaking Africa: The End of Private Hunting Grounds"]

> [Text] France is still the number one trading partner throughout French-speaking Africa. But for several years newcomers have been nibbling at our markets. The United States, Japan, Canada and Brazil are little by little taking over our former commercial strongholds. In order to keep control of these markets, France must henceforth use the same weapons as its competitors.

Monday, 5 July. Algeria is celebrating its independence. In Algiers the white, which has never deserved this adjective more because the buildings have been bleached so much to celebrate this 20th anniversary, the entire population has eyes only for the War of Independence memorial, erected on the heights of the city by the Canadian firm Lavalin.

In the port, at the foot of the monument, on the Finnish boat-hotel where the managers, foremen and skilled workers who came from Canada to build this elegant concrete structure are staying, there is also a celebration. For several days, maple syrup has been flowing nonstop on the pancakes. The Canadians kept their wager: Less than 9 months between the signing of the contract and completion. And what publicity for their technology and their firms! The memorial rises on the heights of Algiers like the Eiffel Tower in Paris.

Wednesday, 23 June. Cameroon has been eliminated. In Spain, the "unbeatable lions" will face the "squadra azzurra" and play their qualifying game for the second round of the world soccer championship. The country's ears are glued to their transistors. The Cameroonians, who have just decided on the Pal color system, do not yet have television, even black and white. A godsend for the Japanese, who have flooded the country with stereo radios and chased off French

equipment. Even better, on the Boulevard of Liberty in Douala three or four Cameroonians would gather to listen, most often in stereo, to their team's exploits while comfortably seated in air-conditioned Japanese cars.

Sunday, 9 May. In the Boeing of Royal Air Maroc which is taking me to Rabat, there are a lot of tourists headed for Marrakesh and several businessmen relegated to the back of the cabin. The dominant language: English. I cannot escape it. The person next to me, from Houston, has a very typical accent that hides his French origin. He has worked for 10 years for Bechtel (until his appointment, the new American secretary of state, George Shultz, was president of this firm of 120,000 involved in various activities such as construction, engineering and so forth) and is accompanying an expert from the Agency for International Development. Together they are going to help the Moroccan minister of energy evaluate the recently discovered natural gas resources.

Are these merely anecdotes gathered during a report on French-speaking Africa? Not entirely. From the shores of the Mediterranean to the Gulf of Guinea, an American, Canadian, Japanese and even Brazilian presence is noted. In the hotels, these newcomers more and more often occupy the room next to the French, and they are not inactive in the field.

Between 1975 and 1980, our share in local imports in Algeria fell from 33.5 percent to 22.2 percent. In Tunisia, for the same period, from 34 percent to 25 percent. In Black Africa, the decline is most marked in the Ivory Coast from 1976 to 1981, our share of the market went from 38.6 to 33 percent.

An inevitable change. French firms are feeling the effects of the political will of these young republics that are very concerned about diversifying their suppliers. The cruel words of Libyan Col Mu'ammar al-Qadhdhafi have not been forgotten. "It is useless to send your diplomats to Africa," he stormed "Your ambassadors in Paris suffice!" Upset by such words, the African presidents made it a point of honor to increase trade partners. In the Maghreb, the reasons may vary but the concerns are the same. "The persistent deficit in our foreign trade obliges us to increase the volume of our exports and therefore to import from countries which have the fewest trade barriers against our products," clearly explained Azzedine Guessous, Moroccan minister of commerce, industry and tourism.

Since 10 May, this movement has accelerated. Surprised by the election of Francois Mitterrand and by the reorientation of French foreign policy both toward the Maghreb and Black Africa, all the nations of this continent (except for Algeria, which just signed a cooperation agreement with France) are eager to establish new relations. "I will not be the minister for Africa,"reiterated Jean-Pierre Cot, minister delegate for cooperation. From Rabat to Douala, everyone drew the necessary conclusions. Especially our competitors.

"The attitude of the French in Africa has changed. Their foreign policy has become less politically motivated. This modification has profoundly changed economic relations. France has become a trading partner like any other. Its commercial bids are judged on economic criteria and no longer on political ones. Competition is really beginning to be a force," according to the analysis of a West German ambassador stationed in Black Africa. A breach has been opened in the French fortress, and the "Gang of Four" is hurrying toward it, but with very different strategies.

The American Steamroller

To counterbalance the Soviet presence on the black continent, the Americans are arriving in force: numerous official visits, increased military credits (in Tunisia they will reach $140 million in 1983, compared to 85 million currently) and many trade missions. The largest, in January, included about 30 businessmen led by Malcolm Baldridge, secretary of commerce. During this trip the United States clearly registered its regional priorities (the mission stopped in the Ivory Coast, Cameroon, Morocco and Nigeria) as well as its priorities by industrial sector (energy, telecommunications, mines, public works). Options for big business. "Only our multinationals are debarking in Africa," confirmed Duane E. Sams, chief of the American economic and commercial office at Yaounde.

In the first place: oil firms. With massive investments and shrewdness they have taken the place of the French in the Ivory Coast. Elf, which left in 1977, pulled out just before the discovery of the Belier and Espoir oilfields. The first, developed by Exxon, has a daily production of 40,000 barrels. The second, in the hands of Phillips Petroleum and, according to some estimates, twice as big as the first, should be operational in a few weeks. In addition, a number of parapetroleum firms (Sedco, Weatherford, Eastman Whipstock, etc.) have established bases in Abidjan, footholds which allow them in one stroke to supply the needs of two other French-speaking producers in the zone, Gabon and Cameroon.

Like the oil firms, manufacturers of public works or telecommunications equipment have also captured a place in the sun. Here again, the adventure was attempted by only the goliaths of American firms, such as Caterpillar, Hyster or Motorola. Faced with the limited local market, only multinationals have enough resources to afford ringside seats.

When you sell industrial equipment on these micromarkets, establishing an efficient after-sales service means costly investments. To make them profitable, there is one imperative: to penetrate the market to the maximum. This is the steamroller strategy. "American firms have pulled out all the stops to become the uncontested leader," noted Gerard Moncho, manager of the Cameroon branch of the African Equipment Company. In Cameroon, Tractafric, Caterpillar's representative, has an airplane available 24 hours a day to help our foresters or isolated clients in the bush.

Another strategy followed by the Americans that meets the same goals is direct industrial investment. In Morocco, General Tire and Goodyear did not hesitate to build two production units. In 1981, the two of them alone held over 98 percent of the local market. Protected by customs barriers, they are holding their competitors off. Aside from a few specialty tires, Michelin sells practically nothing.

On the electric battery market in the Ivory Coast, which had always been held by Wonder, Union Carbide has upset everything. A factory built in Abidjan (producing 500,000 batteries a day) and especially an aggressive sales policy (a distribution network covering 99 percent of the Ivoirian territory and advertising geared for local consumers) got the better of the French. Currently the Americans hold 80 percent of the market. "We do not establish ourselves in a country unless we are certain we will acquire a sizable share of the market," declared Jan Posma, director of Union Carbide.

Their establishment is often helped by a dense banking network. "We most often precede our businessmen in a country in order to collect information and prepare the ground," stated an official at the Citibank in Casablanca. In Cameroon, although the American commercial offensive is still germinal, the Chase and Boston banks have already opened offices. Bank of America is on the point of joining them. The structures are in place, ready to channel the flow of multinationals from the other side of the Atlantic.

The All-Purpose Japanese

The Atlas Tower in Casablanca. The sogo shoshas have colonized this new building, the largest in the city. Marubeni on the fourth floor. Sumitomo on the fifth. Mitsubishi on the 15th and Nissho Iwai on the 16th. The building has become a hive. In Morocco as everywhere else, the Japanese are combing the market looking for the slightest piece of information. "We spend more time observing than selling," insisted Fumio Aida, comfortably installed on the 15th story of the Atlas Tower.

The observations never lie dormant on the desks. Tokyo is constantly informed. Between the branches and headquarters, the telex crackles continuously. "If the solution is not in Japan, we immediately turn to our foreign offices, especially our European ones," he explained. This organization pays off. In May, Mitsubishi snagged the construction of a large sugar refinery that Fives-Cail-Babcock was hoping to obtain. In March, Mitsui, in association with the Spanish, got the largest industrial contract in Morocco: 1.2 billion francs for the construction of six sulfuric acid production plants. To the detriment of Spie Batignolles and Heurtey.

When the Japanese cannot penetrate a market with their traditional products--in Morocco, imports of automobiles and hi-fi equipment are limited--they

systematically keep track of all tenders and have a predilection for cement plants (Kawasaki has already built some in Tunisia), and steel or para-petroleum complexes as in Algeria. At the present time they are ready to make concessions in order to become established and prepare the future, but also to strengthen their credibility in the eyes of local subcontractors whom they include in their bids. "To establish their position, the Japanese are forced to win two or three large contracts even if they merely break even," emphasized Azzedine Guessous.

After having concentrated on industrial projects (Marubeni has just obtained the construction of a GPL [Liquefied Petroleum Gas] unit in Hassi-R'Mel), the Japanese are already in line with the open policy of President Benjedid Chadli. "We are ready to put pressure on consumer goods," revealed Hiroshi Inoue, in Algeria 15 years. The head of C. Itoh's office (50 employees, including 10 Japanese), he is looking for new locations. "Africa is a difficult market for us. We are bothered by the distance and by ways of thinking very different from ours, but we have known how to adapt. We now have specialized teams of salesmen and engineers for the French-speaking markets," he added.

Unceasing Adaptation

Their entry into the automobile market marvelously illustrates the Japanese faculty for adapting. In the city, then on the highways, the yellow tidal wave has swept away French manufacturers. In the Ivory Coast, the market turned around in 10 years; Japanese vehicles today account for 65 percent of registrations, compared to 2.4 percent in 1971. In Gabon, four out of five vehicles sold are Japanese. A feat accomplished thanks to the French international trade companies! On the Ivoirian market, SCOA [West African Trading Company] distributes Mitsubishi, CFAO [French Company of West Africa] markets Subaru and Isuzu, and Optorg represents Mazda. Former French trade offices present French and Japanese vehicles in the same exhibition hall. "We had no choice," they say. "We had to accept the Japanese automobiles or perish."

But how can you explain that a French importer openly favors the competition? In the daily CAMEROON TRIBUNE of 6 December, the theme of a 10-page supplement was the local automobile market. Socada (SCOA firm) took advantage of this to run a half-page ad for Mitsubishi cars. But nothing for Peugeot, which it also represents!

It must be added in its defense that no French builder, tire manufacturer or accessory supplier thought to advertise itself. The Germans, the Japanese and even the Americans did not miss such an occasion.

In the automobile industry, as in all sectors that they explore, the Japanese are constantly alert. In his offices near the port in Douala, Jean-Max Teissier, general manager of R. W. King (turnover: 400 million francs), an

American trade company that chiefly distributes Hyster and Datsun, explained, "The Japanese follow the market perfectly. We supply them with statistics on competition, especially on sales of other Japanese brands. Besides, our trade objectives have now changed. For Datsun, it is no longer a question of nibbling at the French market, but at Toyota, the leader."

To maintain their pressure, the Japanese are always available. On a small bus, the ground clearance was too low. Less than a week after sending a telex, Jean-Max Teissier received Datsun's reply. "After having our technicians study your problem, we are going to modify our assembly line." With the same seriousness they penetrate the markets for public works equipment (Komatsu) or for lift trucks (Toyota).

In Libreville, Hatton and Cookson distributes forestry and public works equipment (Canadian and American) as do Datsun and Land Rover. This former trade office, a subsidiary of Unilever, gave up its traditional operations because of competition from Gabonese firms and turned to durable goods. Its general manager, Arnaud Blech, who praises the finished quality and durability of Japanese cars, thinks that the Japanese penetration is here to stay. "To reverse the trend, shock tactics are needed. The French do not yet have anything with which to confront the Japanese."

The French "Made in USA" From the Canadians

The reputation of Canadian financing no longer needs to be established. When the Canadian Agency for International Development [CAID] is interested in a project in Africa, the Office for Foreign Economic Relations [DREE] in Paris is worried. Encouraging a progressive third-world policy, Canada offers unbeatable financial conditions. The famous "0, 10, 40" (no interest, payment deferred for 10 years, and reimbursable over 40 years or sometimes more) is unbeatable.

"Rather than signing huge financial protocols, we choose projects that interest our firms and we set up appropriate financing," indicated Canadian trade advisors. Railroad networks, electrification, port and airport improvements, civil engineering and equipment for forestry development--Canada has known how to select outlets adapted to the French-speaking African market. The approach is simple and outrageously good.

"When we arrived in Africa in 1969, CAID supported us," admitted Philippe Y. Lalonde, vice president of Lavalin (200 million francs turnover on African markets, compared to 15 million 10 years ago), but he hastened to add, "Now I earn over three-quarters of my turnover without its help." He is not alone. In the Ivory Coast, Dessau SNC [National Construction Firm] is participating in the rural electrification of the northwest. In Morocco, Champion, Ingersoll Rand and International Harvester Canada are currently delivering over 200

million francs worth of public works equipment. In Douala, it was again Canadian firms that helped to expand the port.

But these financing conditions, although exceptional, do not explain everything. Canadians have American technology with instructions in French. A combination the Africans succumb to, even in the area of railroads, where France has enviable references. "If circumstances are equal. I take Bombardier locomotives. They perform better and are better adapted to our system's characteristics than the French ones," stated Christian Tobie Kuoh, chief executive of Regifercam, Cameroon's railroads, which just received a shipment of 20 Bombardier locomotives and which is waiting for 10 more.

The Canadians play the cards of assistance and training at the same time. "They try very hard in the area of maintenance, and they do not hesitate to train local staff," the Africans, unhappy at seeing the "whites" take over their rights, very frequently point out to the French. A policy that pays off for Canadian firms. They obtained a supervisory contract for the Trans-Gabonese. In Cameroon, the management of the Song Loulou dam, built by the French (Sogelerg, Razel, Neyrpic, Jeumont-Schneider, CGE-Alsthom, etc.) was given to a Canadian.

The Brazilians' Brilliant Improvisation

Present for a long time in Angola. Mozambique and Nigeria, the Brazilians are arriving in French-speaking Africa. Forced to export because their country has a very large need for foreign currency, they unfold the banner of South-South cooperation. In Algeria, they have just signed an agreement to build 100,000 houses in 5 years. "We have a technology adapted to the country and the climatic conditions," explained the Brazilian trade adviser in Algiers. "In housing, for example, we are used to building with a large work force and little sophisticated equipment." But such agreements are still uncommon.

For the moment, Brazil is polishing its weapons. It is opening an embassy in Cameroon. And its banks are getting established. In Gabon, the Banco do Real and the Banco do Brazil have recently set up offices. In the Ivory Coast, these two banks (the first since 1977, the second since 1979) are already offering local clients attractive financing. "We will continue to support Brazilian companies, but it will take some time before Brazil could be considered a serious competitor of France," assured the directors of the Banco do Brazil in Abidjan. Indeed! The constracts the Brazilians are obtaining hurt even more because they are unexpected. In the Ivory Coast they supplied the agricultural machinery for the soybeam plan. In Algiers, the Algerian Galeries department store sells Tama refrigerators and home appliances.

But what bothers the French more are the cars. Originating in Brazil, almost 5,000 Fiat Fiorinos, as many Volkswagen Passats and hundreds of VW Combis

having windshields decorated with a blue sunscreen and the words "made in Brazil" have invaded the streets of large Algerian cities. "Pirates," raged the representative of a French manufacturer. "They underprice and dump and make it up on spare parts." Fortunately, this unfair competition is still limited. As new exporters, Brazilian firms are still committing errors of youth. CBI [expansion unknown], which has durable tractors that meet the needs of the African market, has not been able to get a foothold, because its after-sales service still leaves something to be desired. But in the African countryside, more and more Brazilian rice threshers and spreaders are seen.

In the future with a little more maturity, Brazil could improve its position and become a real competitor. Like the Africans, the Brazilians are experts in the art of improvisation.

From now on, in order to obtain contracts on the African continent as everywhere else, firms must offer the most suitable financing, offer the best price and provide the most advanced technology. A threesome often offered haphazardly by France.

The French Response

"If we could offer the same financing conditions as our competitors, we would win more often," pointed out Jacques-Noel Giacomoni, deputy director of CGE-Ivory Coast. Curiously, French exporters do not blame either the duration of loans or their rates, but the way in which the projects are analyzed and handled. In Cameroon, on similar projects of identical amounts, the French authorities granted a 5-year credit in one case and 7 years in the other, making the client unhappy. "Our financing formulas are more complex and less clear than those of our competitors. Our management is often too logical," the representative from Sofregaz declared in his turn.

The Ministry of Cooperation, the Central Bank for Economic Cooperation, the Ministry of Foreign Relations and the Office for Foreign Economic Relations, all offer assistance and their own conditions. "History prevents us from having an African financial strategy. The Canadians, Americans and others can select the countries and industrial sectors and choose their risks. The French cannot follow them down this path, but, when we have to make an effort to win a deal, we do," replied an official of DREE. In Morocco, for example, France puts money on the table every year. As long as the Moroccans buy French equipment and products, they use their credit as seems best. However, on specific projects where our competitors present special financing, they have every reason to turn to them and keep the blank French check for other activities. "We are making a mistake. We should use our credits to support specific projects," stated Bernard Delahousse, commercial adviser in Rabat.

A Many-Staged Recapture

Unfortunately, the staff at DREE, like the personnel at COFACE (French Insurance Company for Foreign Trade) rarely leave their Paris offices. "They are too often content to invite us to their offices when we are going through Paris," sighed a commercial adviser, obliged to begin by selling "his" contracts within his own administration.

However, when the French stifle their petty local quarrels and forget their differences, things work. In Yaounde in March, Bruno Caron. commercial adviser, stayed up entire nights working on the French financing for the gas liquefaction factory at Lolabe, near Kribi. At the last minute, Technip won out over Air Products. The Americans, in a rage, learned about it from the newspapers. An indispensable victory. "If they had won," emphasized Bruno Caron, "they would have established a bridgehead in this country."

Excellent financing conditions would not cancel out the essential: commercial aggressiveness. Too many French firms have rested on their laurels, leaving the field open to competition. Recapturing these markets requires an immediate change in strategy, but also constant, effective involvement with the economic expansion offices, indispensable links when their work corresponds to the needs of exporters. "I don't look at what we have. I look at what we are missing. For each transaction, I give the impression that the fate of France is in the balance" insists Jacky Sarnelli, commercial adviser in Libreville. In Gabon, RVI [expansion unknown] recently swept a first order for 25 buses away from Isuzu and is awaiting the second (75 other vehicles). For the first 4 months of 1982, RVI's share of the market climbed to 45 percent, compared to 30 percent in 1980. A few weeks ago in Douala, Alsthom and Ateliers et Chantiers de Bretagne obtained a contract to build a shipyard. Encouraging results which illustrate the new strategy developed in Africa by some French firms.

"The French must no longer think that it is enough to just appear to get orders," intoned Christian Barthe, commercial manager of the Optory firm in the Ivory Coast. Commercial efforts are becoming imperative and are beginning to be made.

First: Reorganize sales forces and do not hesitate to go out onto the market. "When the seller starts to slide, I go with him on his rounds," explained Gerard Moncho, who distributes durable goods in Cameroon. In Casablanca, Jean-Pierre Bernex, general manager of Colgate-Palmolive, operates in a similar manner. "I frequently go out in the trucks which sell door-to-door to get a feel for the market," he said. Moncho has 80 percent of the Cameroon compressor market. Bernex has become the leader for shaving cream, soap and shampoo in Morocco.

Second: Improve products and broaden product lines. In comparison with the North American or Swedish giants in public works equipment, the French have clay feet and product lines that are too narrow for the African micromarkets. "Poclain only manufacturers a few types of shovels. After-sales service for this equipment requires a lot of spare parts and a lot of lost operating time. Do you think that an importer will make this investment to sell two or three shovels per year?" asked George Le Metayer, manager of Scoa Gabon.

What is more worrisome is that marketed products are not of a quality above reproach. Particularly for automobiles. In Cameroon and in Gabon, the Peugeots stand next to the Mitsubishis on Scoa's lots. Open the hoods. The alternators and condensers of the French firm are corroded by the salt. On the Mitsubishis, which also arrive by sea, the same parts are intact. "In the automobile sector, the French have noted that they are not competitive and then stop there," this chagrined lot official remarked.

A Privilege Not To Let Go

However, the situation is beginning to change. Fifteen engineers, technicians and commercial representatives from Peugeot just spent almost 2 weeks testing the competition's cars; something never seen before. They even went so far as to buy Japanese models to put them through their paces on African roads. For its part, Renault chose to export to Gabon and Cameroon air-conditioned R12's made in Turkey. They were right to do that. With more than 130 sold each month, the R12 is the top model on the Cameroonian market. But, unlike the Americans (Hyster sells lift trucks manufactured in its Irish and Dutch factories) or the Japanese (Mitsubishi sells to Algeria steel bought in Germany through its German office) few French firms have played the decentralization card.

Third: Strengthen after-sales service and get established locally. "In electromechanical equipment and electrical goods, the French do not do enough in the area of maintenance. When equipment undergoes technological modifications, they do not send notifications," emphasized Calude Kenayou, assistant general manager of the Cameroon National Water Company. A fact also raised by the directors of the railroad network. Exporters of industrial goods too often use trade companies that are inadequately equipped to insure quality after-sales service. "The time of the trade offices is over. The only good technique for penetrating the African market is to become established commercially or industrially," remarked Jean-Pierre Piquenal-Baron, general manager of Abidjan Industrie.

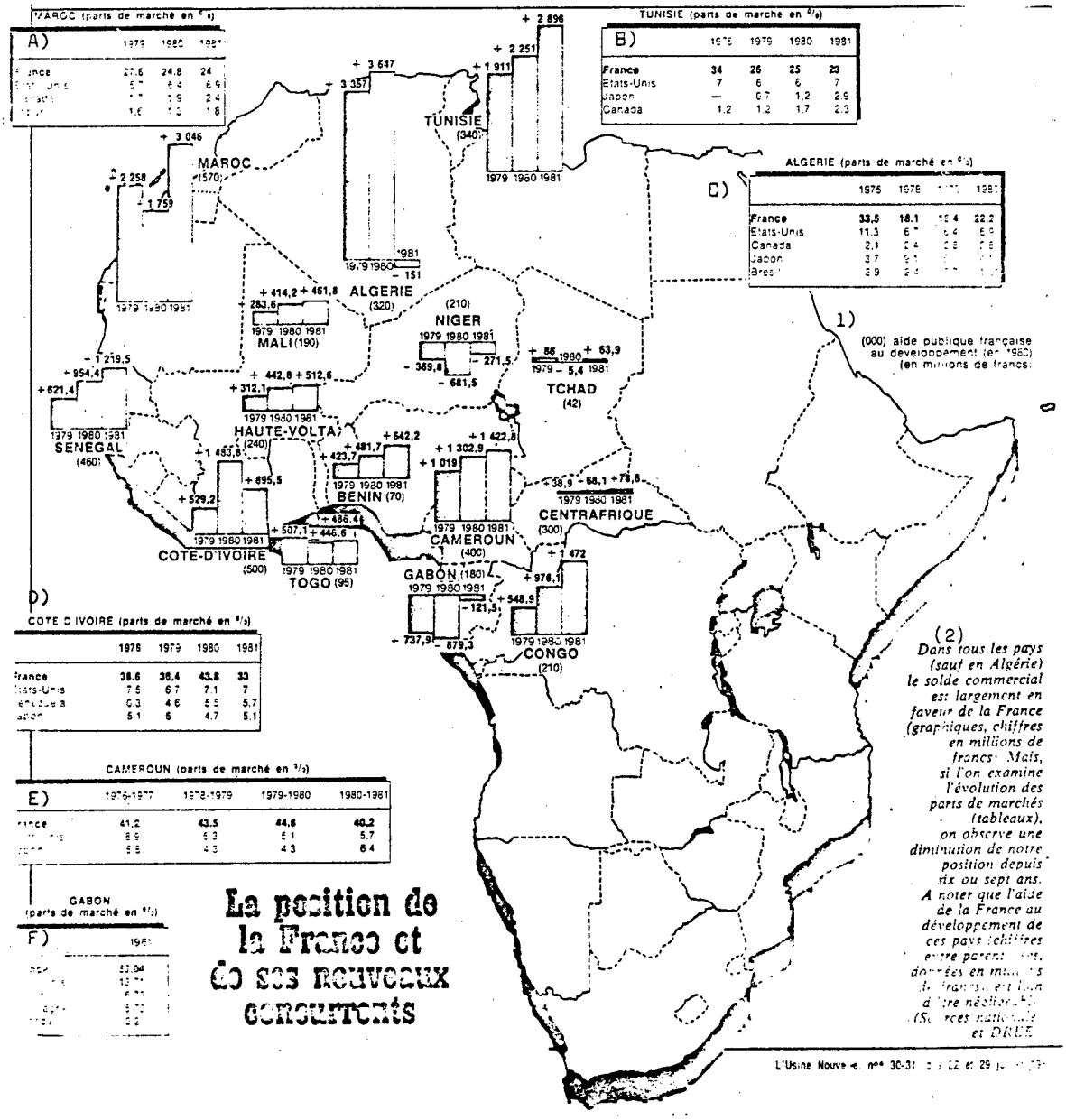
In order to handle greater competition on deals which emerge because of the cutback in large-scale investments, Spie-Batignolles has chosen the path of local integration. It already has three subsidiaries in Morocco. "We establish companies or we buy. Theoretically, we create competitors. In fact,

we are fashioning allies sensitive to French techniques and standards. Before, we would take care of an entire project. Now we call on local sub-contracting," stressed Bernard Picandet, commercial exporter.

This new commercial policy of France in Africa implies a change in men, a rejuvenation of the troops. After 20 or 30 years of Gabon, Morocco or the Ivory Coast (such cases are far from rare) the French are becoming less competitive since firms often sent non-English-speaking individuals into the former colonies. "Without new, dynamic men, accustomed to facing competition, France will lose even more points," predicted an American businessman in the Ivory Coast.

Everywhere, from the Maghreb to Black Africa, it is not too late to react. France's dominant position still allows it to choose the competitors that it would like to have. This is a rare privilege that it cannot let go by.

The Position of France and Its New Competitors



Key on following page.

Key:

A) Morocco (shares of the market in %)
   France
   United States
   Canada
   Japan

B) Tunisia (shares of the market in %)
   France
   United States
   Japan
   Canada

C) Algeria (shares of the market in %)
   France
   United States
   Canada
   Japan
   Brazil

D) Ivory Coast (shares of the market in %)
   France
   United States
   Venezuela
   Japan

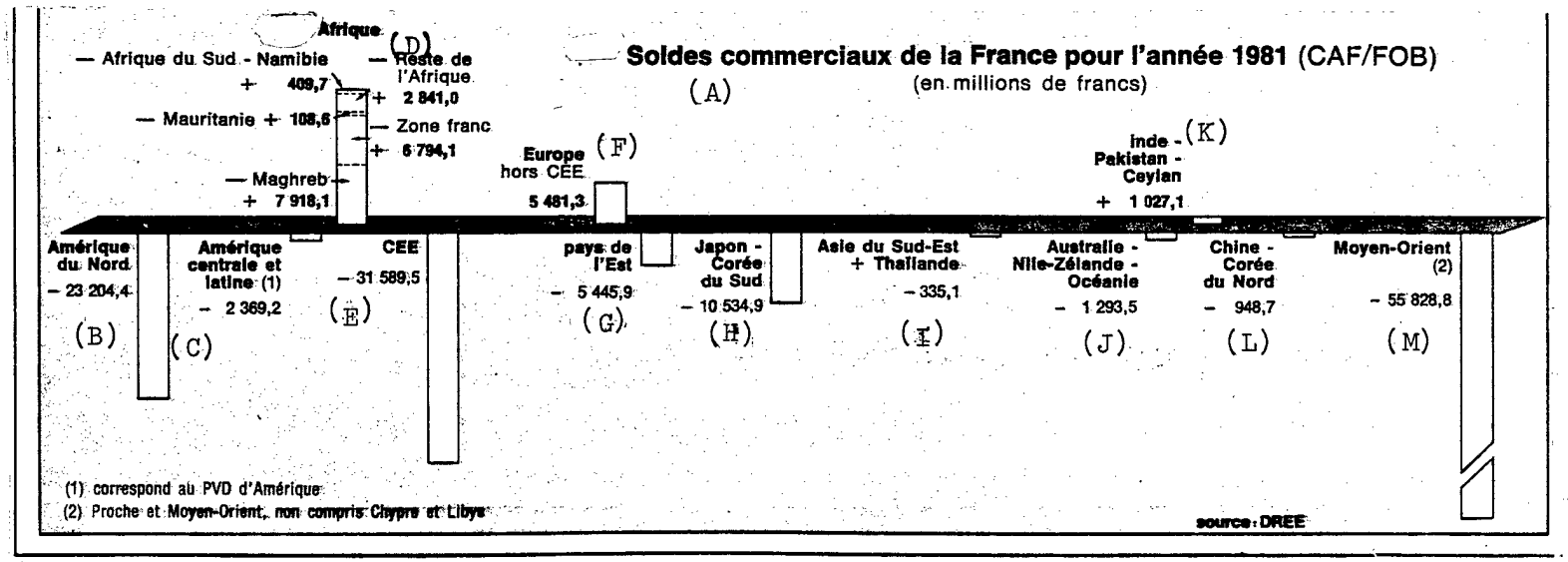
E) Cameroon (shares of the market in %)
   France
   United States
   Japan

F) Gabon (shares of the market in %)
   France
   United States
   Japan
   Germany
   Canada

1) (000) French public development assistance (in 1980) (in millions of francs)

2) In all the countries (except Algeria) the trade balance is largely in France's favor (graphs and figures in millions of francs). But an examination of the change in shares of the market (tables) shows that our position deteriorated in the last 6 or 7 years. It should be noted that French development aid to these countries (figures in parentheses, given in million of Francs) is far from negligible. (Sources: government and DREE.)

Africa, Practically Our Only Trade Surplus



Key:

A) Trade Balances of France for 1981 (CIF/FOB) (in millions of francs)

Chart reads from left to right as follows:

B) North America
C) Central and Latin America
D) Africa--South Africa and Namibia; Mauritania; Maghreb; rest of Africa; free zone
E) EEC
F) Non-EEC Europe
G) Eastern Europe
H) Japan-South Korea
I) Southeast Asia, Thailand
J) Australia, New Zealand, Oceania
K) India, Pakistan, Ceylon
L) China, North Korea
M) Middle East

1) corresponds to the developing countries of America
2) Near and Middle East, not including Cyprus and Libya

Philippe-Y. Lalonde, Canadian--"Make Technical Assistance a Priority"

In Africa since 1969, Lavalin (6,500 employees, 2 billion francs turnover) has become the most African of the French firms. This engineering firm, which earned its accolades in the study, supervision and management of large-scale projects (Skikda liquified gas plants, the Montreal Olympic games complex, etc.) is today turning toward industry and energy. Philippe Y. Lalonde, its vice president in charge of European and African affairs, answered L'USINE NOUVELLE's questions.

L'USINE NOUVELLE: You have just built the Independence Memorial in Algiers in record time. What commercial fallout do you expect from this feat?

Philippe Y. Lalonde: We have demonstrated our firm's ability to carry out difficult projects that hinge on a wager. The Algerians had never seen shifts working day and night and the boat-hotel anchored in the harbor that housed our staff perhaps showed them the way to solve Algiers' hotel problems. But we should not delude ourselves. Who remembers that it was the French who built the Statue of Liberty?

[Question] What is your strategy on the African market?

[Answer] Exporting is not a prime necessity for us, but it is the desire of the firm's managers. Our growth is first of all tied to the development of our domestic market.

In Africa, we have held on. We had to make a place for ourselves on a market which was for a long time dominated by the French and Europeans, but I never have believed in private hunting grounds. In the beginning, our staff was not prepared for the African market; now we have specialists. Above all, we have brought new blood to the area of technical assistance. All the large projects we are handling have a training aspect. But although we have the staff and the resources, our information network is less organized than that of the French.

[Question] But are French firms still dangerous?

[Answer] It's true that on these expanding markets France is progressing less quickly than its competitors. That said, however, I am surprised by the commercial aggressiveness of French firms. For some months, they have modified their approach to the African market: They present more compact price studies, they have younger professionals and they have changed their attitude toward the local clientele.

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MINISTERS MEET TO DETERMINE WAY TO END WAGE, PRICE FREEZE

International Industries Get Preference

Paris LE MONDE in French 27 Aug 82 pp 1, 19

[Article by Alain Vernholes: "Industry Will Be Treated More Favorably than Trade or Services when Price Freeze Is Lifted"]

> [Text] The price freeze will be lifted gradually as of November, following talks with industrialists, those providing services and farmers. Generally speaking, professionals will have to conclude regulatory agreements with the state, which will make it possible to spread out price hikes and will prevent inflationary attempts to catch up.
>
> The government wants to favor those sectors which are subject to international competition and, more specifically, industry as opposed to trade and services.

In a few weeks, difficult talks will get started between the state and company managers -- or their representatives -- in order to plan the lifting of the price freeze. Everyone understood that the system instituted in mid-June to accompany the devaluation -- and to give it a chance of success -- would not suddenly end on 31 October. The authorities were clear on that point.

In a strong position because of its past experiences, the government wants to prevent industrialists, shopkeepers and suppliers of services from suddenly catching up on the price gap due to four and a half months of price freeze. Hence, the strategy of the minister of economy is not only to spread out the inevitable price hikes over time, but also -- and this is important -- to prevent the company managers from fully compensating for the efforts they made between June and October in their prices and their margins. In other words, as for income, which was also frozen,* catching up will mean a definitive loss, a tribute paid by one and all to the struggle against inflation.

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* By the end of 1983, income purchasing power should return to the level of June 1982. But this catching up is not expected to fill the income gap which has taken place over the preceding months.

Mr Delors explained to the members of the government, meeting on Wednesday, 25 August for the Council of Ministers meeting, that in his mind the effort and the rigor imposed on the French in terms of prices and income did not at all lead to deflation. On the contrary, the state as well as the private sector must compensate for the effects of the international crisis by investing more and by launching large operations, hence the fund created to this end.

Still, the recovery of activity and the continuation of the struggle against inflation pose a few prickly problems, specifically for industrial enterprises. Therefore, the strategy of lifting the price freeze is based on two key ideas.

The first is that the sectors exposed to international competition will return to price freedom much more rapidly than will the protected sectors. The second is that the power relationship, which was established about 15 years ago in favor of trade has handicapped production and has even weakened it: this relationship must be thrown back into question.

From these two ideas flows the future strategy. The government has set price hike objectives for industry, branch by branch and sometimes, in cases of strong concentration, enterprise by enterprise. These objectives will take into account the financial situation of the sectors and of the companies, the productivity, and the effects of the wage freeze on the accounts of the enterprises. The industrialists will respond to these proposals. The majority of these big operations will take place in September. Each time an agreement is achieved -- and in function of its more or less satisfactory content --, the industrialist will, following a period of probation which could last from 4 to 6 months, return to full freedom of operation.

As far as services in the private sector are concerned, the period of penance will be longer, the idea being that part of the benefits of the tertiary sector should be transferred to production. However, the private services subject to international competition (data processing, insurance, engineering...) could return to quasi full freedom by spring, by concluding regulatory agreements with the administration.

There remain the services not affected by foreign competition, and one obviously thinks of trade. The steps would be the same, based on regulatory agreements. But the latter would come more slowly and would first benefit those sectors which most closely followed government orders prior to the devaluation. Thus, one thinks of such occupations as driving schools and, to some degree, of service stations.

The Case of EDF-GDF

Official rates and, generally speaking, regulated prices will be treated differently. The idea is that the first should not go up more than 8 percent in 1983, which corresponds exactly to the retail price increase objective set by Mr Delors for next year. The EDF [French Electric Company] and the GDF [French Gas Company] would escape this standard rate. The enormous indebtedness of the first is well known (140 billion francs by the end of this year) as well

as the increase in its deficit.* Thus, the EDF and the GDF would benefit from a system somewhat similar to that of oil prices, which end up making price movements more progressive in relation to real costs and no longer in relation to the needs of the government's economic policy. The first consequence would be the disappearance of strong increases -- in stairsteps -- to which we were accustomed, and their replacement by more regular rate hikes. Thus, it would seem that the first increase -- following the freeze -- of EDF and GDF rates will take place at the beginning of December. According to our information, it would not go beyond 5 or 6 percent.

As for oil prices, at the end of the freeze the formula according to which their increase depends on various factors (import prices, prices in Rotterdam, duty-free prices used in Europe) would once again be automatically applied. Which would put an end to the spreading of increases implemented up to now by the government to prevent the rise of the dollar from having too great an impact on the price index.

The plan to lift the price and income freeze will also affect agriculture and public health. For the former, the efforts made this year in favor of agricultural income will allow the government to impose a common system on the farmers in 1983. As for public health, the government is going to take a close look at the management of hospitals, and specifically the price of days in the hospital. The pharmaceutical industry and the income of pharmacists will also be the object of close scrutiny.

Council of Ministers' Statement

Paris LE MONDE in French 27 Aug 82 p 7

[Communique released by the Council of Ministers, Wednesday, 25 August 1982 at the Elysee Palace]

> [Excerpts] The Council of Ministers met on Wednesday, 25 August, at the Elysee Palace, under the presidency of Mr Francois Mitterrand. The following communique was released after the meeting.

Work Program of the Government

The prime minister has presented to the Council of Ministers the work program of the government for the period of September to December 1982. (LE MONDE of 26 August.)

Evolution of Income and Prices

The minister of economy and finance summed up the situation on the policy to fight inflation.

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* LE MONDE of 1 July 1982.

France's economic and social policy maintains its priority objectives tied to the improvement of the competitiveness of our economy, which is an essential condition to ensure the country's independence, its standard of living, the creation of jobs and social progress. The measures taken to fight inflation are at the service of this national goal. The deceleration of price increases will free real purchasing power for the French as well as the resources which are indispensable for the modernization of our enterprises and for the increase of their productive capacities. This is why the evolution of prices, income and production costs are intimately linked. We need to act on those three variables if we want to stabilize the economy and make it more dynamic.

France must carry out this effort within a particularly negative international context. Not only is economic recovery at the world level a long time in coming, which slows down any increase of the growth rate in a single country, but signs of economic and monetary disorder are also multiplying: financial difficulties of countries and of enterprises, an increase in unemployment, weakness of international trade.

Hence, the necessity to stress effort, in order to control inflation better, and dynamism, in order to highten our competitiveness. The measures aimed at supporting activity, such as the Fund for large scale works, at developing public and private investment, at gradually balancing our foreign trade and at implementing the instruments of an active employment policy, are a response to that necessity.

To control the state budget and to redeploy expenditures toward priority jobs, to stabilize the tax pressure, to balance the social accounts, to defend the currency, to redirect savings toward the production apparatus: these are, with a reasonable development of prices and of nominal incomes, the coherent means at the disposal of our economic policy to stabilize the foundations of our development. Simultaneously, actions aimed at eliminating the structural causes of the price hikes, in other words those situations and practices which, directly or through their effect as a bad example, support inflation, will also be carried through.

The first results of the price and income freeze show that, overall, the French -- entrepreneurs, shopkeepers and wage earners -- accept the common discipline. These first results will be confirmed and, when the freeze is lifted, the conditions for a less inflationary development of the economy will have been brought together.

As far as prices are concerned, negotiations with the various professional branches will be undertaken without delay. Objectives will be defined, in order to enable the enterprises to organize their activity and their cost prices. The service sector will be invited to sign regulatory agreements valid until the end of 1983, the industrial sector to subscribe to commitments to fight inflation which, if they are respected, will allow a return to the free setting of prices within the framework of competition. Agriculture will be associated with the common effort and negotiations. The state will set the deadline for the indispensable official rate increases in such a way that the overall standard of 8 percent for the year 1983 will be respected.

It is, of course, in function of this same objective that the evolution of all direct income and of social security benefits will have to be determined. As far as direct income is concerned, the lifting of the freeze should be the occasion for reviving the social negotiations and for launching new formulas, such as the social agreements on competitiveness and the as yet little used system of predetermination of wages. Thus, each branch, each enterprise will be able to adapt itself, in function of its own characteristics, to the necessity of controlling the nominal evolution of income, while pursuing the two unchanged objectives of government policy in the matter: to maintain the average purchasing power to the end of 1983 and to correct the inequalities, in order that everyone contribute to the common effort in function of his means and in a spirit of solidarity and equity.

8463
CSO: 3100/926

INDUSTRIAL PRODUCTION INDEX DOWN FOR JUNE

Rome L'UMANITA in Italian 8 Aug 82 p 2

[Text] The index of the industrial production (base 1970--100) which measures the effective volume of production realized during the month of June of this year (26 working days), was 141.1 showing a 4.1 percent decline compared with the same month of the previous year when the index, also based on 26 working days, was 147.2.

ISTAT [Central Statistics Institute] remarks, however, that output results for the month of June had been negatively influenced also by the general strike which occurred on 25 June. During the January-June 1982 period (152 calendar working days), industrial production reached, instead, a 0.3 percent higher level than that reached during the same period in 1981 (151 calendar days).

This increase is the result of productive trends of different nature and intensity; with regard to the principal sectors of economic activity, variations in percentage have occurred as follows: chemical industries up 6.8 percent, metal industries up 2.1 percent, food industries up 0.6 percent, mechanical industries up 0.1 percent, textiles down 2.5 percent, transportation industries down 4.3 percent, non-metal mineral industries down 6.4 percent.

Based on their economic classification, during the first semester of 1982 compared with the same period of 1981, the indexes registered variations in percentage as follows: final investment goods up 2.1 percent, final consumption goods up 0.5 percent, intermediate goods down 0.6 percent.

The increase in investment goods is the result of the growth in the production of transportation units destined to companies and of pluri-sectorial investment goods which registered increases of 2.4 percent and 12.9 percent respectively, and of a substantial contraction in the production of industrial equipment which declined 9.0 percent.

The index measured with the X-11 method, devoid of seasonal factors and of the different number of working days in the single months, was 130.6 in June against 136.3 of the previous month, with a 4.2 percent decline.

In particular, the decline was 5.7 percent for final consumption goods, 4.5 percent for final investment goods and 2.8 percent for intermediate goods.

The analysis of the indexes of the last few months, devoid of seasonal factors, shows a slow-down of the productive recovery which industry had achieved during the first months of the year; in fact, starting with the October-to-December quarter, the indexes show the following variations in percentage compared with the quarter ending the previous month: for October-December down 0.8 percent, for November-January up 0.1 percent, for December-February no variation, for January-March up 0.4 percent, for February-April up 1.0 percent, for March-May down 0.7 percent, for April-June down 1.6 percent.

9758
CSO: 3104/276

WILLOCH ANNOUNCES NEW JOBS PROGRAM TO COUNTER UNEMPLOYMENT

Would Create 9,000 Jobs

Oslo AFTENPOSTEN in Norwegian 28 Aug 82 p 3

[Text] The government has announced that it will implement extraordinary measures costing a total of 171 million kroner aimed at reducing unemployment. The main emphasis will be in the form of labor market measures and the acceleration of some building projects. It is estimated that this will assure around 9,000 people jobs or training positions and it is the plan to implement the measures as quickly as possible. There are many indications that unemployment will rise to 50,000 by the end of this year unless the authorities take special steps now.

Paper Sees Wage, Costs Level as Problem

Oslo AFTENPOSTEN in Norwegian 27 Aug 82 p 2

[Editorial: "The Government Follows Up"]

[Text] The most extensive labor market measures to be implemented since World War II will now be carried out by the Willoch government. In a situation where it is estimated that the number of people out of work will exceed 50,000 in the coming winter, the government found it necessary to do something that will really help curb unemployment. The extraordinary measures could increase employment by around 9,500 and thus bring unemployment below last year's level, in other words roughly 40,000. That is also too high, of course, but there is that consolation that it is the lowest figure in the entire western world, aside from Switzerland. The worst economic crisis since the war is producing alarming unemployment figures in a number of countries, including Denmark and Sweden. But at a press conference yesterday, Prime Minister Kare Willoch was able to state categorically that under no circumstances would the Conservative government in Norway arrive at such poor results as the socialist regime in Denmark.

The government's decision to do everything possible to counter rising unemployment is a natural consequence of the main task it has set itself from the very beginning--to insure jobs for everyone and to safeguard and further develop the welfare state. After several years in which competitiveness has declined, this is a much more difficult task than it would have been otherwise and it is quite obvious now that the problems we are confronting in Norwegian business and labor cannot be solved with short-term measures.

As Prime Minister Willoch stressed at yesterday's press conference, we cannot prevent unemployment in the long run unless we improve our competitiveness. The decisive thing in this context is whether the government can gain the support of a Storting majority for implementing a consistent overall policy. The situation we find ourselves in calls for more than one economic policy tool simply because the problems are multifaceted and complex--as the tasks are too. The authorities cannot do things piecemeal or in a partial or contradictory way, everything must be headed in the same direction. If we are to do something really effective to improve our competitiveness and guarantee Norwegian jobs, it is thus vitally necessary to establish cooperation on a long-range joint strategy. This is a challenge in particular for the three nonsocialist parties that received a majority in the last election for a policy that could bring order into our economy.

The rising unemployment is primarily related to a price and cost development that makes it increasingly difficult to sell Norwegian goods and services. The domestic cost level has become so high that it is a burden on all businesses subject to competition. More and more firms are finding it is no longer possible to operate profitably. If we are to secure the jobs we have and--in addition--create a basis for new ones, we must join forces to make firms more competitive. Full employment and social security can only be guaranteed by means of a strong and wellrounded business sector.

6578
CSO: 3108/151

BASIC INDUSTRIES INCREASINGLY HARD HIT BY UNEMPLOYMENT

Stockholm DAGENS NYHETER in Swedish 9 Aug 82 p 8

> [Text] Much of the Swedish pulp industry presently is idle and LKAB (The LKAB Mining Company) will shut down production at its mines for an entire quarter this year. The economic outlook is bleak and layoffs are announced at regular intervals.
>
> DAGENS NYHETER visited the pulp plant in Morrum, Blekinge, of the South Swedish Forest Owners' Association, which is closing down today.
>
> "Now we have nothing to do but go fishing," the employees said.

Swedish industrial workers could return to their jobs more sunburned than usual this year, but for many another (involuntary) form of leave will begin. Over 7,000 workers will be laid off in August, compared to just over 1,000 in August last year and none at all during the same month in 1980. The high figures this year are due primarily to empty order books in the mining and pulp industries.

At the top of the dismal list is LKAB, which will lay off 4,000 workers in conjunction with their vacation. Last spring production stopped for 2 weeks and there probably will be more layoffs for 2 weeks later this fall.

In all, production will be down an entire quarter, including 4 weeks of vacation and 8 weeks of layoffs.

LKAB's problems are a result of the serious crisis in the steel industry in Europe. The EC has forced its member nations to cut back on steel production to keep prices up. LKAB normally sells between 20 and 30 million tons of ore annually. This year record-low sales of 15 million tons are expected. The large stockpiles represent a 6-month production.

For LKAB this is both a financial burden and a handicap in negotiations with possible buyers. It is difficult to obtain a good price when buyers know that

the stockpiles are bulging in Kiruna.

In late August central negotiations will begin on cutbacks planned at LKAB. The company's goal is to reduce the number of employees by 1,600, of which 900 will be given notice directly. If this drastic reduction is carried out, layoffs can be avoided next year, according to the company's management.

Learned A Lesson

The pulp and paper industry has announced the layoff of 2,500 employees in August.

MoDo will shut down its pulp plant in Husum and Domsjo during the second half of August. A total of 1,100 employees will be laid off at various times and the plants will be closed for 6 weeks. Inventories have grown too large, even though the plants have operated at 75-percent capacity the past 9 months.

"We learned a lesson during the last economic slump," executive vice-president of MoDo Bo Fahlin said.

"At that time we continued production and received inventory subsidies, but the large inventories made it difficult to increase prices when demand increased again."

So far, the outlook is bleak. The situation has not improved in America and, in our experience, it must get better there first, according to Bo Fahlin. When demand increases on the domestic market of the American pulp industry, the pressure is relieved in Europe.

End Of Price Drop?

NCB stopped production earlier this year, but the company's management believes that layoffs can be avoided.

"We closed down our plants in Kopmanholmen and Hornefors and production in Vallvik is primarily for our own subsidiaries in Sweden and abroad," said executive vice-president Lars-Henrik Forsblad.

He also believes that pulp prices will drop no lower than their present level.

"First of all, the dollar is somewhat weaker now, which means lower costs to foreign customers in their own currency. Secondly, a large portion of the Swedish, Finnish, and American forestry industry already has been shut down. We have reduced our inventories and the buyers have reduced theirs. This will provide a good starting point when demand increases."

Munksjo is closing down its Aspa plant for 2 weeks. Two hundred employees will be laid off. This means that the Aspa plant will have been closed for 7 weeks this year.

The South Swedish Forest Owners laid off 750 employees for 2 weeks in August and just over 1,000 for the same period of time in October at pulp plants in Morrum, Monsteras, and Varo.

Slow Year In Construction

The slowdown in construction has resulted in reductions in the lumber industry. A total of 350 will be laid off in August and September.

One example is Assi, the country's largest producer of fiberboard. The Lovholmen plant near Pitea is down for June, July, and August.

"So far we have avoided layoffs by letting our employees work at the craftliner plant (which produces corrugated cardboard) this summer. We usually employ school children there, but in September most of the 140 employees at Lovholmen probably will be laid off," said Assi's public relations director Berit Hallberg.

Assi's total fiberboard capacity is 200,000 tons, but only half that amount is being produced. For this reason, Assi wants to shut down the larger of its two fiberboard plants, the one in Skinnskatteberg. It is designed for a production of 140,000 tons and is believed to be profitable only at full capacity. Instead, the company wants to utilize the smaller plant in Lovholmen.

The government, however, has enjoined Assi not to continue negotiations on the shutdown under the Codetermination Act until the National Industrial Board has completed its study on the fiberboard market in Sweden.

9336
CSO: 3109/220

KETENCI EYES TURK-IS/SAC RELATIONSHIP

Istanbul CUMHURIYET in Turkish 5 Aug 82 p 6

[Article by Sukran Ketenci: "TURK-IS and the SAC"]

[Text] While all attention was focused on the draft constitution, TURK-IS [Turkish Confederation of Labor], without fuss and at the time without reaction, decided to freeze its relations with the SAC [Supreme Arbitration Council].

Relations with the SAC had been on the TURK-IS general board of directors' agenda before the draft constitution was announced. The proposal to pull its members off the SAC was on the TURK-IS agenda at its general convention even as the SAC was going back on its word and awarding a wage increase of less than 10 percent to around 200,000 workers. However, even though professional unionists squeal like a stuck pig at the mention of the SAC, the thought of pulling TURK-IS' members out of the SAC held little attraction for them. Aside from worrying about hardening relations with the administration, a foremost concern was that the dialogue would break off even though the presence of two TURK-IS representatives on the SAC had the resolution indicating their approval of the contract. The provisions relating to wages and social rights which the SAC announced as "decisions in principle" were immediately revised for better or worse depending almost entirely on suggestions from employers. In addition to the principles involving wages and social rights, changes were made at the slightest whim of the employers even in the provisions relating to job assignments developed through the trials and tests of 17 years of free unionism. Still, relations which could keep the dialogue alive during the preparation of contracts allowed for the preservation in the contracts of some important articles that we would call details but which are very important as to job assignments for the worker in the workplace. Distinctions occurred between the contracts concluded for workers employed at workplaces attached to DISK [Confederation of Revolutionary Worker Unions], which in practice was not even able to defend its rights at the dialogue level, and the contracts at workplaces attached to TURK-IS, which had been able to keep dialogue alive, differences not just in job assignments but which even drifted over a bit to social rights and wages.

So there you have in black and white the reason for the differences of opinion, although everyone in TURK-IS complains mightily about SAC, between the unions

whose contracts had been concluded and the unions whose contracts were still in the SAC when it came to taking a definite stand. While the SAC wage increase of less than 10 percent for 200,000 workers anticipated a decline of more than 50 percent in real wages, the reports that TURK-IS would pull its members out of the SAC did not square with the pressures felt by those for whom this was a concern.

How is it that TURK-IS avoided a definite decision to pull its members out of the SAC when something that important was a stake, but decides to do it now when there is no new, urgent problem involving the SAC? Was it that all attention was riveted on the draft constitution, that for TURK-IS, too, the major problem was the draft constitution?

A portion of the problems stemming from the past period as regards worker and union rights affect DISK workers and unions, while another significant portion includes all workers and unions, TURK-IS was looking upon these imposed cutbacks, especially as regards its own organization, as temporary, hoping to come out ahead in the future, even to assume the DISK legacy. This hope is what ensured that the dialogue was kept in the foreground, with a veiw to future gains, and that silence was maintained in the face even of the heavy cutbacks it was asked to endure for the present. First, the draft constitution dashed all of its hopes for the future. The major cause, the real cause for this unexpected decision by TURK-IS is the constitution as a whole, and especially the articles on labor-employer relations and the provisions ensuring the continuity of the SAC in particular.

Actually, the decision is final, but not as if it were an irrevocable decision not to put members on the SAC. TURK-IS' relations with the SAC, including having members on it, were made relevant by the constitutional efforts. TURK-IS leaders have tolerated the SAC back-down in collective contracts on workers rights earned during 17 years of free unionism and collective bargaining because they cherished the hope of recovering their losses in future contracts. But with the attempt to give the SAC continuity with the draft constitution, all hope for the future was lost. This is how the SAC's current relations with TURK-IS became relevant, through constitutional regulation of the future.

8349
CSO: 4654/412

FUNDS BEING SET ASIDE FOR PUBLIC HOUSING

Istanbul CUMHURIYET in Turkish 4 Aug 82 p 6

[Text] Ankara (CUMHURIYET BUREAU)--Though incentives for saving for home ownership is adopted in principle in Finance Minister Kafaoglu's program, the public housing fund with its 24 billion lira appropriation accumulated only 3 billion liras in the first 7 months of 1982.

The public housing law, devised to alleviate the housing shortage in Turkey and to enable low income citizens to own their own homes, calls for 5 percent of the expenditure budget to be set for the public housing fund. However, as an adequate fund source could not be created, a public housing fund appropriation of just 24 billion liras was made from the 1982 budget. The first 7 months of 1982, however, has seen only 3 billion liras appropriated from the budget to the public housing fund.

The new minister of finance, Adnan Baser Kafaoglu, indicated at his press conference that solving the housing problem was one of the three conditions for stable development in the new economic support package. The finance minister's program calls for utilization of housing construction as an effective tool in the battle against inflation. Asserting that housing construction based on people's savings and sound resources would not fan inflation and would revitalize the construction sector, Kafaoglu said that a market would be formed to ensure housing production with savings based on installments at the small and medium level. The finance minister announced that an interim model would be constructed for the transfer to the housing sector of savings power instead of interest income paid on savings.

The finance minister's inclusion of the housing problem in economic policy is welcomed by the Housing Construction Cooperatives. KENT-KOOP [expansion unknown] President Murat Karayalcin said, "We consider the finance minister's comments a guarantee for implementation of the Public Housing Law." Karaylcin stressed that the public housing law envisages the opening of new residential developments and punished construction of luxury housing, continuing:

The Public Housing Law is a forward-looking law. A fund of at least 90 billion liras would have been formed with the 5-percent budget appropriation. However, only 24 billion liras were set aside from the 1982 budget. The rationale offered for this was that new resources would be given if needed. There ought

to have been at least 12 billion liras in the bank by the first 7 months of 1982, but there is only 3 billion liras in the public housing fund. We see the finance minister's statement that the home savings system will be activated as the public housing law being put into operation."

Murat Karayalcin noted that KENT-KOOP had built the infrastructure for 700,000 homes out of its own resources, adding:

"The minister gave the example that citizens who buy a house could get tax rebates. Actually, nothing extra is necessary. The important thing is that the law which has not been operative to date be made operative. The Real Estate Credit Bank was supposed to issue public housing bonds in accordance with the law. According to what we have learned, however, the 2.5 billion liras bond that the bank issued 2 weeks ago was issued on its own account."

The KENT-KOOP president proposed that the payments which are supposed to be made from the public housing fund be scheduled.

The Finance Ministry's efforts for a tax rebate and to eliminate the advance saving requirement as incentives for home savings require some revision of the public housing law. According to the law, a citizen who is a member of the cooperative must deposit in the bank 20 percent-27 percent of the cost of the housing, depending on the type desired, over a period of 3 years. The Finance Ministry is expected to be working for the needed revisions of the public housing law during the preparation of interim models for the housing problem.

8349
CSO: 4654/412

COMMUNIST PARTICIPATION IN PARLIAMENTARY MAJORITIES STUDIED

Paris POLITIQUE INTERNATIONALE in French Summer 82 pp 55-64

[Article by Branko Lazitch:* "Moscow, the Communist Parties and the Takeover of Power"]

[Text] When he was able to establish the international communist movement, Lenin adopted as an axiom the absolute rejection of parliamentary democracy both as a means of acceding to power and as a means of exercising this power. Therefore, in October 1919--the year of the establishment of the Communist International--he expressed himself in the following terms in an open letter addressed to Italian, French and German communists: "Only the wretched and simple-minded could believe that the proletariat must first of all subdue the majority by participation in organized elections under the yoke of the bourgeoisie and, only afterwards, take over power. That is the height of stupidity or hypocrisy...." This state of political thinking, according to Lenin, was attributable to pathology. In fact, he had called this disease "parliamentary cretinism." He wrote, "Parliamentary cretins 'demand' at any cost a vote organized by the bourgeoisie to determine the sympathy of the majority of the workers. However, this is a point of view of pedants, corpses and cunning cheaters."

For several decades, the Kremlin did not revise the credo according to which the communists and their allies could not obtain the majority within the framework of parliamentary democracy and even had to refuse to submit to rules of "bourgeois parliamentarianism." This dogma remained untouchable despite the distortions that practice inflicted on it (especially, at the end of World War II, the participation of about 10 "brother parties" in coalition governments).

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*Journalist and historian. Author of many important works on communism including the following more recent ones: "Biographical Dictionary of the Comintern," Hoover Institution, Stanford, 1973; "Le Rapport Khrouchtchev et Son Histoire" (The Khrushchev Report and Its History), Le Seuil, 1976; "L'Echec Permanent: 1'Alliance Socialiste-Communiste" (The Permanent Failure: The Socialist-Communist Alliance), Laffont, 1978.

However, suddenly in 1956, at the 20th CPSU Congress--the same one that witnessed the condemnation of Stalin--Nikita Khrushchev, in his general report, rejected this Leninist axiom in a few sentences: "Parliament, this traditional institution in numerous highly developed capitalist countries, can become the instrument of a veritable democracy to the benefit of the workers. The takeover of a solid parliamentary majority depending on the proletariat mass revolutionary movement and the workers would create, for the working class of various capitalist countries and former colonial countries, the conditions for radical social changes."

This calling into question of Lenin was accomplished without pronouncing the name of the master nor even mentioning his theory on the subject. Having automatically become the position of the overall international communist movement, this thesis did not meet, for the time being, the least opposition.

The questioning appeared only 4 years later, in 1960, when Soviets and Chinese clashed openly and crossed swords at the World Conference of 81 Communist Parties in Moscow. The attack was led by the Chinese delegation and particularly by Liu Shaoqi and Deng Xiaoping. Soviet policy was defended by many foreign leaders including Maurice Thorez and Luigi Longo. The latter's speech was made public in 1961 in a PCI internal document. He pleaded the Khrushchev cause on the basis of the Italian experience: "At the 20th CPSU Congress (in 1956), it was stated that it was possible for a certain number of countries to realize the passage from capitalism to socialism through peaceful means, by constantly moving ahead on the path of development of democracy without recourse to insurrection and civil war. The Chinese comrades asked what countries had advanced along this path. We answer firmly and most calmly that the PCI is in the process of progressing in accord with this view that is at the present time that which best corresponds to the Italian situation and that has allowed us, up to now, to meet with successes that no one challenges."

In 1960, it was too early to be able to make an assessment of this strategy of the peaceful passage to socialism. Today, more than a quarter of a century separates us from the 20th congress and several countries have tried to translate this idea into facts. It is no longer a matter of a theoretical discussion but of reality.

In a certain number of nations, the communist parties have become a constituent element of the government majority, but without implementing the strategy of the peaceful passage from capitalism to socialism. The communists do not at all aspire to overthrowing the rules of parliamentary democracy: They solely aim at benefitting from them as a government party. This is the case primarily in three European countries: Iceland, Cyprus and Finland.

In Iceland, during the 1979 legislative elections, the Popular Alliance (communist party) received 22.9 percent of the votes cast and it is represented by three ministers, out of a total of 10, in the coalition government formed in February 1980. However, this experience of communist participation in the parliamentary majority and in the government is

altogether marginal. First of all, because the country is very small (220,000 inhabitants). Then, because the communists are content with managing matters rather than wanting to radically change them. Finally and above all, because this experience cannot have any exemplary value inasmuch as the Icelandic Communist Party has chosen total isolation within the international communist movement. Since the Soviet intervention in Czechoslovakia (August 1968), all contacts were broken with the CPSU, and since then the Icelandic Communist Party has not attended any international communist meetings.

In Cyprus, the communists also belong to the parliamentary majority, but two distinctive characteristics should be pointed out: They represent the number one party of the country, with 32.8 percent of the votes cast and they do not yet sit with the coalition government although they are its strongest supporter in parliament. In view of the presidential elections of February 1983, the communists, who are indispensable for the reelection of the current president of the republic, Mr Kyprianou, are already drafting their "minimum program" and are demanding assurances in return for their support. Among their demands are the entry of the communists into the state apparatus--particularly in the police and army (minimum objective)--and the presence of communists in government (maximum objective). These ambitions, relatively moderate, come from a communist party entirely under the orders of Moscow. They translate without ambiguity the Soviet desire not to precipitate matters between the Cypriot communists and their local allies.

Neither are the Soviets seeking to provoke a break in Finland where the commnist party has been participating in the government since 1966 (with short interruptions), but never having more than two or three ministers. The Finnish Communist Party is one of the components of the national union which assures "Finlandization," total alignment in matters of international policies with the USSR positions. The Kremlin is anxious toget a large consensus on this point, going from the communists to the conservatives, including the centrists and social democrats. The only political force that is hostile to this coalition is, in fact, the Stalinist faction of the Finnish Communist Party, but it complies with the requirements and interests of Moscow. In the case of Finland, just as in the case of Cyprus, the requirements of Soviet international policy take precedence over the interests of the local communist party.

It is in four other countries where the communist parties are relatively strong that the strategy of the peaceful takeover of power has been implemented: Chile, Portugal, Italy and France.

Chronologically speaking, the first experiment took place in Chile in the respect of all the strict rules of the communist strategy. At the basis of this experiment was a socialist-communist alliance, Popular Unity, which signed a joint program in view of the presidential elections of September 1970. The candidate of the united Left, the socialist Salvador Allende (candidate for the fourth time for the presidential seat, received

an absolute majority during the first round of the elections, the two first ones had--in accordance with the Chilean constitution--leave it up to congress to decide. At the time of the vote, the deputies of the Christian democracy opted for Allende who then became president of the republic. Three communists entered the coalition government.

Thus, the majority of the Chilean people had not voted for the program of Popular Unity. However, this program, from the time it was adopted in December 1969, had set the following objective: "The sole really popular alternative and consequently the fundamental task of the popular government in view of putting an end to the domination of national and foreign monopoly capital and to the oligarchy of the landowners, is that which consists in beginning in Chile the building of socialism." In his message to congress on 21 May 1971, President Allende reaffirmed this objective: "Our task is therefore to define and implement, as a Chilean path toward socialism, a new state, economy and society model."

Less than 3 years later, the record of this experiment was not positive either for the economy or for society. On the one hand, the wheat crop had fallen from 13 million quintals in 1970 to 7 million in 1972. Industrial production declined by 1 percent in 1972. Inflation was over 360 percent, i.e., 1 percent a day. On the other hand, at the legislative elections of 4 March 1973, Popular Unity remained a minority party with 43 percent of the votes. The brutal coup d'etat by General Pinochet, in September 1973, prevented this experiment from being completed as it had begun: By the vote of parliament and the people.

A few months after the coup d'etat, Boris Ponomarev, the number one man in the Kremlin responsible for following the international communist movement, drew four lessons from the Chilean failure. His article on this appeared in the journal of the international communist movement PROBLEMS OF PEACE AND SOCIALISM (June 1974):

1. "...(It is necessary to) neutralize the policy pursued by the extremists of anticommunism within social-democracy..."

2. "The events in Chile remind us once again how necessary it is to be able to defend the acquisitions of the revolution, to be ready to quickly change the forms of the struggle, peaceful and non-peaceful, and to retaliate through revolutionary violence the counter-revolutionary violence of the bourgeoisie."

3. "The experiment in Chile convinces us that in order to win it is necessary to put an end to the domination of the class enemy through the primary means of information and propaganda."

4. "Experience shows that not only in Latin America but also in developed capitalist countries, the forces of reaction do not hesitate in calling on the army when its power over society is challenged. That is why, even when it is a matter of a peaceful development of the revolution, it is indispensable to put a stop to the seizure by the representatives of the old regime of an instrument of power as important as the army and to create a new state apparatus."

A purely fortuitous chronological coincidence: At the very moment when Ponomarev was publicly drawing these lessons on the Chilean experiment for the benefit of all "brother parties," in another country, Portugal, the takeover of power was on the agenda. Thus, the PCP--completely submissive to Moscow, as was the case of the Chilean Communist Party--was to draw the lessons of the Chilean experiment and not to commit the same errors. Alvaro Cunhal, PCP secretary general, confided to a Soviet journal KOMMUNIST (November 1974) the following: "We pay great attention to the Chilean experiment. We learned much from the example of the Chilean revolution and counterrevolution."

Ponomarev's four primary precepts were implemented in Portugal. Precept number one: Denounce the anticommunism of social-democracy. The man to bring down was therefore Mario Soares, who was himself a communist while a youhg man, a "renegade" therefore in the eyes of the communists. Precept number two: As an alternative, use non-violent and violent means to respond to the actions of the authority. The forced resignation of the president (General Spinola) in September 1974 or the aborted "plot" of 11 March 1975 were the signs that the "revolution of the carnations" was not to take place within the strict framework of formal legality. Precept number three: Deprive "the class enemy" of the means of information. The communist party seizure of the Portuguese press, on the one hand, and the liquidation of the socialist newspaper REPUBLICA, on the other hand, showed that the Ponomarev lesson had been well assimilated. Precept number four: Eliminate the class enemy in the army and ally the communist party to the "new" army. Ten days after the 25 April 1974 coup d'etat, that inaugurated the Portuguese revolution, Cunhal would say the following in one of his first declarations: "It is in the alliance between the armed forces and the popular masses that the key for final victory resides." Within the MFA which had organized the 25 April coup d'etat, a split between the "Right" and the "Left" quickly appeared. The communists made an alliance with the Left and placed their henchmen--Col Vasco Goncalves and Gen Costa Gomes--in the positions of prime minister and president of the republic respectively.

The precepts were therefore implemented successfully and, during the first year of the revolution (April 1974 to April 1975), the communist victory, step by step, appeared to be emerging on the horizon. The decline began only on the day when, for the first time, legislative elections were held in April 1975. The communist party received only 12.5 percent of the votes cast (and its satellite, the MDP [Portuguese Democratic Movement], less than 5 percent). The Chilean and Portuguese experiments therefore took opposite paths: In Chile, the communist party acceded to government thanks to the victory of the Left in elections, but was ejected from power by a military coup d'etat. In Portugal, the communist party entered into the government thanks to a military coup d'etat, but was ejected from power through elections. In any case, these two episodes both ended up in failures.

The tragic failure of the Chilean experiment gave rise to another attempt aiming at defining a parliamentary way of getting communists into government. One month to the day after Allende's death, a long article by Enrico Berlinguer, PCI secretary general, appeared in RINASCITA, PCI Official weekly publication. His thoughts were on the Chilean lesson: "The unity of the forces of the Left is not sufficient condition for guaranteeing the defense andprogress of democracy." He added that even if the united Left won with 51 percent of the votes, that would not suffice to commit the country to the path of socialism. The appropriate solution was to build a "historic compromise" defined in the following terms: "A democratic alternative, namely an entente and collaboration of the communist and socialist popular forces together with Catholic-inspired popular forces or forces of any other form of democratic orientation." Since then, Italy assumed a pilot role in the search for a peaceful and parliamentary passage toward socialism. The PCI suddenly found itself endowed with two halos. In domestic politics, the historic compromise established an original theory at the service of the strongest communist party in Europe. Whereas in the international labor movement, the term Eurocommunism, first used by the PCI, was becoming an almost magic formula for the entire Left. This originality in the strategic approach was rewarded by the advance of the party in the electorate. In the 1972 parliamentary elections, the communist party received 27.1 percent of the votes cast, but in 1976--the zenith of both the "historic compromise" and "Eurocommunism"--the communist party succeeded in reaching the record of 34.4 percent.

After having disavowed the communist attempts in Chile and Portugal, universal suffrage appeared to prove the Italian communists right. However, neither complete enough or long enoug to implement their "historic compromise" formula. In the June 1979 elections, the communist party received only 30.4 percent of the votes cast and was the only party not represented in the coalition government (which is, moreover, still there). Its relations with the socialist party, an associate in power, were then--and still are--filled with arguments. Over the following months, this electoral decline and political isolation was to be confirmed.

In France, the communist party also met with an electoral decline, in 1981, much greater than that of its Italian counterpart. It, nevertheless, came out of its political isolation and entered into the government. France is at present the only country whose communist party participates in power, not to manage current affairs but to inaugurate the "change"--a key word of the socialist-communist government alliance, a very imprecise term that was substituted for the clearer formula of the former government joint program: "Open the path to socialism."

Contrary to the path followed by the Chilean, Portuguese and Italian communist parties, the PCF was from the very outset disavowed, receiving 16 percent of the votes in the legislative elections, its lowest score in 35 years. The Chilean and Portuguese experiments had started out with general euphoria. In Italy, the dual opening of the historic compromise. Nothing of the sort for the French communists: Their entry into the government in June 1981 took place under a dark cloud and doubt, even among the militants.

Although the PCF leadership was not given the approval by its electorate, it at least had the satisfaction of being approved by Moscow. There exists a ritual of exterior signs that are not misleading in this connection. Whenever the Soviets note that a foreign communist party goes contrary to the general line, they do not hesitate in publicly denouncing this party's leadership. This was the case, last January, through an indictment of the PCI appearing in PRAVDA. When Moscow is unhappy with a foreign communist party, but without considering it dangerous, silence is de rigueur. This is almost regularly the case of the PCE about which the Soviet media almost never talks. On the other hand, if the policy of a "brother party" is approved of, its official documents are regularly reproduced in the Soviet information media. This is the case for the PCF since its entry into the government.

The Moscow press (PRAVDA, IZVESTIA, NEW TIMES, etc.), as well as two journals of the pro-Soviet international communist movement appearing in Prague (PROBLEMS OF PEACE AND SOCIALISM and INFORMATION BULLETIN), echo the experience taking place in France, and the point of view exposed coincides with the PCF position. Thus, 2 months after the entry of the communists into the government, when L'HUMANITE devoted an editorial on this matter, the INFORMATION BULLETIN reproduced it in full. It had the merit of clearly answering a question relative to the length of the communist presence in government: "The fact that we are in the new majority does not result from a tactical decision, and our participation in the government is not a chance mishap...The entry of the communist ministers into the government has not only merit per se, through their action. It results from our strategy and offers it new developments for the prospects of a new recovery of our influence."

This distinction between tactics and strategy is revealing of communist intentions on this matter: When they evoke tactics, it must be understood that they are registering their activity in a period of time that would be very limited. However, when they justify their decisions through strategy, it is within a medium-term or long-term perspective that are acting on.

On the eve of the first anniversary of the victory of Francois Mitterrand, the Moscow and Prague press manifested the same support to the presence of the communists in government. When PRAVDA published two news reports on France on 20 April, the first on recounted the plenum of the PCF Central Committee with an approving headline: "The foundations of democratic process."

The second item, recalling the Pierre Mauroy-Yvon Gattaz meeting, goes in a6 opposite direction: "The concessions in the private sector." In the first four issues of 1982 of the semimonthly INFORMATION BULLETIN, three countries rank first in the reproduction of official communist documents: Poland, Afghanistan and France. Therefore, once more, current events concern parties that use two different methods: The military way to maintain themselves in power (Poland and Afghanistan) and the parliamentary way (France) to participate in government.

When the Soviets draw up the report on these two methods, 25 years after the origin of the "revisionist" thesis of Khrushchev, it obviously appears to them that the results are very unequal. Up to now, the peaceful passage to socialism through elections has not succeeded anywhere. On the other hand, the violent passage to socialism reveals impressive successes. Since the 20th congress, a whole series of countries have fallen into communist hands, in Southeast Asia, the Middle East, Central America and Africa. On the latter continent, "socialist" proliferation is so great that Moscow has become obliged to introduce a difference betwen the countries allied to the USSR and already on the way toward a socialist transformation (Ethiopia and Angola) and the others that are only oriented toward the socialist path (Congo, Benin, Madagascar). Nevertheless, everywhere in the world, the setting up of managing teams determined to realize the passage to socialism has been made possible through the use of force and violence.

In the light of this record, it is not difficult to determine toward what method--peaceful or violent--Soviet preferences in the international arena are heading and will head.

5671
CSO: 3100/875

NEW GRAND COALITION SEEN LIKELY IN 1983

Bonn RHEINISHCER MERKUR/CHRIST UND WELT in German 6 Aug 82 p 6

/Article by Johannes Eidlitz: "When the Reds Go with the Blacks Again"/

/Text/ In Austria, too, economic conditions are bad—a good reason for closing ranks as was the case in the past up to 1966.

Vienna, early August—A spectre is haunting Austria, the spectre of the Red-Black or grand coalition. Until 1966, just such a coalition ruled in Austria and went to its grave amid the curses of the citizenry. The reason for it was that it was blamed for the politization and proportionalization of public life and sizable sectors of the economy. Since then, there has been a "one-color" government in Austria. First it was OeVP chancellor Josef Klaus for 4 years and then came 12 years under SPOe chancellor Bruno Kreisky. The fears some people had when the grand coalition came to an end have since been carried ad absurdum. Neither did the People's Party revert to the authoritarian regime of the thirties, nor have the Austrian socialists turned the country into a second Yugoslavia.

Signals from Hither and Yon

These summer days, there are signals being given from hither and yon that could be construed as harbingers of a new grand coalition following the next elections to the Lower House likely to take place in the spring of 1983. The Socialists' chances of holding on to their absolute majority are not too good. Opinion polls presently have them receiving 47 percent of the vote as against 41 percent for the OeVP and 7 percent for the FPOe. Chancellor Kreisky is presently having discussions—about economic problems—with OeVP chief Alois Mock. Why ? Is it a prelude to a coalition or is it because grand tactician Kreisky wishes to create the impression in public that he is in favor of cooperation which is what most Austrians appear to want in view of the great economic difficulties ?

Such cooperation would work in favor of the SPOe in the upcoming elections—so much so that the socialists might obtain an absolute majority once more and might be able to govern by themselves again. Up to now, the SPOe has always been thought of as the "better party for bad times." But in view of the uncertainties facing the populace as a result of bankruptcies and scandals, a lot has changed. Without a doubt, the SPOe would like to establish

as broad a base as possible for government policy and economic policy above all. The signs pointing to the world economic crisis reaching Austria, too, are too threatening to be overlooked any longer.

The other alternative would be to form a small coalition, joining up with the FPOe under Norbert Steger, its present chairman. The FPOe, which has swung from the national to the liberal side under Steger, has made approaches to Bruno Kreisky throughout the 12 years of the socialist reign and has gotten the SPOe to turn over some centers of power to them without benefit of a formal coalition. One example that comes to mind is the chairmanship of the bureau of the budget—a kind of prepayment for possible cooperation later on. But within the party itself, the differences between the national and liberal wings have not been overcome by any means.

Among socialist functionaries—above all in the labor unions—there is as much unhappiness as before at the thought of joining in a coalition with the remainder of the one-time nationalist camp. As for Bruno Kreisky, he has a similar antipathy for the outwardly Catholic bourgeoisie—a throwback to his time in prison in the thirties when he shared a cell with underground Nazis who had been imprisoned by the Christian corporate regime as he was. OeVP chairman Alois Mock, at the recent festivities commemorating the last coalition chancellor Alfons Gorbach, who died 10 years ago, announced that he was ready to cooperate. Indications are that this is the watchword for 1983. Nonetheless, both Kreisky and Mock have said officially that they have no preferences as to future coalitions and are leaving their options open. Within the OeVP, of course, there is a strong pull toward a coalition; they have been out of power for 12 years and have not done too well as an opposition. Against this background, the call by the OeVP provincial governors of the Tyrol, Vorarlberg, Salzburg, Styria as well as Lower and Upper Austria for a governmental system patterned after the Swiss model becomes quite understandable. What it means is that they want a really grand coalition which would assign ministerial posts to the parties represented in parliament according to their relative strength.

12 years in government have hardly weakened Kreisky's own position within the SPOe. Attacks by the left wing of the party and by the young socialists along with demands for more income resdistribution and shorter working hours are relegated by Kreisky to the distant future. For the SPOe the watchword still is: "Kreisky—who else ?"

On the opposite side there is Alois Mock—minister of education in the Klaus government—who has been out in front for the past 3 years. Mock has managed to score some successes internationally—above all his election as president of the European Democratic Union. Mock has appointed Michael Graff, a young lawyer, as secretary-general of the party who, it is hoped, will do a better job than his predecessor, Sixtus Lanner. The really strong OeVP personalities are out in the Laender—governors Wallnoefer of the Tyrol; Ratzenboeck of Upper Austria and Krainer of Styria. These are all men who wish by no means to give up their top posts in the Laender and come to Vienna instead.

Kreisky Cabinet Too Old

In the SPOe, on the other hand, there are a great many politicians who have made a name for themselves in the 12 years they spent in the limelight. The cabinet is definitely overage but if present indications hold, Kreisky will probably present a rejuvenated team to the public following the 1983 elections. There is a rule that says politicians must retire at age 66. The SPOe made an exception in Kreisky's case and is about to make another in the case of union president Anton Benya. Christian Broda, who has been minister of justice for 18 years, appears to have aroused the chancellor's ire and is thus highly likely to leave the political scene. Minister of Science Herta Firnberg and Defense Minister Otto Roesch are expected to resign voluntarily. In addition, quite a few of the many state secretaries are certain to go. At any rate, there are many younger politicians in the SPOe who could fill any cabinet post whatever such as Vice Chancellor Fred Sinowatz, Fraction Chairman Heinz Fischer or Deputy Party Chairman Karl Blecha.

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CSO: 3103/656

BRIEFS

SCHEDULE FOR QUITTING EC--It seems probable that Greenland cannot leave EC before 1 January 1985 at the earliest, instead of 1 January 1984, as the government had hoped. That is the opinion of a representative of the Judicial Committee of the Parliament of Europe, J. L. Janssen of Holland, who has been staying in Greenland for a few days in order to write a report on the problems involved in Greenland's withdrawal. He does not think the 10 lands in EC will be able to ratify the changes in the Treaty of Rome on which the withdrawal will be based. The head of the government of Greenland, Jonathan Motzfeldt, was not surprised that the timetable could not be met and said that the government would not force things through. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 30 Aug 82 p 8] 6578

CSO: 3106/164

HESSE'S VOTERS POLLED ON LOCAL, NATIONAL ISSUES

Hamburg DER SPIEGEL in German 30 Aug 82 pp 46-58

/Unattributed article: "The FDP: Two Parties in One"/

/Text/ Does FDP chief Hans-Dietrich Genscher want to prop the chancellor up or topple him ?

That issue—not quite as drastically phrased as above—hit the front pages of most FRG newspapers weekend before last for the first time ever.

For Hesse's FDP, the prop-him-up-or-topple-him question may well be a matter of life and death.

Because the fact is that the few voters it has left do want a change of administration in the Land but are preponderantly against a change in Bonn—at least not prior to the Bundestag elections in 1984.

This is what Bielefeld's Emnid Institute found in a poll conducted for DER SPIEGEL. In early August, according to Emnid, only 4 percent of Hesse's voters would cast their ballot for the FDP. The other parties' percentages were: CDU, 50 percent; SPD, 34 percent; Greens, 11 percent.

The poll was not restricted to Hesse issues alone. These, we reported on in our last issue. Emnid queried the 2,000 men and women—a representative sample of Hesse's four million voters—on their views concerning the Bonn government; put the choice of Schmidt or Kohl for chancellor before them; asked them to evaluate the qualifications of various potential CDU/CSU candidates for the chancellorship and had them rank the different party chiefs on a popularity scale.

Another point to be cleared up was what significance Hesse's voters assigned to the local FDP's decision to switch coalition partners and what the impact of their own vote in the 26 September Landtag election would be on the future in Bonn.

Ever since the FDP party congress on 17 June in Darmstadt where the switch was decided upon, these have been the main issues both for the FDP and its opponents.

At first, things seemed simple enough. In announcing the switch, the party congress combined it with the "indispensable proviso" that there could only be a coalition with the CDU in Hesse, if it "gave its support in the Bundesrat to the federal government of which the FDP is a part."

But soon thereafter the troubles began. At first, there were semantic problems; but then they turned political.

Many FDP party regulars ran into doubt and skepticism when they told the voters the FDP would have to break with the SPD in Hesse so as to make it easier for the SPD/FDP coalition in Bonn to govern. The upshot was what FDP Secretary-General Guenter Verheugen had foreseen: "Many voters simply will not be able to understand this."

But there were other reasons why the FDB politicians changed their arguments until they wound up saying something entirely different from what they maintained at the outset. They had to try and follow the tactical zigzags performed by party chief Genscher who did a 180-degree turn within just a few weeks. Anyone not paying attention to the date a particular interview was granted by Hesse's FDP chief Ekkehard Gries would have had to conclude that he was Chief Forked Tongue himself.

When asked by DER SPIEGEL right after the party congress whether Hesse's FDP was preparing the ground for a change in Bonn as well, Gries had said "quite the contrary. We intend to use Hesse to strengthen the position of the socialist-liberal government." In other words: prop him up; don't topple him.

Later on, Gries cast some doubt on the proposition. He said all the talk was "just speculation" and when asked whether the proposed CDU/FDP coalition in Wiesbaden was "the starting gun for a change of coalition in Bonn," he replied: "There is no intention of doing so but how it may affect matters I cannot say." Prop him up or topple him ?

And lately, when Genscher started using blunter language, the Hesse FDP chief discarded the original argument in its entirety. When he was now asked whether an FDP success in Hesse would have "an inevitable impact on Bonn," he said: "If things go well here and the voters support our decision to form a coalition with the CDU, I think it is just a question of time before this will spread to Bonn." And since the idea in Bonn, too, is no longer to prop up but to topple, Gries drew a parallel between the partners in the Land government and in Bonn. "The truth is that the SPD is bidding goodbye to Bonn and to Wiesbaden and is getting ready for the long march back to socialism," he said.

By shifting philosophies in this manner, the FDP runs the risk of losing what is left of its credibility—at least in Hesse.

Despite the severe loss of popularity the party incurred by making the switch of partners and the fact that many voters have turned their back on it and despite strong doubts about the FDP line of reasoning, most voters still believed the party in one respect—that opting for the CDU in Hesse was not a prelude to a like development in Bonn. This was borne out by the responses to three pertinent Emnid questions.

Hesse's voters were convinced that "Hesse politics" would play a "bigger role" generally speaking than "politics in Bonn" in the upcoming election—54 percent agreeing and 43 percent not agreeing.

The response to the question of whether the decision to switch partners "was primarily based on the initiative of Hesse's FDP regulars or that of the Bonn party leadership" came out the way the FDP probably wants it. 50 percent said the decision was a Hessian matter as against 42 percent who thought it emanated in Bonn.

Above all, a no-response was given to the question of whether a change in Wiesbaden would inevitably lead to one in Bonn. Emnid posed two different questions on the issue.

The first was: "In the aftermath of the Hesse FDP coalition decision in favor of the CDU, there is no Land with an FDP/SPD coalition any more. The SPD and FDP should now draw the appropriate consequences from this development in Bonn. There is no justification for the Bonn coalition any longer."

The other statement read: "Land politics and federal politics are like two pairs of shoes. If an SPD/FDP coalition in a Land is dissolved, the SPD/FDP coalition in Bonn can still remain unchanged."

45 percent agreed with the first statement and 49 percent agreed with the second. And what was more important—76 percent of the SPD voters and 56 percent of the FDP voters felt that one of the coalitions might continue to exist in the absence of the other.

But now—as Genscher and Gries have announced in their own special way—the supposedly voluntary switch of the Hesse FDP is to be turned into the prelude to a Bonn spectacular.

For that matter, the reaction of Hesse's voters to the change of partners, as evidenced in the Emnid findings, ought to keep the FDP from going the same route in Bonn as in Wiesbaden.

Still, the political situations in Hesse and in Bonn are comparable in several respects.

At this time, a Bundestag election would come out just about like a Landtag election in Hesse—only the FDP's chances would be better and those of the Greens would be worse. The latest Emnid figures gathered in a national poll between 6 and 22 August were: CDU/CSU, 52 percent; SPD, 33; FDP, 7 and Greens also 7 percent.

Both heads of government—Schmidt and Boerner— are more popular than their own parties and their opponents Kohl and Dregger.

In both places, by making a switch the FDP would be calling on its voters to change their mind about a CDU/CSU politician they had fought hard against for years. In Hesse, it is top candidate Dregger himself and on the national level, it would be Franz Josef Strauss who even scared off many regular CDU/CSU voters in the 1980 chancellorship race and drove them into the FDP camp.

Both of these politicians are ranked equidistant from the center of the spectrum. For Dregger, Emnid came up with 7.9 on a scale extending from 1 (very far to the left) to 10 (very far to the right). In 1980, Emnid came up with an 8.1 for Strauss. For many years, there has never been anyone farther to the right than that.

The attempt by CDU and FDP campaign orators to pin a leftist label on Hesse's Minister President Boerner as one opposed to the market economy as compared to Chancellor Schmidt has not met with success. Hesse voters consider Boerner no more of a leftist than FRG voters generally do Schmidt. Both get almost the same ranking on the scale: 4.1 for Boerner; 4.3 for Schmidt. The "middle-of-the-road" label thus applies to Boerner rather than Dregger, if the voters' opinions are any indication.

As in Hesse, the FDP is offering itself to the CDU/CSU in Bonn as a partner without setting any conditions which, however, might dispel popular suspicions that the party is solely motivated by the opportunistic principle of staying in power no matter with whose help.

And, as in Hesse on 26 September, only an election that followed a switch in Bonn would show whether the FDP would be able to attract voters in sufficient numbers in its new role and whether the CDU/CSU would even need its new partner.

The fact is that the FDP must fear elections after switching partners as the present 4 percent showing in Hesse indicates. But if he left the Bonn coalition, Genscher might hardly have enough time to make up for the loss of voters because CDU/CSU politicians all across the land are already insisting that any possible switch needs to be linked to early elections.

Whatever the similarities between Hessian problems and Bonn problems may be, there are two important differences, as the Emnid poll showed and which pose more of a risk to the FDP than in Hesse, if it decides to make the switch in Bonn.

On the one hand, Schmidt is a good deal stronger in several respects than Boerner and on the other hand the issue would polarize FDP voters nationally to a much greater extent than in Hesse.

Among Hesse voters, Schmidt is far and away the most popular politician and there is "not the least doubt," according to Emnid elections expert Klaus-Peter Schoeppner, "that FRG voters overall think differently from those in Hesse."

Schmidt may no longer hit a plus three on the popularity scale ranging from -5 to +5, which was tops for him. But he still gets a plus two, which is far better than any other political figure.

He is also the only politician receiving positive ratings from literally all political groups and social strata, including CDU regulars and staunch Greens.

The risk Genscher would run in toppling the chancellor comes out when one compares two sets of figures. The popularity rating given by Hesse FDP voters to the head of their "own" party and the chancellor is practically the same—+2.5 for Genscher; +2.4 for Schmidt.

For CDU chief and Bonn opposition leader Helmut Kohl any comparison with Schmidt comes out negative. In a direct election, he would lose badly—whereas Dregger would run ahead of Boerner in Hesse. On the popularity scale, he ranges closer to zero than the chancellor, and his support is not uniformly distributed. Kohl is far more popular among "rightwing" voters than among those in the center and left.

In this regard, Kohl is thought of much like Dregger and Strauss. Brandt, on the other hand, gets high ratings on the "left" and low ones on the "right." In this regard, Kohl not only differs from Schmidt but also from Minister President Ernst Albrecht of Lower Saxony, the most popular of the intra-party rivals. Albrecht is mentioned far more often than Kohl when the question is asked which CDU politician "is best qualified to serve as chancellor." And—not only Gerhard Stoltenberg of Schleswig-Holstein, whose name has been bruited about for years, but even Richard von Weizsaecker, who has been mayor of Berlin for only a year and has rarely been mentioned in this connection, come up with ratings almost as high as Kohl's.

Only if the CDU/CSU were dead sure of having an absolute majority could it risk going into a campaign with Kohl at its head. Every other potential candidate holds the promise of greater gains in voter support than the Bonn opposition leader. In Albrecht's case, this would be true among most voters; in Stoltenberg's particularly among FDP voters and in Weizsaecker's primarily among SPD voters and young people.

Although the CDU/CSU can count on the support of every other voter both in Hesse and nation-wide at this time, its base appears to be homogeneous.

Those 4 percent in Hesse, however, who still say they would vote for the FDP do not constitute a hard core tied to the fortunes of the party come what may. In fact, they are two distinct groups which are more polarized than the party can bear for long. The corresponding figures are among the most striking findings of the Emnid survey.

One new aspect is that the traditional FDP voter groups—the left liberals and the right liberals—are now of equal strength. Until the coalition switch, there were about twice as many left liberals as right liberals in Hesse as elsewhere. This would indicate that many left liberals have turned their back on the party.

The other major new aspect is the extent to which the views of the two groups diverge. "In Hesse, there is no such thing any longer as /the/ FDP voter," says Emnid elections expert Schoeppner. "There are two distinct types of FDP voters now so that one must speak of two parties in one."

This becomes most clear when those FDP voters who call the CDU their second choice are compared with those who list the SPD as such.

However controversial the questions may be, the majority of one of the FDP sub-parties always differs with the majority of the other.

The right liberals are overwhelmingly in favor of the West runway and nuclear power with the left liberals largely opposed. The one group would have all foreign workers go home; the other says they should be integrated for the most part. A great majority of the right liberals favors a switch in Bonn as well with an even greater majority of the left liberals coming out against it. The one group says a break in Bonn would be a logical consequence of the shift in Hesse whereas the other group emphatically says: not so.

Even among CDU voters or SPD voters, these contrary views are not held by such distinct majorities.

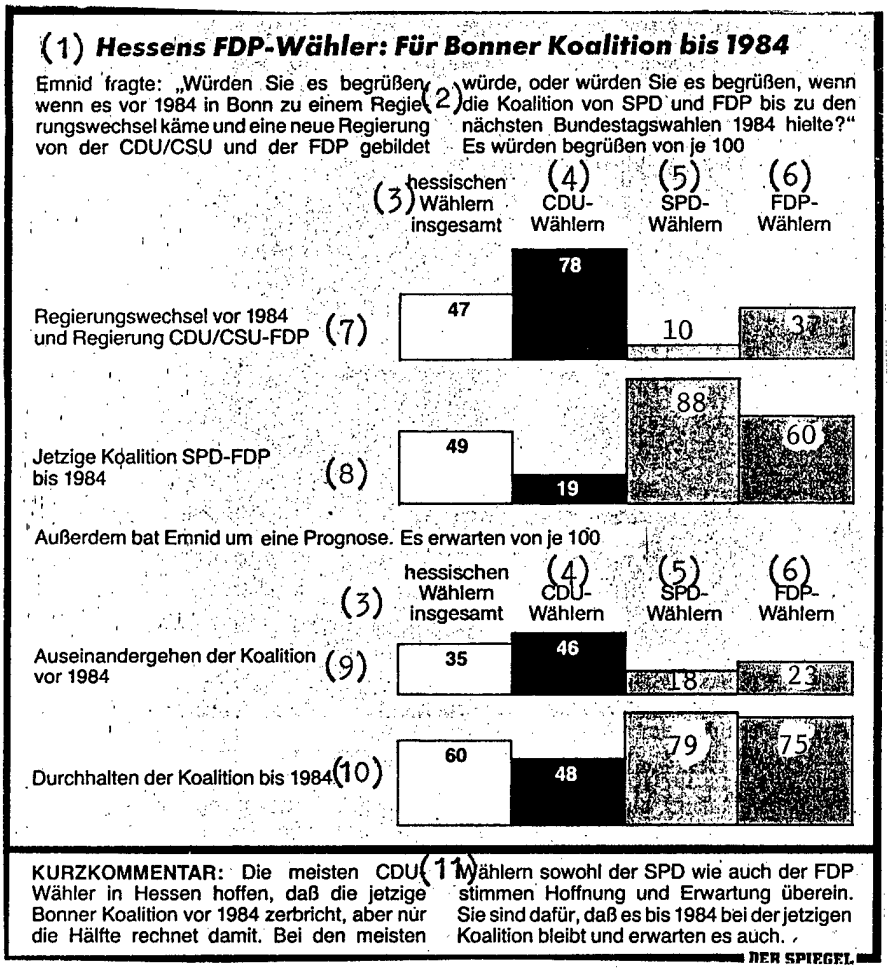
If such distinct groups are to stay together inside one party, there must be some unifying issues and personalities.

But the FDP lacks such a unifying theme. The main theme—that of the switch—drives the voters apart.

Genscher is respected among Hesse FDP voters of both persuasions in equal measure. Both sides appear to feel that the party chief kept out of the controversy surrounding the switch. In this sense, Genscher fulfills the function of standing above the groups and thereby holding them together.

But Genscher will no longer be able to fulfill this function, if he opts for a switch in Bonn. Then he would have to come out in the open and act according to the wishes of the right liberal voters only. The question is what the reaction of the left liberals would be, if the party chief went over to the other side. This will tell how far to the right the FDP will move and whether its base will then be broad enough to survive the next elections.

A switch in Bonn and along with it the fall of a popular chancellor as well as a shift by Genscher from unifier to activist would cause a lot more commotion among the voters than a mere change in one Land coalition.



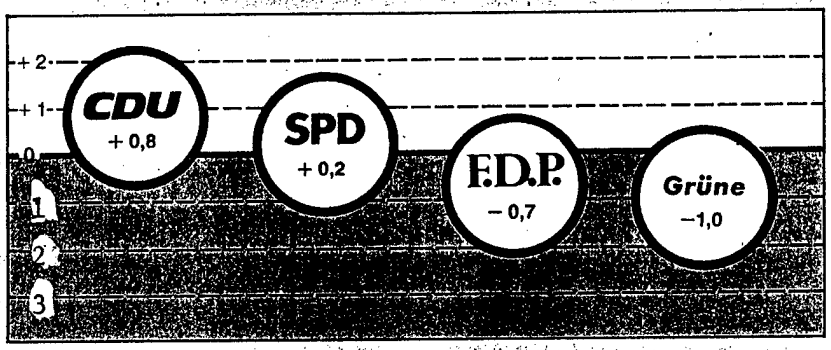
1. Hesse FDP Voters: In Favor of Bonn Coalition until 1984
2. The Emnid question was: "Would you welcome a change of government in Bonn prior to 1984 and the formation of a CDU/CSU-FDP government or would you rather see the SPD/FDP coalition carry on until the 1984 Bundestag election?"
3. All Hesse voters
4. CDU voters
5. SPD voters
6. FDP voters
7. Change of government prior to 1984 and CDU/CSU-FDP government
8. Present SPD/FDP coalition until 1984
9. Dissolution of coalition prior to 1984
10. Continuation of coalition until 1984
11. Mini-commentary: Most CDU voters in Hesse hope the Bonn coalition breaks up prior to 1984 but only half of them expect it. Most SPD and FDP voters are in agreement as to hopes and expectations. They are in favor of the present coalition continuing until 1984 and also expect it to.

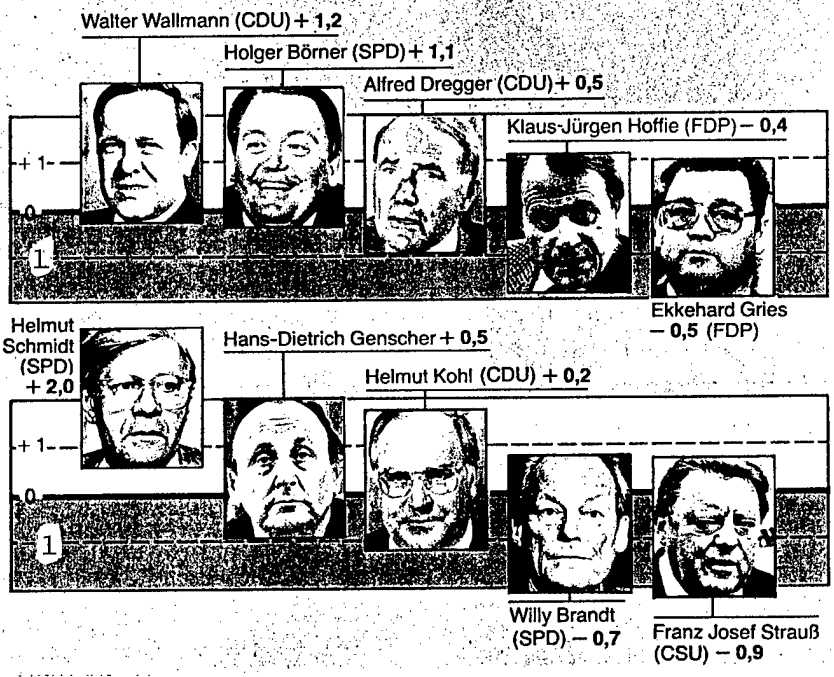
(1) **CDU populärer als Dregger**
FDP sackt unter Null

(2) Die Sympathien für Parteien und Politiker

Wie populär Hessens Politiker und Parteien sind, stellte das Emnid-Institut anhand sogenannter Sympathieskalen mit Werten von + 5 („sehr sympathisch") bis −5 („sehr unsympathisch") fest.

(3) Zum Vergleich wurde auch nach Bundeskanzler Helmut Schmidt und den Vorsitzenden der vier Bonner Bundestagsparteien gefragt.
Es ergaben sich als Mittelwerte:



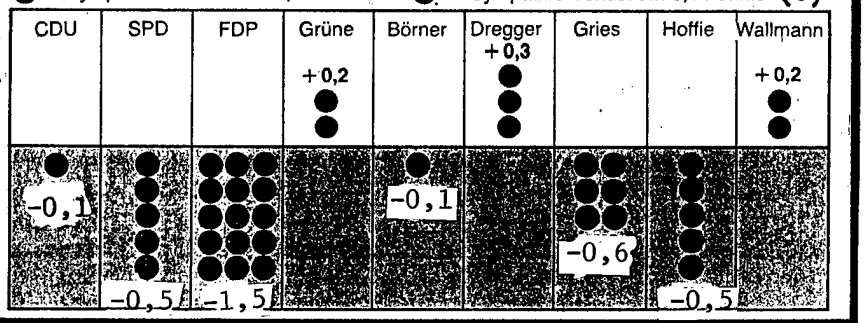


1. CDU More Popular than Dregger—FDP Dips Below Zero
2. Popularity of Political Parties and Their Leaders
3. Emnid used so-called popularity scales to determine how well liked Hesse's political parties and their leaders are. The scales run from + 5 (very well liked) to - 5 (very much disliked). For the sake of comparison, the same test was applied to Chancellor Helmut Schmidt and the chairmen of the four parties represented in the Bundestag. These were the median scores:

(4)

Zuletzt waren die hessischen Sympathiewerte drei Monate vor der Emnid-Umfrage von dem Mannheimer Ipos-Institut im Mai 1982 ermittelt worden – einen Monat vor dem FDP-Beschluß, die Koalition zu wechseln. Die folgende Graphik zeigt die Veränderungen von Mai bis August 1982.

(5) ● = Sympathie-Gewinn um 0,1 Punkte ● = Sympathie-Verlust um 0,1 Punkte (6)



KURZKOMMENTAR: Börner ist populärer als seine Partei, bei Dregger und der CDU ist es umgekehrt. Und mit Frankfurts Oberbürgermeister Walter Wallmann gibt es einen CDU-Politiker in Hessen, der zwar nicht so bekannt ist wie Dregger, aber mehr Sympathien besitzt als der Spitzenkandidat. (7) Der Vergleich der Umfragen vom Mai und vom August zeigt die negativen Folgen des Partnerwechsels für die FDP.

DER SPIEGEL

4. In May 1982, 3 months prior to the Emnid survey, Ipos Institute of Mannheim did the most recent popularity poll in Hesse. This was one month before the FDP decided to change coalition partners. The table below indicates the changes that took place between May and August 1982.
5. Popularity gain by 0.1 percent
6. Popularity loss by 0.1 percent
7. Mini-Commentary: Boerner is more popular than his party; Dregger is not. Frankfurt Lord Mayor Walter Wallmann is a CDU politician who, though not as well known as Dregger, is more popular than he in Hesse. The comparisons between the May and August surveys the negative effect the coalition switch had on the FDP.

(1) ***28 von 100: „mangelhaft" oder „ungenügend"***

(2) Hessens Wähler über die Regierungen in Wiesbaden und Bonn

Mit Schulnoten sollten die Teilnehmer der Emnid-Untersuchung ihr Urteil über die Landesregierung in Hessen und über die Bundesregierung abgeben. Es entschieden sich von je 100 wahlberechtigten Männern und Frauen (3)

(4) für die Note	(5) Regierung Börner	(6) Regierung Schmidt
„sehr gut" (7)	1	–
„gut" (8)	9	9
„befriedigend" (9)	32	30
„ausreichend" (10)	30	31
„mangelhaft" (11)	21	21
„ungenügend" (12)	7	7
Durchschnittsnote (13)	3,8	3,8

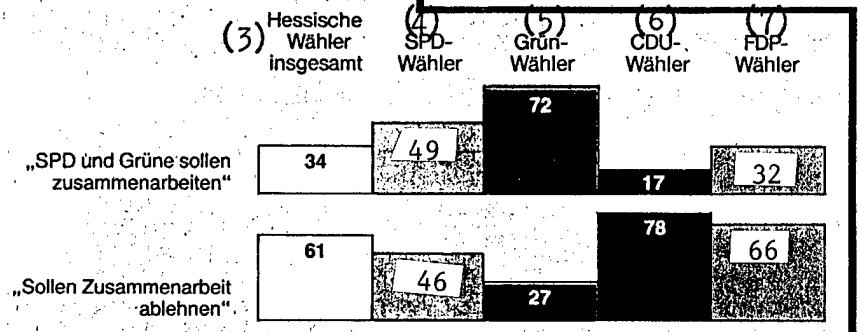
(13) Durchschnittsnoten der	(14) CDU-Wähler	(15) SPD-Wähler	(16) FDP-Wähler	(17) Grün-Wähler
(5) Regierung Börner	4,1	3,1	3,6	4,5
(6) Regierung Schmidt	4,2	3,1	3,6	4,2

1. 28 Percent Say "Unsatisfactory" or "Fail"
2. Hesse's voters pass judgment on the Wiesbaden and Bonn governments
3. Participants in the Emnid survey were asked to pass judgment on the Hesse and Bonn governments by giving them school grades. The percentages were:
4. Grades
5. Boerner government
6. Schmidt government
7. Very good
8. Good
9. Satisfactory
10. Adequate
11. Unsatisfactory
12. Fail
13. Average Grade
14. CDU voters
15. SPD voters
16. FDP voters
17. Green voters

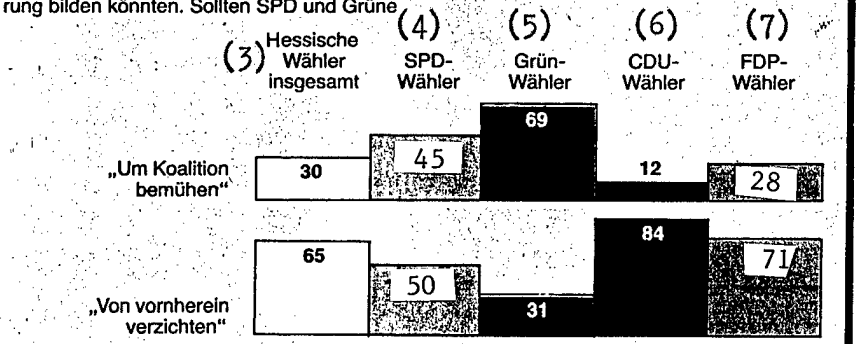
(1) **Neuer Bund SPD-Grüne?**

(2) Zwei Fragen galten dem Thema, das insbesondere seit dem Patt-Ergebnis der Hamburger Wahlen vom 6. Juni 1982 diskutiert wird: Wie es die SPD und die Grünen miteinander halten sollen.

Die erste Frage: „Was würden Sie ganz allgemein meinen, sollen SPD und Grüne dort, wo sich diese Möglichkeit ergibt, zusammenarbeiten, oder sollen sie eine Zusammenarbeit ablehnen?" Ergebnis (in Prozent):



(10) Die zweite Frage: „Mal angenommen, bei der Landtagswahl erhielten SPD und Grüne in Hessen so viele Stimmen, daß sie die Regierung bilden könnten. Sollten SPD und Grüne sich dann darum bemühen, eine Regierungskoalition zu bilden, oder sollten sie darauf von vornherein verzichten?" Ergebnis:

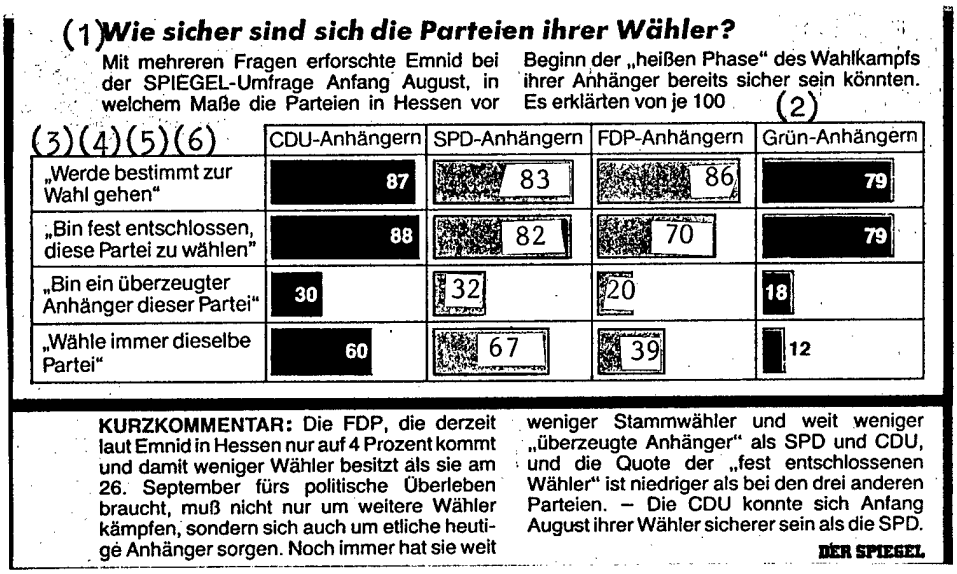


(13) **KURZKOMMENTAR:** Jedwede Zusammenarbeit zwischen SPD und Grünen ist in Hessen unpopulär; da macht es kaum einen Unterschied, ob das Stichwort „Koalition" fällt oder nicht. Zu erwarten ist ein solcher neuer Bund in Hessen noch weniger als anderswo. Dafür fehlt es beiderseits am Willen, ihn zu schließen, sowie — wahrscheinlich — an einer Mehrheit im Landtag. Die Wortführer der Grünen berufen sich wohl zu Recht auf die „Basis" ihrer Aktiven, die eine Zusammenarbeit ablehnen. Aber an einer anderen „Basis", unter den Grün-Wählern, ist die Stimmung sogar im Land Hessen für eine Zusammenarbeit mit der SPD überaus positiv.

DER SPIEGEL

1. New Alliance of SPD and Greens ?
2. Two questions were devoted to the issue that has been a particular subject of debate since the standoff in the 6 June 1982 Hamburg election--how the SPD and the Greens should deal with one another. The first question was: "In general terms, do you feel the SPD and the Greens should collaborate if the opportunity arises or should they reject collaboration ?"
3. All Hesse voters 4. SPD voters 5. Green voters 6. CDU voters
7. FDP voters 8. "SPD and Greens should collaborate"
9. "Should reject collaboration"

10. "Suppose the SPD and the Greens received enough votes in the Landtag election to form a government. Should they then try to form a government coalition or discard the idea in advance ?"
11. "Try for coalition"
12. "Discard the idea"
13. Mini-Commentary: In Hesse, any form of collaboration between SPD and Greens is unpopular—no matter whether the term "coalition" is applied to it or not. In Hesse, such a new alliance appears even less in the offing than anywhere else. Neither side is willing to enter into one and then they will probably not come up with a majority in the Landtag. Green spokesmen point to their "grass roots" activists who, they say, do not wish to collaborate—and they are probably right. But there are other "grass roots" elements in the Green camp—even in Hesse—that view collaboration with the SPD with some favor.



(1) ***Wie sicher sind sich die Parteien ihrer Wähler?***

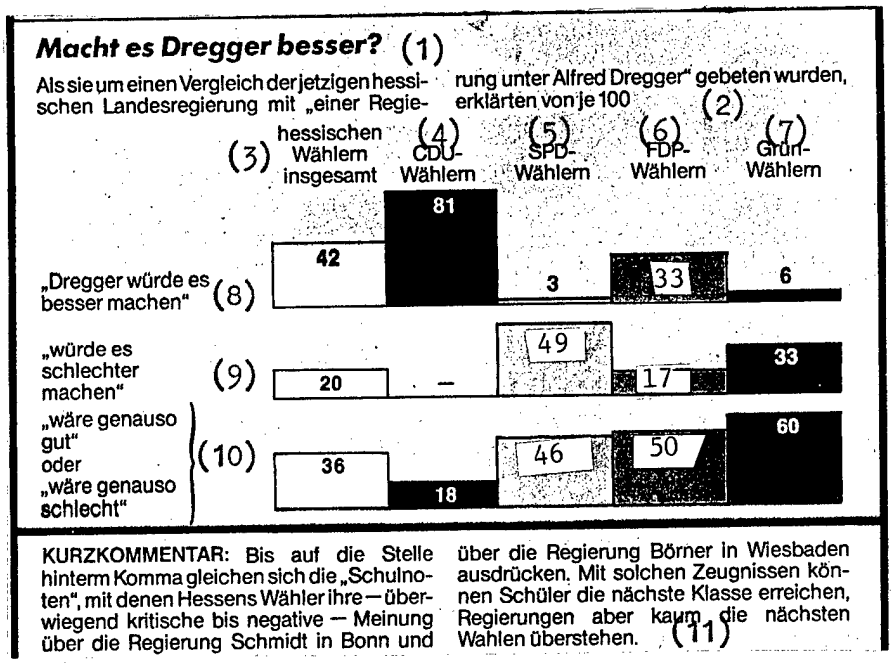
Mit mehreren Fragen erforschte Emnid bei der SPIEGEL-Umfrage Anfang August, in welchem Maße die Parteien in Hessen vor Beginn der „heißen Phase" des Wahlkampfs ihrer Anhänger bereits sicher sein könnten. Es erklärten von je 100 (2)

(3)(4)(5)(6)	CDU-Anhängern	SPD-Anhängern	FDP-Anhängern	Grün-Anhängern
(7) „Werde bestimmt zur Wahl gehen"	87	83	86	79
(8) „Bin fest entschlossen, diese Partei zu wählen"	88	82	70	79
(9) „Bin ein überzeugter Anhänger dieser Partei"	30	32	20	18
(10) „Wähle immer dieselbe Partei"	60	67	39	12

(11) **KURZKOMMENTAR:** Die FDP, die derzeit laut Emnid in Hessen nur auf 4 Prozent kommt und damit weniger Wähler besitzt als sie am 26. September fürs politische Überleben braucht, muß nicht nur um weitere Wähler kämpfen, sondern sich auch um etliche heutige Anhänger sorgen. Noch immer hat sie weit weniger Stammwähler und weit weniger „überzeugte Anhänger" als SPD und CDU, und die Quote der „fest entschlossenen Wähler" ist niedriger als bei den drei anderen Parteien. – Die CDU konnte sich Anfang August ihrer Wähler sicherer sein als die SPD.

DER SPIEGEL

1. How Sure Are the Parties of Their Voters ?
2. The SPIEGEL survey included several questions on how sure the Hesse parties can be of their voters as the campaign "heats up."
3. Supporters of CDU 4. of SPD 5. of FDP 6. of Greens
7. "Will surely vote"
8. "Am firmly decided on voting for this party"
9. "Am a firm supporter of this party"
10. "Always vote for the same party"
11. Mini-Commentary: According to Emnid, the FDP only has 4 percent of the Hesse vote now which is not enough to survive the 26 September election. It not only has to fight for additional votes but worry about quite a few of its present supporters. As always, it has fewer regular voters and fewer "firm supporters" than the SPD or CDU and its quota of "firmly decided voters" is smaller than that of the three other parties. In early August, the CDU could be surer of its voters than the SPD.

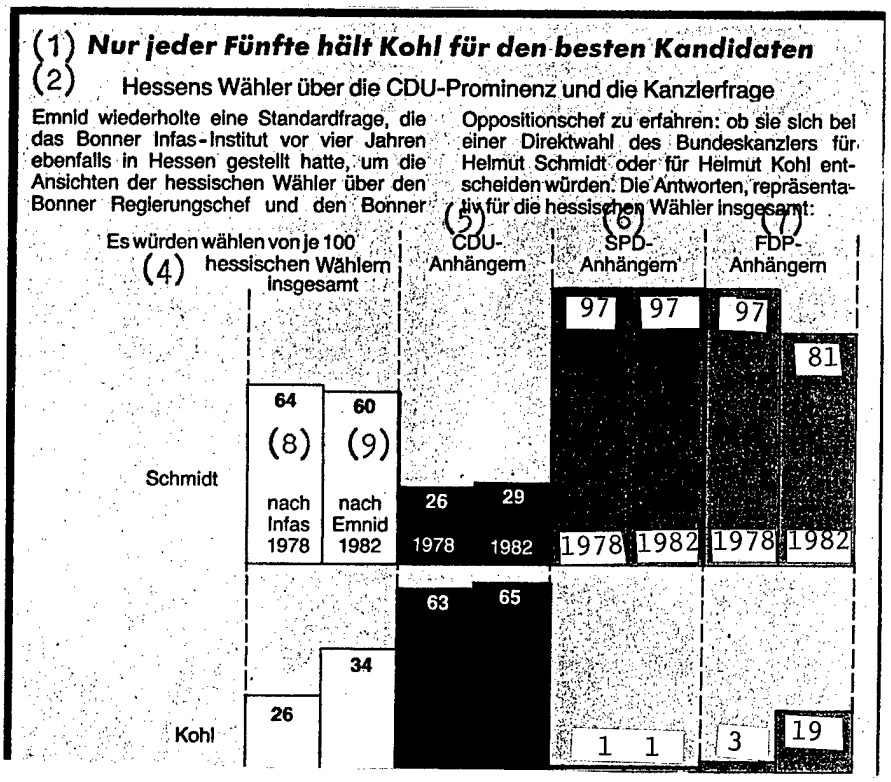


1. Would Dregger Do a Better Job ?
2. When asked to compare the present Hesse government with "a government headed by Alfred Dregger," the percentage responses were as follows:
3. All Hesse voters
4. CDU voters
5. SPD voters
6. FDP voters
7. Green voters
8. "Dregger would do a better job"
9. "Dregger would do a poorer job"
10. "Would do just as good or just as bad a job"
11. Mini-Commentary: Except for what comes after the decimal point, the "grades" Hesse's voters gave to the Schmidt government in Bonn and the Boerner government in Wiesbaden were alike in the critical to negative attitudes they reflected. Such report cards permit students to advance one grade but governments can hardly expect to survive the next election.

(1) **Nur jeder Fünfte hält Kohl für den besten Kandidaten**

(2) Hessens Wähler über die CDU-Prominenz und die Kanzlerfrage

(3) Emnid wiederholte eine Standardfrage, die das Bonner Infas-Institut vor vier Jahren ebenfalls in Hessen gestellt hatte, um die Ansichten der hessischen Wähler über den Bonner Regierungschef und den Bonner Oppositionschef zu erfahren: ob sie sich bei einer Direktwahl des Bundeskanzlers für Helmut Schmidt oder für Helmut Kohl entscheiden würden. Die Antworten, repräsentativ für die hessischen Wähler insgesamt:



1. Only One out of Five Says Kohl Is Best Candidate
2. Hesse Voters on Prominent CDU Politicians and Chancellorship Issue
3. Emnid repeated a standard question posed by the Infas Institute of Bonn 4 years ago to obtain the views of Hesse's voters concerning the Bonn head of government and the Bonn opposition leader and to see whether they would vote for Helmut Schmidt or Helmut Kohl in a direct election for chancellor. The percentage responses of the representative sample were as follows:
4. All Hesse voters
5. CDU supporters
6. SPD supporters
7. FDP supporters
8. Infas survey 1978
9. Emnid survey 1982

(10)

Zusätzlich wurde den Befragten der 1982er SPIEGEL-Umfrage eine Liste der potentiellen CDU/CSU-Kanzlerkandidaten vorgelegt und gefragt, wer „am besten geeignet ist, Bundeskanzler zu werden". Es nannten von je 100

(4) hessischen Wählern insgesamt	(5) CDU-Wählern	(6) SPD-Wählern	(7) FDP-Wählern
Ernst Albrecht: 29	30	29	37
Helmut Kohl: 20	29	12	16
Gerhard Stoltenberg: 17	18	17	22
Franz Josef Strauß: 6	10	3	1
Richard von Weizsäcker: 18	12	24	17

(11)

KURZKOMMENTAR: Noch nie war die Stimmung für die CDU in Hessen so günstig wie gegenwärtig; aber die Einstellung zum CDU-Chef Helmut Kohl ist weiterhin überwiegend negativ. Ob zwischen ihm und Helmut Schmidt gewählt werden oder ob der bestgeeignete CDU/CSU-Kanzlerkandidat gefunden werden soll – die Antworten sprechen immer gegen Kohl. Die meisten hessischen Wähler würden dem Bonner Oppositionschef einen anderen CDU-Politiker als Kanzlerkandidaten vorziehen.

DER SPIEGEL

10. As part of the 1982 SPIEGEL survey, the interviewees were given a list of potential CDU/CSU candidates for chancellor and asked "which of them was best qualified for the job."
11. Mini-Commentary: Things never looked more favorable for the CDU in Hesse than they do now; but attitudes toward CDU chief Helmut Kohl are still overwhelmingly negative. Whether he and Helmut Schmidt are matched up or it is a matter of selecting the best qualified CDU/CSU candidate for chancellor, Kohl always comes out poorly. Most Hesse voters would prefer some other CDU politician to Kohl as candidate for chancellor.

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COMMUNIST LEADERS GIVE VIEWS ON PARTY SPLIT, USSR TIES

Alenius Warns CP of 'Dogmatism'

Helsinki KANSAN UUTISET in Finnish 10 Jul 82 p 9

[Interview with Socialist leader Ele Alenius by chief editor of FOLKTIDNINGEN NY TID Johan von Bonsdorff: "How a Progressive Movement Should React to Social Change"; interview given in Swedish, translated into Finnish by Kerttu Kauniskangas and checked by Ele Alenius; date and place not given]

[Text] Socialist members of the Finnish People's Democratic League (SKDL) have firmed up their organization this year. Before, they only had a national governing body. Now, such organs are being formed at district level too. The Socialists will go on as they have up to now as individual members of the primary organizations without founding their own groups.

Socialist leader Ele Alenius was recently interviewed by the Swedish-language People's Democratic organ FOLKTIDNINGEN NY TID. We publish a Finnish translation of the interview conducted by chief editor Johan von Bonsdorff.

The Western countries' ideological crisis as it appears in Western Europe, which Finland is a part of, was the point of departure for Ele Alenius when he spoke his piece one summer morning inside the Bank of Finland, which is located behind the statue of another radical social ideologist, Johan Wilhelm Snellman. But since they are separated by a gap of over 100 years, they have had to deal with very different kinds of issues. The crisis today is constituted by a highly developed technology and production capacity which, despite everything, people are incapable of controlling.

From the point of view of a Westerner, a particular ideological problem is the fact that — although he can both understand and experience the crisis in his own society — he is incapable of visualizing clearcut alternatives at this time.

"Socialism has now been established for many decades. But people still do not regard it as an alternative. In a philosophical sense, both Marxism and especially Marxist-Leninism have lost their value as alternatives. They are incapable of arousing a Westerner's conscience to eliminate social evils. Our standard of living has, to be sure, risen, but that does not point out the way to advance either."

A Synthesis We Have Not Achieved

[Question] So what has actually led to this crisis?

[Answer] Well, philosophically viewed, the fact that neither capitalism nor socialism has been capable of sufficiently creating syntheses of balances in the relationship between the individual and society is most significant. Capitalism lays too much emphasis on the individual and his property rights and does so in a distorted way, while at the same time they speak of freedom of speech and democracy. Socialism, on the other hand, pushes the individual with the pressure of class politics and party thinking. The struggle over the interests of future generations is placed above the individual and, in terms of so-called realistic socialism [cf realpolitik], it is precisely the communist party that is regarded as being the representative of those generations.

[Question] So to what extent can people claim that they are ready to give up their interests for the benefit of future generations?

[Answer] That's a tough question. There are situations in which people are prepared to make great sacrifices, which might thus further significant social upheavals, for example, at the time of the October Revolution. But at other times people may regard analogous difficulties as unnecessary, being merely the results of poor administration. Such a situation, of course, leads to quite another kind of thinking.

The Case of Poland

Evidently, people in Poland have felt this way about the party and government leaders there — the party is scarcely regarded as a leading force for progress, as it itself wished to appear. And difficult conflicts arise in such a situation. We may also ask whether the party really represents the interests of the working class when an active role played by the working class and the party are at odds with one another.

Unity between the two is in this case absolutely wrong: Socialism should represent development and progress. This was certainly so in the beginning in Poland too, but nowadays the enthusiastic atmosphere of [social] edification is lacking.

[Question] Might signs of this have been noted during the past 2 years?

[Answer] I don't believe that Poland will get back on its feet unless it begins to reconsider the ideas of the working class and the Solidarity.

One argument that has been used in Poland to justify the restrictions that have been imposed is that it is absolutely necessary to defend socialism against capitalist tendencies. This controversial issue of socialism versus capitalism is particularly stressed in socialist countries as a justification for applying the brakes to internal development.

It certainly seems to me that the significance of this controversy is exaggerated as an argument for vehemently emphasizing party and military objectives, just as we exaggerate in terms of cautious ideological "deviations."

Socialism As a Whole

If we want to see to it that socialist ideas experience a revival in Western Europe, we have to change our basic arguments. It is important to regard socialism as a whole, which means that we must not limit ourselves solely to economic aspects, but also consider cultural and political viewpoints. All three aspects must be regarded as a unified whole and in balance among themselves.

It is certainly true that the point of departure for Marxist thinking is the basic structure of the economy, but the material basis has evolved to such an extent today that the significance of other aspects is growing.

As concerns capitalism I believe that for many people the joy of individual enterprise does not mean much. The more education and culture spread, the more interest is focused on other things. On the other hand, democracy is becoming ever more timely where socialism is concerned. And democracy is only possible by taking the individual into consideration.

Individual and Class

The Western concept of democracy, that is, the one that prevails in Finland, is based on the rights of the individual, every person's right to participate in the making of decisions.

Unless we give these viewpoints a much more visible place in socialist thinking, we will not have much to win in the Western world. Our concept of culture too is in many ways based on the individual, his spiritual freedom and richness. But at the same time this is a matter of solidarity with other people and with the society.

Here there is obviously a clearcut dividing line between socialists and communists. In the SKP [Finnish Communist Party] and other communist parties democracy is understood rather as involving the rights of a class, the working class, than of an individual.

Yes, and this kind of class thinking is still unusually common. Of course, we still have a class society, but people generally no longer feel that they merely occupy the position of a member of a class, since the struggle for a living is no longer as dominant as it was before. The standard of living and social security have also made room for mobility. One manifestation of this is certainly the fact that more and more workers vote for nonsocialist parties!

When People Become Middle Class

[Question] So which carries more weight in reaching decisions: the reason why people regard themselves subjectively or the so-called objective view,

whereby it is felt that at least the so-called scientific view of the world can shape most people?

[Answer] That's a big question. When the problems are very big, an individual feels that the only way to change things is by being part of a class. Then objective views solve many problems and that is how the worker movement was born too. But when there is basic security, a person's hopes for the future assume more individualistic forms, then he adopts many of the society's attitudes and we can truly speak of his "having become middle class."

Then it is important for the socialist movement to take note of the fact, not for it to try to force people to go back to their former attitudes, but for it to demonstrate what sort of human value middle class attitudes have and try to get them to get beyond them, forward, to establish new and better goals. And they should then not be based only on class thinking, but should be more human in general.

We Need a New Analysis

The ever greater importance of ecological viewpoints — different forms of environmental protection — shows precisely that people want to go beyond the present age of technology. This is symptomatic of the fact that we are going through a transitional period.

It is really no wonder that progressive political movements are in trouble. On the one hand, they are tied to the old way of thinking and a distribute-the-wealth policy which has been the core issue ever since World War II (the worker movement has scarcely fought for property rights, but it certainly has for distribution of the wealth) and, on the other, a progressive movement ought to look a little farther ahead than today!

Such a view of the future demands an honest and precise, objective analysis of the society. Alenius stressed the fact that the optical illusion that a one-eyed propaganda war produces has for a long time confused progressive movements in both the socialist countries and communist parties in the West. That sort of propaganda was perhaps understandable in the days of the cold war, but now it narrows down their perspective. Detente has certainly provided more room to maneuver in.

A certain amount of intellectual liberation could be seen in the communist countries at the same time as Eurocommunism appeared in the West. Now that international tension is growing again, the propaganda war is spreading anew. But liberation can no longer be reversed in the communist world, entirely subordinated to the propaganda battle. In those countries, however, there are not yet enough free people to institute ideological reform.

Thinking of the future of socialism, it really seems as though Western Europe may have a particularly big job on its hands in this respect.

Can Western Europe Go Its Own Way?

Terza via, the third way; the Italian Communist Party is talking about this and has in mind something that is neither U.S. capitalism nor Soviet communism. "Realistic socialism" has its hands full with the solution of its internal problems and in its development. Can Western Europe go its own way?

In Western Europe the democratic and cultural tradition, science and technology are at a very high level of development. In the Third World they are deeply disappointed that in spite of everything the industrialized world has been incapable of making the world a pleasanter place to live in. Western Europe has a chance to make a giant contribution to world peace and social progress, to find a new breakthrough.

But only on condition that the Left reawakens and rids itself of its internal squabbles. The roots of Marxism itself are in the best traditions of European philosophy, just as they are, of course, in terms of the objective circumstances. Against this background, I see Eurocommunism and socialism as a kind of portent of things to come.

Finland's Role

[Question] Aarne Saarinen and many others sometimes say that the SKP was the first communist party to have a Eurocommunist platform. Nevertheless, that ideological development has not received much help from here either. What seems to be Finland's role?

[Answer] We might have supposed that Finland would have been somehow productive; here we are between the East and the West and we have an opportunity to follow and analyze all ideological currents. And to boot, experience with the Communists in government coalitions! But the 15-year dispute in the SKP has squandered human resources and the consequences of this will certainly plague the party for some time to come, regardless of whether it stays together or splits up. (If it splits up, the result could be two parties competing to see which of the two is more Marxist-Leninist. This could happen, you never know....)

The SKDL and its view of how life should be is now something new, a first step that could be a basis for continuous improvement. But it is not enough; we have to develop a new ideological effort, reform our ideology. It will provide a framework and the major guidelines. However, our ideology must not be self-importance nor any precise, detailed plan as to how the society is to be structured.

Socialists Want to Develop Ideology

[Question] So, SKDL Socialists are ready to develop an ideology. But do the necessary conditions for it exist in the SKDL, together with the SKP and its problems? What does the Socialist position seem to be following the reorganization that took place in May when SKDL Socialists decided to establish a tighter organization?

[Answer] We are not looking for differences of opinion in connection with the Communists.

We are building on the basis of the way of thinking that is appearing in our country and the need for an ideological debate. And we know that there is a large number of Communists in the SKP who view these problems in roughly the same way we do. Our job is to develop an ideology together with them. It is, of course, understandable that the SKP as a party should stress Marxist-Leninism. After all, the SKP does belong to the worldwide communist movement. But we can expect individual members — members who use their heads — to look for ways of progressing, given the currently prevailing crisis situation, without preconceptions just as we Socialists must do.

This is actually an argument for us Socialists' seeing whether we can belong to the SKDL. Primarily, we do not want to be a political movement, but rather an ideological one. We have a right to suppose that those people who join the SKP for serious reasons are of the opinion that the major lines of social development mean more to them than to others. It is what we share in common. But we are very far removed from the Left's dogmatic way of thinking. If it were typical of the SKP, collaboration would be to some degree possible. The ones with whom we want to collaborate are those majority-faction Communists who are far-sighted, who have open views.

If Dogmatism Gains the Upper Hand

[Question] But it has recently been claimed that formerly emphasized attitudes are more and more gaining ground in the SKP. At any rate, this is what some Socialists feel, or is this so?

[Answer] Yes, one certainly gets that impression....

If the SKP pursues a dogmatic course, the day will also come when that party will be counted among the ranks of the small parties. With their reorganization, the Socialists are not exactly trying to disengage themselves from the Communists, but if things were to go so badly that dogmatism gained the upper hand, a new situation could come into being.

[Question] But you have already earlier indicated the possibility of founding a Finnish version of the Nordic countries' national socialist parties....

[Answer] So far, we have no such intentions.

More Links with Western Europe

On the contrary, Alenius is certain that we need to establish many more links with Western European leftist movements.

Before, when the SKDL used to discuss ideological issues, it mainly sounded like an echo of the thinking of the socialist countries, but within an SKDL framework. I have always wanted to stress the fact, however, that conditions in those countries are quite different from ours.

Here, we have conditions that are more or less the same as in Western Europe in general, even though we do have our special features, like the Friendship, Cooperation and Mutual Assistance Pact. Of course, we will hang onto them tightly, but at the same time they also have to be based on a progressive social policy, fully on Finland's own social and historical bases.

Here, at any rate, the Left, which is to the left of the SDP [Social Democratic Party], seems to feel itself to be a very-isolated island that only has a "national affiliation" with the Soviet Union. For example, when the CPSU and the Italian Communist Party debate ideological issues, here no one knows anything about it.

Yes, and this is precisely one of the chief problems. The SKDL has above all turned toward the Soviet Union and the socialist countries; our press generally obtains its theoretical and ideological articles from them. This was understandable during the cold war. Then there was no elbow room; then you were either for or against them.

A More Objective Position

But now the situation is different. The peace movement, for example, demonstrates this. In it they nowadays somehow more plainly start from the point of view of peace itself, not whether they are on one side against the other; the position is clearly more objective. This is also demonstrated by the fact that the intellectual atmosphere perhaps now permits ideological discussion based on points of departure other than Soviet as well without because of that having to listen to accusations of opposition to the Soviets.

[Question] The Kuopio SKDL congress, however, demonstrated that, although we may perhaps share the same opinion on reevaluation and finding a direction in internal policy, the millstones are still hanging from our necks where international affairs are concerned. Are you of the opinion that radically deviating views in the peace movement could hamstring the SKDL?

[Answer] As long as things are the way they are, we can in vain wait for that segment of the Finnish people which might otherwise support the SKDL to join us. It is regarded as being too one-sided. It is precisely in this area that we Socialists want to create the conditions for intellectual honesty and objectivity.

Tolerance Is Strength

I want to say that, if a person is reasonably sure of himself, he can relate to others in an understanding way and display tolerance. If he is unsure of himself, he cloaks himself in a coat of armor and then his chances of influencing others are also reduced. A porcupine-like defense neither interests nor persuades anyone. Precisely as concerns the Soviet Union, for example, I have often wondered why such a solid society should not regard itself as having room for more tolerant relations with those who think otherwise, in Soviet society itself as well as in the leftist movements of other countries. Such an ideology has a firm foundation which can relate to other people's ways of thinking with understanding and tolerance.

[Question] The conclusion is this: An extensive, profound, courageous and uninhibited ideological discussion is now taking place in the SKDL so that people are clarifying their ideas and getting the feeling they may really entertain different opinions.

[Answer] Quite so.

[Question] And in your opinion what would the most important ideological task be?

The reply came slowly but emphatically after a moment's deliberation:

[Answer] To analyze the basic difference between our industrial society that has existed up to now and the technological society that is coming into being. This evolution is constantly going on — how a progressive movement ought to relate to this process and how to influence it, how to influence it so that it may lead to results that benefit each and every human being.

Aalto Confident on Relations with CPSU

Helsinki UUSI SUOMI in Finnish 13 Jul 82 p 7

[Article by Timo Heino: "First Secretary Arvo Aalto: 'I Didn't Try to Become Head of the SKP'"]

[Text] "I might have become chairman of the SKP if I had tried to do so. However, I didn't aim for the post, nor do I now either," SKP first secretary Arvo Aalto, who is about to celebrate his 50th birthday, said today.

There was an air of stillness on the fifth floor of Culture House in the SKP office. A visitor might have knocked on the glass door for some time before a party official came to open the door for him.

No other people could be seen in the office and the doors were closed the length of the corridor.

"We don't fight revolutions in Finland in July," the man who opened the door explained.

First secretary Arvo Aalto slowly came up the stairs from the fourth floor. He was wearing a wine-colored jacket, his grayish hair was combed straight back in an oily expanse and he peered at us from behind his bushy eyebrows. There is clearly something of a renaissance prince and a briskness — like Brezhnev — in Aalto's mellow countenance.

Aalto was sitting behind his desk in his plain 1960's office and in a deliberative manner began to explain his party's position. He referred to the Stalinists who had resigned from the Central Committee as "boycotters."

"Since the special congress, there have been no new developments in unity negotiations. The doors are open to the boycotters and the same obligations and

rights await them as do the others. We offer them no special privileges.

"The boycotters have an opportunity to participate without its meaning surrender.

"There is no going back to the past. The alternatives are behaving according to the rules or withdrawal from the party."

Aalto dismissed the notion that he might be a hard liner. He himself describes his efforts as being merely compatible with the interests of the party.

He said he felt hopeful with regard to unification. However, he did not want to talk about time limits. In Aalto's opinion, a withdrawal by the boycotters would not be a "positive" action.

Minority Is Crumbling

Aalto feels that the claim that progress toward unification has come to a halt is erroneous. According to him, a real change has occurred and he bases his view on the fact that the minority faction is no longer what it once was, among other reasons.

"There is a clearcut split in the TIEDONANTAJA faction. Part of it has withdrawn and is withdrawing from the faction," he said and pointed primarily to the young Stalinist intelligentsia.

Aalto, however, did not want to say that the minority faction was entirely disappearing from policy-making.

"A certain value is associated with the minority faction; in the eyes of older people it represents true communism.

"Everything is possible, but it is not likely that the minority faction would withdraw to form its own party."

Could Have Become Chairman If He Had Tried

Before last spring's special SKP congress, Arvo Aalto was regarded as the obvious successor to chairman Aarne Saarinen. During heated debate at the congress, however, Jouko Kajanoja rose to the top following agreements over the choice reached with the Stalinists first and finally with the majority faction.

A little less than 2 months after the congress, he is still unwilling to talk about the course events have taken.

"The choice veered suddenly because the situation had become tense when the boycotters claimed that I was an obstacle to positive development in the party. For a long time now, I have been criticized and a controversial figure in the party," he said and smiled in such a way that only his left eye remained dimly visible.

He nevertheless denied that he is now sitting on "an empty throne" between the majority and minority factions.

"I have received more support as chairman than anyone else in the majority faction. Perhaps I would have been elected chairman if I had set my sights on that post," he said and laughed again.

CPSU Rates Election

Moscow has not yet given its official blessing to the SKP's new chairman. Aalto does not, however, envision any problems in relations with their brother party.

"I have the impression that the choice has been well received in the CPSU.

"Chairman Kajanoja is right now in Moscow and he would not be there if they felt hostile to him."

Five-Year Feeling

Aalto's political career began in 1955 when he gave up working as a bricklayer. Instead he studied at Sirola College and worked as the manager of the SKP's Lapp district organization.

He continued his studies from time to time in Moscow and rose to become district secretary of the Lapp district organization. He assumed his present position as first secretary in 1969. He was in the limelight as minister of labor from 1977 to 1981.

At this point Aalto does not want to reveal his plans for the future. "To be reelected first secretary is inopportune; I have not aimed at nor am I aiming at becoming chairman," he said.

What will the SKP be like in 5 years time?

"I have a feeling, inside me, that the SKP will offer the nation a credible new outlook and more than any other party. The SKP and the nation will be in step with one another.

"Five years from now the SKP will be more united than today. The Stalinists will also be participating with their own forms of expression, a heroic figure of the time will loom and begin his vacation with yardwork "at the orders of his wife."

Aalto on Relations with SKDL

Helsinki KANSAN UUTISET in Finnish 11 Jul 82 p 6

[Report on interview with SKP first secretary Arvo Aalto by Kerttu Kauniskangas on 13 July 1982: "50-Year-Old Arvo Aalto: 'The SKP's Strength Is in the Party Cells; Unemployment Can Be Eliminated with a New Distribution of the Wealth'"; place not given]

[Text] SKP first secretary Arvo Aalto's 50th birthday provided us with an opportunity to question him about his personal opinions on affairs as such and also about his personal affairs.

When the Lapp district secretary was chosen to be first secretary in 1966, he came to be known throughout the nation and as minister of labor from 1977 to 1981 even better known. It is also widely known that he does not repeat himself: He has something new to offer accordingly as the situation changes.

Arvo is the son of a stonemason from Rovaniemi. It immediately comes to mind that Aarne Saarinen is a stonemason too. This might have happened to Arvo, whose father took him along with him when he went out looking for stones in the countryside. But his father died before his son was old enough to work.

"In school the teacher promised me a good career as a student and encouraged me to go on to college, but then we were evacuated to Sweden. When I returned, mother bought a horse and sent me off with a man to haul timber. They came to ask where her son was; he should have gone to school. Mother answered that he was there where they were cutting timber."

After giving up timber hauling, Arvo went into the building trade and learned to be a bricklayer. After about a year Allan Lankila called: "Tomorrow you leave for Sirola College."

He was so involved in the job he was doing that he could only leave a week later.

"You're going to be a manager," they told him when he came back from Sirola.

"I don't know anything about money matters," the candidate replied.

But they said that he had to do anything that was required in the interests of the working class.

On behalf of the interests of the working class, Arvo examined "a big bundle of moldy notes" in the heat of July. Occasionally he was needed to adjust the Venetian blinds in the party district office suite. "I did it and I thought that it was certainly at any rate for some purpose."

The district office was in Kemi. After a while a delegation came from Rovaniemi and wanted the manager to go there to be the local secretary.

"The end of the 1950's was really a good period there. There were some personal squabbles, but we got over them. Election results improved, the party organ was more widely circulated and new people joined the party."

The local secretary was even sent to Moscow to study. In 1964 he was appointed district secretary and he was elected first secretary at the party congress.

As a congress delegate, I cannot refrain from writing that it was a national election. In the Helsinki delegation too, we engaged in lengthy discussions about the candidates and finally came up with a majority vote for Arvo.

And I am not going to ask any more personal questions that that either. Arvo had become a public figure whose performance record was known. I introduce a list of timely questions.

The Socialists and the SKP

[Question] This year SKDL Socialists have improved their position with a tighter organization. How does the first secretary of the SKP feel about this?

[Answer] Communist-Socialist relations already have their own history. The Communists demonstrated considerable broad-mindedness when the SKDL was founded. We have been able to reach agreement with the Socialists on essential tasks, goals and the shaping of major policies. By this I primarily mean foreign policy and cooperation between the Left and the center parties. With good reason, we may also say that the SKDL has been a peace party throughout its entire existence.

Now and then in practical activities we Communists have exhibited a certain narrow-mindedness and intolerance, but on the contrary, especially during the past few years, considerably far-reaching understanding for the difference between the two and, in our opinion, often tolerance for even unfounded criticism.

Nevertheless, we may probably say that open discussion and debate, honest and straightforward discussion among Socialists and Communists is still inadequate.

Any Socialist action aimed at improving the SKDL, broadening its mass support and opening its gates wide involves understanding as far as we are concerned. Quite a different matter is the fact that even in their own districts the Socialists seem to entertain different views as to what that is and what it is not. From our point of view, opinions have not been expressed in their discussions among themselves; rather they have reacted in a very reserved way. There is enough room and work for anyone who is willing and able to improve our situation and future policies. In my opinion, a certain amount of competition and tension too in the SKDL will advance this effort.

The SKDL has probably experienced its best days when reliable unity on timely, essential issues has grown out of differences of opinion. Because of this, we ought to determinedly aim for active unity and view it as enriching the SKDL.

Some people seem to lay emphasis on diversity. When it exists, we should not try to stifle it. But diversity in itself does not necessarily lead to positive results. There must be a great deal of freedom of thought in the People's Democratic movement, although there are many situations in which expression may be narrowly limited. The foremost concern should be for a responsible attitude.

New Challenges

[Question] Nowadays people everywhere are talking about new challenges. Do you see any such which, in your opinion, might exist and how would the Communists respond to them?

[Answer] The SKP has aimed its platform at reform in a very exacting way. I see three dimensions in this.

In my opinion, we need to very thoroughly and in many different ways analyze all those issues on the basis of which the future of the society will stand or fall: issues involving war and peace, hunger throughout the world, the limits of and potential for food production with regard to population growth, the need for limiting population growth, clean air and environment, technology and standards for its application, the need and potential for producing energy, etc. Under no circumstances do we approach these issues from the standpoint of indulging in the fantasy that we in Finland will resolve them on a worldwide basis; rather we are shaping the future direction of this nation so that it is in keeping with the absolutely necessary decisions that lie before us and so that Finland will be able to offer its own constructive contribution to them.

The second dimension involves an examination of socialism as it exists today with open eyes. We have now had decades of very varied experience in the edification of socialism. There is an abundance of events which have had an effect on the world as a whole, but there have also to a considerable extent been negative events and experiences which we should be able to avoid in the edification of our own society.

Naturally, the most important thing is an analysis of Finnish reality that is as varied as possible, not only external requirements, but also a fortiori what this nation hopes for and how it hopes to shape its future. Of course, in this effort our basic points of departure are very clear: We can create a newly structured society in this country only in accordance with the will of the majority of the people, in practice valuing and putting into execution people's profoundly democratic, real civil liberties and rights and developing the enduring achievements due to the efforts of the Finnish people thus far.

Both we Communists and the Socialists have talked about what we should do. Now, in drafting our platform, we should not just talk about it, but actually do what we might assume would give rise to the confidence and esteem of the people and would mean a lasting solution to this small nation.

Aarne Saarinen's Efforts

[Question] As a "point of information," I raise the question: What does Arvo Aalto think of the drafting of the resolution that was directed against Aarne Saarinen after the special party congress?

[Answer] Evaluated in terms of SKP history, Aarne Saarinen will be viewed as a chairman who presided during a difficult period. There is something very tasteless about the criticism that is now being directed against him in an

organized fashion. The same persons who are now criticizing him just a little while ago regarded him as the best candidate to continue to occupy the chairman's post and now they are ready to condemn him to the depths of hell. This kind of criticism is not genuine communist criticism.

International Communist Movement

[Question] The position of first secretary of the party is also a good vantage point for viewing the international communist movement. How does it look?

[Answer] From the standpoint of the SKP, it is essential for its members to be informed as thoroughly as possible as to how the international communist movement is our most important channel to internationalism. It is indisputably the most powerful social movement in the world today. Very many different kinds of things have taken place within it, also a certain kind of divergence, differentiation. Very many viewpoints come close to this movement. For example, in Latin America, in Nicaragua the movement is going through a phase of active, victorious struggle. In the socialist countries they have run into certain difficulties and adversities, the most troublesome of which is what has happened in Poland.

In the industrialized capitalist countries the evolution of our brother parties has either come to a halt or is in recession. They have not been able to guarantee definite advancement beyond the post-World War II situation, to say nothing of breakthroughs. This has, of course, given rise to a burning need for analyzing what has happened and shaping a strategy along other lines. We too are revising our platform with regard to this issue.

We have not initiated open criticism of the socialist countries of the kind the Italian Communists have given vent to over the events in Poland, nor have we come to the same conclusions as they have either, namely that the socialist countries have exhausted the strength required to advance social development and that because of this there is a particular need for looking for a third way [to achieve this]. In my opinion, what has happened and is happening in the socialist countries should be examined alongside what has happened throughout the world and what the competition between the socialist and capitalist countries that has lasted for decades now has produced.

I would say that this competition has indisputably very much influenced the development of the capitalist countries. On the other hand, it has forced the socialist countries to pay decisive attention to the development of their economies. They have begun to in a pronounced manner measure achievements with economic yardsticks and people's material standard of living with scale weights and I have not been able to escape the impression that these are not necessarily the best gauges from the standpoint of the expression of the basic nature of a socialist society.

A most essential factor in connection with that competition is the arms race. The Soviet Union and the other socialist countries have been and are being forced to engage in it on a narrower national economic base. It is quite clear that the huge power resources that are sunk into weapons as a result of this are

in a more painful way removed from application to other forms of social development. In our time the reality of the socialist countries is not separated from the reality of the world as a whole; it has not been produced by the internal nature and tendencies of the system alone.

To the Root of the Matter

When I asked him about the present state of our organization, Arvo Aalto brought the conversation, which had slipped into a "supermundane area," back to mundane matters.

[Answer] I have tried to spread the word that we are actually at present going through a significant period of change. There have been more signs of change this year than people generally realize. Among other things, there are no longer such uniform, ironlike people at TIEDONANTAJA as there were before; instead there has been a noticeable divergence of opinions. At the SKDL congress my fatty heart throbbed warmly when I saw how our party was capable of discussing matters together, of considering new ways, despite the many differences.

During the years of the internal conflict our party has lost its ability to formulate policy for us in our very own way. About 20 years ago the cells were alive, active. Now there is too much routine handling of practical matters, an impersonal way of doing things. But we will not get the sort of vitality required for a reawakening of the party from anywhere else but effectively working to revive the cells.

For us to move forward in this effort, we must be capable of restoring our self-respect. Although we have been battered by the internal conflict and some socialist countries have also suffered reverses, although we need to look for new ways and are dissatisfied with our present situation, the fundamentals of our world view are the lasting products of the European thinking of our time and they offer solid bases for the realization of change. This gives rise to the knowledge that this party has a historic task in this country. Because of this and on behalf of this, it is worth while making an effort.

Unemployment

[Question] I left my biggest question mark for last: What should be done about unemployment?

[Answer] As labor minister, over a period of 4 years I got to be very thoroughly familiar with the predictions the economic research institutes and the national administration produced on the employment situation over an interval of from 5 to 10 years. All ended in the dreary prospect and judgment that major unemployment is a situation that will last for 10 years. The basis for this is the in itself correct view that the former kind of economic growth, or a rate close to it, cannot be maintained, particularly because of the influence of external factors. The political readiness to look for solutions to unemployment other than by means of economic growth is lacking.

The background to all this is the bourgeois concept of society and the notion, representative of the world of prestige, that — simply put — a society's ability to function presupposes its rewarding those who own businesses or decisively influence them and the society's activities in a princely manner. During a period of slow economic growth, the elimination or even alleviation of unemployment presupposes a new distribution of the wealth at the expense of the privileged members of the society, but this conflicts with that bourgeois notion.

If the worker movement assigns itself the basic mission of reducing unemployment, the struggle over the distribution of the wealth will rise to another level, acquire more social content. Working class solidarity will also have to be considered in a new way.

There is a way of reducing umemployment that is resorted to within the framework of capitalism: the redistribution of labor. Training can be increased, retirement selectively eased, vacation time lengthened and the workday shortened. But whether these measures are applied jointly or separately in a radical way, under present conditions a redistribution of the wealth must simultaneously be effected if we intend to reduce unemployment. And this cannot be accomplished without interfering with the privileged status of affluent people, which bourgeois thinking views as the defender of the society's ability to function.

The SKP is right in demanding that measures that will reduce unemployment be included in the drafting of wage agreements and the national budget.

Saarinen Reminisces on Career

Helsinki KANSAN UUTISET in Finnish 18 Jul 82 p

[Article by Pekka Lehtonen: "Saarinen Has Faith in New Party Leadership; SKP Will Not Become Tame"]

[Text] "The SKP will neither become tame nor conform to the prevailing social system, even though we are in the government," commented former SKP chairman Aarne Saarinen, who is gradually going into retirement following a long and varied career.

But Saarinen reminded us that first they would have to engage in a tough parliamentary election campaign and so he would not be going into retirement until next spring. The work Saarinen does for a living, the work for which he has received a salary these past few years, is namely the job of parliamentary representative, and that will come to an end shortly before the elections.

However, he can be sure of all kinds of work even during retirement. Saarinen spends his summers in his cottage at Sysma and plans to build himself a motorboat. He intends to gradually get the plans for the boat onto the drawing board and start working on it himself in a year's time.

At the moment Saarinen has no burning desire to build the boat. He said that he is a sailor by nature because he grew up on the coast. In Helsinki too, for a long time he had a real seagoing boat, but he sold it. Nevertheless, he feels like having a summer cottage boat.

Saarinen has never before built a boat except for the kind he carved out of bark and wood as a little boy. But the project is a serious one and it will be completed if only his health and enthusiasm hold out long enough.

Reflection of an Educated Society

Saarine feels it right and natural that a man who has a good education should be elected chairman of the SKP after him. "Since we have become an educated society in which workers' children also have an opportunity to achieve a high level of culture, it is natural for this to be reflected in the SKP too," Saarinen said. Saarinen argued that there is no danger to the party in education, that the danger elements were indeed elsewhere. "Certainly the greatest danger lies in conforming, in beginning to concentrate too much on busying ourselves with insignificant details and in leaving ideological matters on the back burner," Saarinen felt.

But Saarinen feels that the new party leadership is aware of this danger and, since it will be thoroughly enough and extensively taken into consideration, in the final analysis the danger is not at all great.

Saarinen feels that they made the right decision in having the SKP join the government when the opportunity arose. "Since the party exerts itself under all circumstances to fight for working people's rights and interests, of course we took advantage of this opportunity," Saarinen said. It was a wise decision because nowadays in particular domestic and economic policies are dealt with more often in the government than in earlier decades.

Saarinen also considered conforming to the prevailing social system from another standpoint. The great majority of the people consent to this system and do not want a socialist change. This does not, however, mean that the revolutionary party will conform to it.

Why Aren't People Interested in Socialism?

Saarinen has thought a lot about why people are not interested in socialism.

In his opinion, there are many reasons why. First of all, since the wars Finland's social development has been so high that it has dampened desires to change the system. Real earnings and social conditions have been substantially improved by fighting for them. Saarinen said that, while there are still major deficiencies, people are generally and with good reason satisfied.

Another reason is the fact that, in the wake of many events, the notion that things do not always go well under socialism either has pervaded people's thinking. The Polish crisis is today a clearcut example of this.

The SKP's internal wrangling has also presented an unreliable picture of the party that is striving toward socialism. "Our efforts to create a broad, democratic front are not very credible since we have not even achieved cooperation among our own people," Saarinen said.

Berlin Congress Was a Highpoint

Saarinen feels that the European communist and worker party congress held in Berlin in 1976 was one of the highpoints of his term as chairman. At it they were able to approve a common, unanimous stand on the situation in the world and in Europe, the anti-imperialist campaign and on behalf of peace and disarmament. But Saarinen seems to especially stress the fact that relations and norms among communist parties were redefined in Berlin.

Naturally, in connection with this the conversation turned to the CPSU's appraisal of the internal state of affairs in the SKP which was presented to the party executive committee, headed by Saarinen, before the special congress. "Even then in Moscow, I said that there were, in my opinion, mistaken viewpoints in the appraisal, but I at the same time avowed that I could not disagree with the CPSU's views."

The CPSU's appraisal did not, however, decisively influence Saarinen's congress speech, which caused so much of a stir. "I was forced to speak after that appraisal had been unscrupulously used as a weapon by one party to strike the other party," Saarine emphasized.

"Under no circumstances did I intend to endanger relations between the SKP and the CPSU," he said. "I have always respected the CPSU and the policy it has pursued. I do hope that this incident will remain a passing episode in relations between our parties," Saarinen said.

He also wanted to warmly thank those party members and sections that have demonstrated their sympathy through letters, telegrams and flowers. Saarinen said that he had also received some irate views, but very few."

Kekkonen and Snellman

Aarne Saarinen is known for his good relations with Urho Kekkonen. "They are not terribly close," he himself describes them, "but they are correct and open, and I have noticed that Kekkonen values the SKP and apparently to a certain extent the party chairman too. Sometimes we had private conversations too," Saarinen said.

Saarinen said emphatically that Kekkonen certainly deserved great recognition. "He is the greatest Finnish statesman after Snellman. We have not had another president as noteworthy as he," he underlined.

Saarinen has compared Kekkonen with Snellman before. This time he was thinking of somewhat broader parallels between these two great men who lived in different centuries.

"With respect to old Russia, Snellman adopted the line that is now referred to as the Paasikivi-Kekkonen line," Saarinen said. It provides for good relations with our big neighbor and the fact that Finland may not be built up by relying on any other foreign powers. Snellman was very specific and far-sighted on this point. He also stressed Finnish cultural development, which was a decisive factor from the standpoint of independence.

Saarinen says that he has not studied Snellman very closely. "I have at times tried to read his philosophical works, but they are indeed too hard to follow for a stonemason. On the other hand, I have studied Raoul Palmgren's 'The Major Policy Line of Snellman's Works' in great detail," Saarinen said.

Ulcer in 1968

After his chairmanship, the pressure of responsibility naturally eased up, but Saarinen says that he at the same time pretty much resigned himself to the party's problematic situation. These past few years have no longer seemed to him to be as trying as the end of the 1960's and early 1970's. The end of the 1960's was a particularly difficult time.

"Once, on a visit to Romania, I had a thorough medical checkup and the doctor told me that I had at some time in the past had an ulcer, but that it had by then healed and formed a scar," Saarinen said. "So I sat down and pondered over when I might have had an ulcer and came to the conclusion that it must have been in 1968 when the party's internal situation and the events in Czechoslovakia were creating problems."

Armstrong and Goodman

Saarinen is an inveterate pipe smoker. Finns have noticed this often in newspaper pictures and on television as well. But he is also a music lover. Classical jazz, Louis Armstrong, Benny Goodman and many other big names are Saarinen's favorites. The sound of a trumpet could be heard loudly in the background even as we were making arrangements for this interview on the phone.

But Saarinen also likes symphonic music. "I have all the Beethoven symphonies on tape," he said. "And I attend the opera whenever I'm in Moscow. Here in Finland, I don't go very often, nor does domestic opera seem to be as good after Moscow's big opera productions," Saarinen said.

"I myself don't play anything other than the telephone and the doorbell," Saarinen said. "My interest in music began sometime during the 1930's when I used to attend village dances," he reminisced.

Memoirs?

Aarne Saarinen is a man over whom publishers have been competing to get him to write his memoirs. "I have replied that I will not commit myself to any of them," he said. "First of all, I would have to get my papers into some sort of order. After that we can see whether some kind of body of memoirs may come out of them. This depends on whether there are any memoirs to record too,"

Saarinen said and laughed, giving the impression that there might be one or two interesting tales to tell.

Chairman Kajanoja Stresses 'Revolution'

Helsinki KANSAN UUTISET in Finnish 17 Jul 82 p 6

[Article by O.M.]

[Text] Chairman Jouko Kajanoja demanded that more emphasis be laid on a revolutionary attitude in daily SKP activities in his speech in Oulu on Thursday.

According to him, a great deal has been achieved through the mass movement, the persistent diligence of the worker organizations, in the halls of Parliament, in the municipal councils and in ministerial posts as well.

"But one thing seems to be getting clearer and clearer: We need a radical, sweeping change of direction in this country and the world's order. And an 8 or an 80-point election platform will not be enough, nor will the chaff or the grains from the threshing house of the budget either.

"As Marx did, in our policy line we have to raise that real buddy, that old mole that digs passageways leading to the future beneath the surface of our society, revolution, to a clearer position of honor and respect than at present.

"When we speak of revolution, we must strip it of any mysticism. The Communists cannot postpone any of people's day-to-day problems to some future, unknown day when there is socialism in Finland. Communist activities affect all walks of life in the society and at their best encourage liberation efforts at work, in cultural life, human relations and all aspects of life," chairman Jouko Kajanoja said.

In Kajanoja's opinion, "we have at best too often left our everyday political efforts at a strict reform policy level in terms of pursuing a policy of demands."

Chairman Kajanoja also spoke of a new power. "Sweeping social reforms cannot succeed without the organization of democratic supervision controlled by the entire society, a new power," Kajanoja said and asserted that this power would by no means appear out of nowhere, but that it must be consciously created, and here and now.

At the start of his talk, Kajanoja borrowed a few passages from a speech by Karl Marx published in an anniversary edition of an English workers' newspaper in 1856.

Legal Arguments for Marxism

"There is one great fact that is characteristic of the 19th century which no party would dare dispute. On the one hand, industrial and scientific forces have been revived which no earlier period in the history of mankind had any inkling of. On the other hand, we can observe signs of a kind of decay that outdoes all the horrors of the last days of the Roman Empire with which we are familiar from history."

Continuing with his excerpt from Marx's speech, Kajanoja went on:

"Nowadays, everything seems to be involved in conflict. We see how machines that are capable of performing human functions are reducing the amount of work people do, making it more effective and profitable and are causing people to starve. So far, unfamiliar sources of new wealth have been changing into sources of misery due to the influence of some strange, inconceivable magical power. It would seem as though the price of technical gains is moral decay. People seem to be turning themselves into slaves of other people or their own meanness as mankind subjugates nature to its will."

And another quotation from Marx's speech:

"... Some parties complain about it; others want to get rid of modern technology, thus eliminating present-day conflicts; still others imagine that a political reaction that is just as significant will inevitably be associated with such significant industrial progress. As for us, we have no doubts as to the nature of the sly spirit that is constantly manifested in all those conflicts. We know that, in order to apply these new social forces in a proper way, they must come into the possession of new people, and these new people are the workers. The workers are the same sort of modern invention as machines. In these phenomena, which throw the luckless prophets of the bourgeoisie, the aristocracy and the reactionaries into the grip of confusion, we recognize our old good friend, Robin Goodfellow, that old mole who can dig so quickly underground, that splendid minelayer, revolution."

"The quotation is old and long," Kajanoja said and went on, "but it, nevertheless, seems to be amazingly relevant, It is as though, when he was writing this, Karl Marx also had before his eyes the effects of the new technology on capitalism, unemployment, the decline of democracy, the subjugation of people (to market forces) right down to the individual nooks and crannies of everyday life and the crisis of the Western way of life, not mention the threat of nuclear war, the possibility of an environmental catastrophe or Third World hunger!

"Alternatives have been proposed and offered. The market for ideas is a lively one. Nevertheless, today too, and above all today, the prophets of the bourgeoisie are in the throes of confusion. But confusion and passive submission are also on the increase in people's thinking. Even we Communists are often at a loss, even though we can demonstrate with the aid of countless facts that the legal bases of Marxism have in ample measure been shown to be justifiable."

Mole of Revolution to the Fore

A great deal has been achieved through the mass movement, the persistent diligence of the worker organizations, in the halls of Parliament, in the municipal councils and in ministerial posts as well. But one thing seems to be getting clearer and clearer: We need a radical, sweeping change of direction in this country and the world's order. And an 8 or an 80-point election platform will not be enough, nor will the chaff or the grains from the threshing house of the budget either.

"As Marx did, in our policy line we have to raise that real buddy, that old mole that digs passageways leading to the future beneath the surface of our society, revolution, to a clearer position of honor and respect than at present. We have been overly afraid of frightening our supporters (or our enemies!) with it. We have too often hidden it away in a chest of drawers as we would a festive decoration, like the Social Democrats have hung the skeleton of socialism in their clothes closet. We have at best too often left our everyday political efforts at a strict reform policy level in terms of pursuing a policy of demands. We have been overcautious — undeniably often having learned to be so due to bitter experiences — and, afraid of presenting a revolutionary image, we lapse into banal and unconvincing phrases.

The key issue in breaking the deadlock assumes the form of revolution and a revolutionary attitude: a radical alternative that goes beyond the so-called necessities of contemporary society. The country needs a revolution and the SKP n eds a more revolutionary attitude. The development of an extensive and attractive ideological debate in connection with the effort to revise the party platform assumes a key position.

One of the first questions is: What is an everyday revolutionary attitude? When we speak of revolution we must at the same time strip it of any mysticism.

Revolution in Politics and Society

Even in Marx and Engels' "Communist Manifesto" we find a distinction that may today too help us to understand our task. Namely, we can speak of social revolution and political revolution, which may be distinguished from one another, so that we may also show how they are intertwined.

Social revolution, the historical mission of the working class in the world, is a lengthy process which radically overturns all ways of life in the society and thus also the individual's way of life. It does away with all exploitation, oppression and subjugation and is based on true brotherhood and freedom. In the manifesto they eloquently say: "In place of the old bourgeois society and its classes and class contrasts, there will be a collective body in which each individual's free development will be the requirement for the free development of all the others."

On the other hand, political revolution is shifting the power to govern to the working class and its allies, the formation of a new kind of power and a new kind of state. It is merely a device for the working class to take possession, just the opposite. In the words of the manifesto, it is an organized working

class itself functioning as a governing class. It is a democracy of the workers carried to an ultimate point, one within the framework of which social upheaval occurs. It is at the same time the disappearance of all kinds of political subjugation, the development of a socialist democracy for the communist self-rule of people among themselves.

The difference from and connection with social revolution is very appropriate when closely examining social debate. Social democracy focuses its attention on opportunities to exert its influence within the government and without raising the issue of social revolution — and in the process falls victim to the existing power structures. The so-called alternative movements propose social alternatives without raising the issue of political revolution and a realistic attitude toward effecting it.

Communists on the Matter of Freedom

The Communists cannot postpone any of people's day-to-day problems to some future, unknown day when there is socialism in Finland, nor can we any longer lay the blame for everything on others. Communist activities affect all walks of life in the society and at their best encourage liberation efforts at work, in cultural life, human relations and all aspects of life (based, however, on the fact that basic material security is the foundation).

Nevertheless, when spreading revolutionary attitudes and the domain of revolution, politics, or national and municipal activities, retain a special importance. There is no getting around the fact. On the contrary, its importance increases as the government and social machinery is extended, exerting ever wider and more powerful influence under the pressure of the pursuit of big capital interests. Progressive efforts run up against the government and, peeping out from behind it, big capital appearing in the guise of international competition. This is why the struggle for progressive development in all walks of life is at the same time a struggle to reform power structures, to make politics more democratic and in the final analysis to develop competent political awareness and organizational ability for revolutionary changes. This is the way, the alternative of real change and thus the way to eliminate alienation from politics.

The power issue is the viewpoint from which we closely examine all efforts for social reform. The presentation of the power issue distinguishes revolutionary policy from reformism. Sweeping social reforms cannot succeed without the organization of democratic supervision controlled by the entire society, the structuring of a new power.

Self-Management Stressed in Policy

This power will not appear from nowhere, just waiting for a revolutionary situation and out of pure principles. The components of power can be built right here and now. People's self-management, self-organization, tackling matters are in fact the creation and anticipation of the components of power. The apparent deadlock in the balance of power, the even unfavorable development, make it more necessary than before to shift the center of gravity elsewhere

than to Parliament and the government, although the major category of political issues are still resolved in them. But the strength and above all the readiness to make a change of direction will be chiefly gathered elsewhere.

The proposals made at our party's 19th congress regarding encouragement of worker self-management, democratic supervision and a new kind of democracy on the job and in residential areas point in this direction. They deal with the creation of focal points for the wielding of power and increased support for self-government as a timely political issue.

A revolutionary attitude and revision of the party platform must not in practice be a detached ideological luxury, but an unbiased development of SKP objectives and forms of activity. They must be combined with today's routine political effort and the Finnish socialist point of view.

11,466
CSO: 3107/154

MOSCOW INVITATION SEEN AS CPSU WISH TO IMPROVE TIES TO SKDL

Saarto Meets CPSU Leader

Helsinki UUSI SUOMI in Finnish 12 Aug 82 p 2

[Article: "Trip to Moscow Keeps SKDL Busy; Only Finnish CP Members in Delegation"]

[Text] In chairman Kalevi Kivisto's opinion, the SKDL parliamentary group delegation's trip to the Soviet Union is a way of opening up relations between the CPSU and the SKDL [Finnish People's Democratic League], relations which have for a long time now been maintained with a low profile.

According to some reports, however, the delegation does not include any People's Democrats at all, but is composed solely of Finnish Communist Party (SKP) members.

Veikko Saarto, the chairman of the SKDL parliamentary group, recently met with V.S. Shaposhnikov, the assistant director of the International Section of the CPSU, on a visit to the Soviet Union for the first time, as far as is known.

As publicly reported, at the time the CPSU had extended the SKDL parliamentary group an invitation to visit in the Soviet Union.

As far as is known, during the trip, which is to take place next September, the eight-man delegation will be headed by Veikko Saarto, but chairman Kalevi Kivisto, for example, will not go along with them, rather only Communists. Nor does member of Parliament Arvo Kemppainen, a member of the Politburo who has fallen into disrepute with our Eastern neighbor, qualify to accompany them either.

Kivisto: "I Have Not Met with Saarto"

In the opinion of SKDL chairman Kalevi Kivisto, the trip involves the People's Democrats.

"Of course, I have not yet had a chance to talk with Saarto about the trip," Kivisto said on Wednesday.

According to Kivisto, a comparable visit by the SKDL to the Soviet Union has not been made since the end of the 1960's.

"The trip is one way of opening up relations that have for a long time now been maintained with a low profile," Kivisto went on.

In his official capacity as chairman he himself has not visited in the Soviet Union, but he has as a minister of state. According to him, at that time he was able to engage in appropriate negotiations.

Saarto's Star Rising?

As we know, the delegation's trip this fall is part of the SKP-CPSU cooperation program and as such will implement it.

On the other hand, it is believed that Veikko Saarto's prestige is rising in the Soviet Union. Saarto has played a moderate role both in the parliamentary group's internal struggle and at the special SKP congress in the spring, during which the rift in the party deepened even more than before.

Delegation Includes Moderates, Stalinists

Helsinki UUSI SUOMI in Finnish 13 Aug 82 p 2

[Article: "Five Majority-Faction Members and Three Stalinists; 'The CPSU Invited the Group, Not the Finnish Communist Party or the SKDL'"]

[Text] The CPSU has invited the SKDL parliamentary group to visit in Moscow, not the SKP or the SKDL separately. Therefore, non-Communists are also qualified to make the trip.

This is what Veikko Saarto, the chairman of the SKDL parliamentary group, who will head the eight-man delegation to the Soviet Union in September, says.

According to the list UUSI SUOMI has received, however, all those who are going are Communists.

In addition to Veikko Saarto, the following members of Parliament are going to Moscow: Ulla-Leena Alppi (SKDL vice chairwoman), Helvi Niskanen (chairwoman of the parliamentary group), Inger Hirvela, Terho Pursiainen, Ensio Laine (the parliamentary group's other chairman), Sten Soderstrom and Esko-Juhani Tennila.

The last three mentioned are minority-faction Communists. Pursiainen, who previously was a member of the SKDL only, did not join the SKP until this year. As far as we know, there is pressure from the SKP minority faction to exchange Pursiainen for some other delegate.

On Thursday Veikko Saarto said that no decisions on those who would go have as yet been made. The parliamentary group will decide on the matter at its summer meeting in Kotka next week.

"In my opinion, Kalevi Kivisto would certainly be suitable for the delegation, even though he isn't a member of the SKP. The invitation received from the Soviet Union specified the parliamentary group, not the SKP or the SKDL separately.

"But another matter is the question as to whether he can take time away from his pressing ministerial duties," Saarto said.

"When I was recently in Moscow, I heard from my hosts that they were satisfied that the SKDL parliamentary group was well-integrated. They were pleased with our activities," Saarto commented on his trip.

"On the other hand, relations between the SKDL and the CPSU were not discussed separately," he went on.

Among others, Saarto met with V.S. Shaposhnikov, the assistant director of the CPSU International Section.

Those SKDL parliamentary representatives who as of now are to leave on the trip are all members of the SKP. Those going belong to the party's majority faction and are the ones who have supported the so-called conciliatory line with regard to the Stalinists.

The Stalinist parliamentary representatives were readmitted to the SKDL parliamentary group when they promised to comply with decisions made by the group.

Stalinist Organ: "Invitation Extremely Significant"

Helsinki TIEDONANTAJA in Finnish 13 Aug 82 p 2

[Editorial: "SKP and CPSU"]

[Text] Party relations between the SKP and the CPSU have always been fraternal and solid. In the history of these relations there have been some critical moments too, when some Finnish Communists did not adhere closely enough to the internationalist fundamentals of party relations. This is what happened, for example, at the end of the 1960's and recently at the May congress, at which a resolution based on enduring principles was, nevertheless, unanimously approved.

A definite step forward has been taken in the improvement of party relations now that representatives of a Communist group of members of Parliament have received an invitation to visit in the Soviet Union. Many Communist members of Parliament have, naturally, visited the Soviet Union and under different circumstances, particularly as guests of the CPSU. But this is the first time a delegation of Communist members of Parliament from the People's Democratic parliamentary group will be going on such a trip.

We should take good note of this instance.

11,466
CSO: 3107/168

PAPER VIEWS PROSPECT FOR 'ZONE' IN LIGHT OF SWEDEN, USSR TIES

Helsinki HEISINGIN SANOMAT in Finnish 31 Jul 82 p 2

[Editorial: "Vexatious Friction"]

[Text] When President Leonid Brezhnev of the Soviet Union attempted to resuscitate the idea of a nuclear-free zone in the Nordic countries in June 1981, the first reaction there was a commendable readiness for a dispassionate examination of the security problems in the area.

Brezhnev's suggestion did not, however, take hold with enthusiasm, and even the vestiges of the talks conducted during the summer were lost in the cold waters of autumn at Karlskrona when a Soviet submarine ran aground in a Swedish military zone, with consequences now well known.

Now that more than a year has passed since Brezhnev's suggestion, it appears that the time has been used in mere retrogression. This applies particularly to the relations to between Sweden and the Soviet Union, but unavoidably in a broader sense also to the security situation in the entire Nordic area.

Although relations between Sweden and the Soviet Union for years have not been known to be particularly congenial, two issues now are obviously causing friction in the relations between Stockholm and Moscow.

First, the countries have a quarrel about their common boundary in the Baltic Sea. This is a controversy of long standing and its resolution will demand a desire for reciprocity on both sides. But results surely cannot be expected at least until after the national election to be held in Sweden in September, because an attitude of not yielding even an inch tends to prevail in Sweden owing, if for no other reason, to the nearness of the election. This fact is known in the Soviet Union as well, so that its desire to negotiate may not be fully unqualified.

Another cause of resentment concerns the fairly regular movement of the submarines in the proximity of the Swedish coastline. SVENSKA DAGBLADET of 30 July reported that the chief of staff of the Swedish defense forces already suspects that a foreign state is starting military operations against Sweden. Or if preparation for actual military operations are not involved, then at least reconnaissance and training that serve wartime objectives are involved.

The charge is serious. Against the memory of the Karlskrona submarine squabble, it would be foolhardy to begin conjecturing what foreign state the high-ranking officer could have in mind.

The matter becomes all the more confused by the fact that later in the day attempts were made to soften Vice Admiral Bengt Schuback's remarks. Unfortunately, this type of faltering is not at all unusual with pronouncement concerning the security of the kingdom.

The wrangling between two of Finland's neighboring countries is a most deplorable matter. It does not serve the interests of the Nordic area, nor does it make the striving to lesson tension in Europe any easier.

Quite surprisingly, the Swedes have even discovered the considerable good arising from the submarine adventure of autumn 1981. The annual report in which the Ministry of Foreign Affairs in Stockholm outlines the image of Sweden abroad notes that the Karlskrona events greatly improved the reputation of the kingdom. The ministry states that "the firm attitude toward the Soviet Union" aroused admiration.

Unless Sweden feels that it needs added admiration abroad, it is to be hoped that the controversies arising in one form or another from the skirting of the Finnish coastline by foreign vessels will also be resolved in a way that is satisfactory to both parties. A particularly foreboding deterioration of the atmosphere in central Europe precedes this in the approaching implementation of the decision concerning medium-range nuclear weapons.

5955
CSO: 3107/159

BRIEFS

VENNAMO SENIOR LEAVING PARLIAMENT--Veikko Vennamo, founder and current honorary chairman of the Suomen Maaseudun Puolue, will not be a candidate in the forthcoming parliamentary election campaign. According to Kuopio District representatives of the Suomen Maaseudun Puolue, Vennamo says the reason is that he wishes to retire. The Kuopio District organization, however, will try to persuade Vannamo to change his mind, because without Vennamo the party will almost surely lose a parliamentary seat in the Kuopio election district. In the past, Vennamo, although from Helsinki, has been the only Suomen Maaseudun Puolue member of parliament from the Kuopio election district. Vennamo, who became 69 in June, is one of the members with the longest service in the present parliament. He was first elected to parliament in 1945 and has served continuously ever since, with the exception of the 1962-66 term. Of the present members of parliament, only Johannes Virolainen (Center Party) exceeds Vennamo in length of service. Vennamo was originally elected from the candidate list of the Suomen Maalaisliitto (presently the Center Party), but after a quarrel with the leaders of that party he founded his own party, the Suomen Pientalonpoikain Puolue, which later changed its name to Suomen Maaseudun Puolue. By education, Vennamo is a graduate in jurisprudence. He was a director of the resettlement activity following World War II as chief of the resettlement affairs department in the Ministry of Agriculture. In 1954-56 he served as second minister of state finance. Vennamo received 12,715 votes in the Kuopio election district in the 1979 parliamentary election. [Text] [Helsinki HELSINGEN SANOMAT in Finnish 29 Jul 82 p 6] 5955

CSO: 3107/159

OPPOSITION TO PACT WITH USSR SPURS TALK OF EARLY ELECTIONS

Reykjavik MORGUNBLADID in Icelandic 16 Jul 82 p 3

[Article: "Explorations in Political Parties: Ideas About the Social Democratic Party Participating in the Government or a New Leftist Government"]

[Text] Elections in October? Influential people in the Progressive Party and the People's Alliance have recently been making an informal study of the possibility of strengthening the position of the government in the Althing by getting the Social Democratic Party to join the government supporters either by the Social Democratic Party joining the current government under the leadership of Gunnar Thoroddsen [Independence Party] or by forming a new leftist government, consisting of the Progressive Party, the Social Democratic Party and the People's Alliance, which would remain in power through this term, and the three ministers from the Independence Party would leave office.

These informal explorations follow in the wake of the news that the government no longer has a functioning majority in the Althing. As reported in the MORGUNBLADID more than a week ago, Eggert Haukdal [IP] member of parliament, sent a letter to the prime minister in which he warned against the signing of the pact with the Soviets and stated that the government could not depend on his support if the agreement was signed. The agreement was signed despite Haukdal's letter. Severe criticism from Albert Gudmundsson [IP] on the Soviet agreement, along with report of Haukdal's letter, has resulted in the fact that the leadership of the People's Alliance, at least, feels that the government no longer has a functioning majority in the Althing and has demanded answers from Prime Minister Gunnar Thoroddsen as to whether he can guarantee the processing of the government's parliamentary affairs.

It is known that certain people of influence in the Progressive Party have had informal discussions with leaders in the Social Democratic Party about the possibilities of the Social Democratic Party joining the current government under the leadership of Gunnar Thoroddsen. So far, these ideas have not been accepted in the Social Democratic Party and have not even been taken seriously.

Certain people of influence in the People's Alliance have been conducting explorations on two fronts. On one side they have been talking with influential people in the Social Democratic Party and put forth ideas to the effect that the three independents be made to leave the government and a new leftist government, made up of the three leftist parties, be formed to sit in power through the term, that is until the fall of 1983. On the other side, they have been talking with individuals in the Independence Party and indicated that cooperation with the Progressive Party has become intolerable and the most sensible thing would be for the Independence Party and the People's Alliance to join forces.

Along with these discussions and explorations between people in the political parties, there is increasing talk among politicians about elections this fall, most likely in October.

9583
CSO: 3111/47

FORDE, BRUNDTLAND PRONOUNCE FEUDING AT END, DISCUSS POLICY

Oslo ARBEIDERBLADET in Norwegian 17 Aug 82 pp 16-17

[Article by Thor Viksveen: "We Have Complied With the Most Important Demands of the Congress: the Personal Conflict Is Ended"]

> [Text] We have held the Labor Party together and stopped personal speculation. Cooperation between us is good and open, although we do need better coordination of tasks. During the Storting session there may be a need for a better dialogue with the government about solution of economic problems. The Labor Party is not a sour opposition party without alternative policies. We are doing nothing more than working for our programs. It is unreasonable to always demand that we immediately present an alternative to every government policy. These are some of the conclusions of a conversation which ARBEIDERBLADET had with the chairman and vice chairman of the Labor Party, Gro Harlem Brundtland and Einar Forde.

ARBEIDERBLADET: "Has it been more difficult to conduct opposition policies against the Willoch government than was assumed beforehand?"

Brundtland: "It has been demanding to play the role of the opposition. More demanding than it should have been, but not more demanding than we assumed. We have experienced the great pressure of 'government arrogance' based on a clear mini-government of Conservatives. The government has tried to move the limits of what is normal parliamentary tradition. We have a government which continues to advance its recommendations against the Storting, which they know in advance that they can not get a majority for. It uses to the maximum the general support which it has from the two other bourgeois parties on government questions and to advance its positions on individual issues on which the supporting parties have given no clear indication of support."

Doubtful

Brundtland: "It will take more than a year for many parliamentarians and people to understand that the Willoch government often behaves toward the

Storting in an untenable and doubtful way. The Conservative program is not the way to govern Norway."

ARBEIDERBLADET: "Many will say that'government arrogance' is a term which hits the Labor Party with full force, when we remember the party's earlier government years."

Brundtland: "The Labor Party was especially criticized for that in the 1950's, but then of course we had an entirely different parliamentary situation. Then the government had a majority in the Storting behind it, and we had a clear and indisputable parliamentary situation to work with. The government governed with a clear majority behind it in the Storting, and one political program."

Threats

Brundtland: "Now we are dealing with a minority government which is attempting to threaten, by resolutions in the Storting, things which there really is not a majority for. Take the Tyssedal affair. The threat of a government crisis made the cooperating parties give in, even though many disagreed with the situation presented. The way that the housing policy was put through is another example. I am afraid that the same can be the case in oil policies. Therefore these areas, among others, will be central in the broad cooperative program we are now working on."

ARBEIDERBLADET: "A sour opposition without alternative policies. Some individuals have characterized the Labor Party's behavior this way over the past year. Do you admit that there is a basis for such characterization?"

Brundtland: "Before we lost the government offices we had worked up a policy. When we debate in the Storting we have the Labor Party's policy and long-range programs as our basis. So far the Willoch government has worked mostly to change the policies that we set up in government. Our opponents must not think it remarkable that we regard our own programs as the best."

The Alternative

Brundtland: "However, it will be exciting to see in the fall. Then the government must, for the first time through the state budget, present its entire political program. For its part, the Labor Party will present its alternative to the state budget. Then for the first time we will have a real test between the two sides."

Forde: "So far it has been no problem for the Labor Party to present alternative policies to the Willoch government. On the other hand I see an unreasonable demand that we must always be required to immediately come forward with alternatives. We must be understood when in some areas we say that we do not know the answers. In important areas we see a clear need for

new policies. To form such new policies takes time and ability. In the meanwhile it must be accepted that we do not always have the answers."

Reality

Forde: "As far as we can see now, it seems that the government wants to change Norwegian reality in three main areas--housing, oil and the media.

"The Labor Party has, by being in the opposition, had a pause for reflection until 1985, if we believe the bourgeois obligation to provide the country with a free enterprise nonsocialist government during that period. We will not approach the election of 1985 with the same program which we have today. The changes in Norwegian reality in these three main areas which the program committee has pointed out show this among other things."

ARBEIDERBLADET: "But is it therefore not a more cooperative opposition that the government will encounter during that period than we have seen so far?"

Forde: "I believe that in the rest of the Storting session we will see a better dialogue between the Conservative and Labor Parties on economic questions. We strongly disagree with the government on the economic policies being followed, but there is room for unity between the parties, namely in recognition that the problems are great and that we do not have unlimited economic resources. We must not give in to the temptation to give everything to everybody. The Labor Party knows that some day it can again be the government, and therefore we must follow a policy in the opposition that we can stand by in another situation."

Work

Forde: "The Labor Party will strive as hard as possible to get the Storting parties together on a policy which will provide work for all. We will cooperate and not force a hard confrontation with the government if it demonstrates a desire to provide full employment. All experience from other countries shows that if we first lose this objective it is almost impossible to get back to it."

ARBEIDERBLADET: "How does the Labor Party Storting group function today compared with previous times?"

Brundtland: "The first year of a new period will always be a breaking-in time. One-third of the representatives are without Storting experience. In addition there are only very few of today's representatives who have experience from the last time the Labor Party was in the opposition. There are therefore only a few who can contribute to the important continuity. It will therefore naturally take a little time before the group will have complete self-confidence and find the best ways of working to get maximum use of all its forces."

ARBEIDERBLADET: "You two have held the highest posts in the Labor Party for a full year. What do you believe are your most important accomplishments?"

Forde: "We have complied with a unanimous requirement from the last party congress for unified leadership. As far as possible we will contribute to stopping recent speculation about personal questions in the party. We would prefer to give one bad answer than two good ones. I believe that we have managed to comply with the obligation placed on us by the congress."

Brundtland: "It has been vital for me, both as prime minister and party chairman to achieve as thorough coordination of viewpoints and tasks as possible. The conclusions reached will be unified and will be the expression of the views of the central control and the national control. I believe that we have accomplished this both in the time we sat in the government and after we became the opposition. And I believe also that party members across the country understand this."

ARBEIDERBLADET: "This summer has not been entirely free of speculation that there is friction in the cooperation between you two. You, Forde, have yourself described the cooperation as 'reasonably good.' What in the world is 'reasonably good'?"

Forde: "There is no reservation in such a statement. Cooperation between us has gone well. When I express myself in this way it has nothing to do with semantics. How sweet must one finally be? There is no reason to deny that we have too little time for coordination of tasks, but this is not unique to us. It applies to the top politicians in all parties. A long working day with much travel means that it is not always easy to coordinate all areas."

Modesty?

Forde: "One should also remember that the vice chairman's job is less clearly defined than the chairmanship, and that my tasks are very manifold. At the same time I will, however, say that I have been given clearer framework for my tasks than my predecessor had."

Brundtland: "I must admit that I was a bit astonished at the characterization 'reasonably good' because I believe that contact has been open and good. Now modesty is not Forde's most outstanding trait, but his choice of words that time was the result of that. It could perhaps have seemed like bragging to say that everything was going perfectly. Then one would be saying that he himself is doing perfectly.

"I myself was vice chairman for 6 years. It is a difficult job, often more difficult to define than the chairmanship. The vice chairman must be informed of all important areas, so that he is always ready to take over the chairman's responsibilities in as many areas as possible."

ARBEIDERBLADET: "Ivar Leveraas has recently said that he wants to serve another term as secretary. Can you also confirm that you would accept re-election at next year's party congress?"

Forde: "Without wanting to be blamed for putting unreasonable pressure on the congress, I see no reason why one term should be enough."

Brundtland: "Such a question is, as we have seen, impossible to answer without someone thinking that it should have been answered differently."

9287
CSO: 3108/150

POLL SHOWS MOST OPPOSE CHRISTIAN PARTY COMPROMISE PROPOSAL

Oslo AFTENPOSTEN in Norwegian 21 Aug 82 p 3

[Weekly Gallup Poll: "Majority Opposes Abortion Advice"]

> [Text] Fifty-one percent are opposed to mandatory abortion advice, 35 percent favor it, and 14 percent do not know, according to this week's Gallup poll from Norges Markedsdata. The investigation shows furthermore that the strength comparison between the supporters and opponents of self-determined abortion has not changed during the past year.

Two-thirds of those who took a position are for self-determined abortion, while one-third are opposed. The investigation was conducted by personal interviews among a nationwide selection of about 1500 women and men over age 15 during the last half of June.

"Are you for or against self-determined abortion?"

This question was asked in the same way in corresponding polls in the late fall of 1974, 1977, 1979 and in May 1980 and 1981.

The total results from these polls are given below, together with the answers from June of this year:

Replies	1974	1977	1979	1980	1981	1982
For	47%	43%	49%	52%	58%	57%
Against	44	40	32	29	27	27
Don't know	9	17	19	19	15	16
Total percent	100	100	100	100	100	100

Men are somewhat more in favor of self-determined abortion than women, and younger people much more so than older. Among those asked in the age group 15-29 there were 70 percent who favored self-determined abortion and only 15 percent were against. In the age group 30-59 we found 60 percent supporters and 25 percent opponents. Among those over age 60 there were 36 percent in favor and 45 percent against self-determined abortion.

There were also large differences in viewpoint according to the political sympathies of those polled. Among those who vote for the Christian People's Party there are only 4 percent who favor self-determined abortion, and 84 percent who are opposed.

Among those polled in the Socialist Left Party the preferences were just the opposite. Eighty-nine percent were for, and only 5 percent were against self-determined abortion.

In the poll in June this year Norges Markedsdata asked the following question: "According to the current abortion law women can themselves decide if they want an abortion or not. Do you think that a change should be adopted requiring compulsory advice before women decide--or do you think that the law should remain as it is now without compulsory advice?"

	All	Political Sympathies						
Replies	Polled	A	SV	H	Kr.f	S	V	Fr.p
Compulsory advice	35%	30%	14%	38%	64%	45%	34%	21%
No compulsory advice	51	56	78	51	13	39	50	67
Don't know	14	14	8	11	23	16	16	12
Total percent	100	100	100	100	100	100	100	100

Key to Political Sympathies:
A - Labor Party
SV - Socialist Left Party
H - Conservative Party
Kr.f. - Christian People's Party
S - Center Party
V - Liberal Party
Fr.p. - Progressive Party

There is no difference in the division of the answers according to the sex of those polled, but older people are more in favor of compulsory advice than younger.

Among those who favor self-determined abortion, 23 percent thought that there should be compulsory advice, while 73 percent opposed such a change.

Of those who are against self-determined abortion, 68 percent favored compulsury advice and 18 percent were opposed.

9287
CSO: 3108/150

PSOE CONTINUES PREACHING ECONOMIC MODERATION

Madrid EL PAIS in Spanish 24, 25 Aug 82

[Two-part article by Manuel Abejon, professor at the Polytechnic University and member of the Spanish Socialist Workers Party (PSOE): "The Economy and the PSOE"]

[24 Aug 82 p 30]

[Text] An attempt to transcend capitalism suddenly and radically, even if it were desirable, would probably end up a catastrophe. Even the success of an economic policy designed to be original and progressive is a moot point. Thus, what we can expect from the Socialists is a pragmatic, realistic policy that is different, but not too different from the ones presented by more moderate groups. The reason is that after we accept the reality of the international economic order, Spain's very structure and the current crisis, the maneuvering room is very small. Only nuances are involved. How would the Socialists be different? In my modest personal opinion, they would simply put a greater degree of stress on defending the interests of the workers and other strata of society that have so far been bypassed by the benefits of development. Regardless of how little maneuvering room there is, one can always do one's best to create jobs, improve social services and better the personal and geographical distribution of income.

Some will see this as a surrender. I do not see it that way, if certain conditions are met. In the first place, we must not make the mistake of identifying the short term with the long term. Spanish socialism, with the collaboration of the forces that are in favor of progress and democracy, now has the mission to guide the modernization of society and the democratization of the State by trying to resolve the economic crisis as favorably as possible for the ruled classes, but this does not mean a halt to progress towards advanced democracy and, in the longer run, socialism.

This approach, moreover, is the most consistent with the gradualist, democratic tradition of Spanish socialism, which has always been able to make its utopian view compatible with realistic policies, as far removed from unfeasible radicalism as from pointless conservatism, and to honor its campaign pledges.

The second condition is that we take cautious, serious, low-risk measures that at small economic and political cost lay the groundwork for the advanced democracy that our constitution calls for, specifically, measures relating to planning, the public sector and the participation of the workers (Articles 38 and 131, 128 and 129, respectively).

Democratic Planning

The mention of such measures might prompt concern in certain economic circles and misgivings among the theorists of economic liberalism. Even though for the time being this is an intellectual exercise, it makes sense to devote some space to these issues, which will most likely soon be the object of intense ideological debate, in an attempt to de-emotionalize them.

In spite of what liberal economists contend, the planning of large social systems is an unavoidable necessity; even the large multinationals carefully plan their future as businesses and, in passing, the future of all of us. The dilemma is not whether or not to plan; it involves who, how and for what.

Will it be democratically legitimized bodies or industrial and financial power groups? Will it be openly and with participation by all or behind the back of public opinion? Will it serve the majority or benefit the ruling classes?

The only answer to these questions, of course, is that planning must be undertaken with the participation of all, in an open, explicit and democratic manner and aim at optimizing the collective well-being.

Furthermore, because of the internationalization of the economy, the massive use of nonrenewable natural resources and the resulting deterioration of the environment, on the one hand, and the development of technologies that affect both the social and ecological equilibrium worldwide (nuclear power, telematics, robotics, etc), it is morally and technically unthinkable for decisions to be made exclusively by tiny groups in the most developed countries.

And it is not only due to the obvious drawback that they will make decisions as a function of their own interests. It is also because undesirable and unpredictable results will very likely emerge due to the lack of an overall perspective and of coordination.

Scientific Underpinning

In highly technological societies, planning must have a strong scientific underpinning: a wealth of reliable statistics, realistic and sophisticated mathematical models, powerful data processing equipment, all of this developed by skilled professionals.

Now then, these are only the means; the ends must be political: a more just and freer society, an emancipating technology and a more balanced man-nature symbiosis. And both these goals and the strategies to achieve them must be decided democratically. Moreover, the political goals, the technological tools and the execution and supervision must be placed in the appropriate sectors and geographic spheres, which means avoiding any sort of centralism.

Those who sing the same old tune that planning has the drawbacks of centralization-concentration while no planning brings the benefits of decentralization and autonomy, are behind the times.

It is simply a matter of spheres of action and systems of coordination. For example, the struggle against ocean pollution, the curtailment of massive deforestations or the creation of a new international economic order must be planned worldwide (and it would be a good idea to have a legitimized authority with the power to do so). Issues such as industrial development, transportation systems, communications or health care can be properly planned on a national level, while many others, such as the preservation of wilderness areas, schooling and urban development, etc, can be taken care of regionally or locally. Thus, the point is to put together a duly decentralized and, hence, coordinated planning system. Democratization and decentralization, participation and coordination are the keynotes of the system.

The Case of Spain

In this regard, Spain should opportunely develop its constitution. At the State level there should exist, with the rank of a ministry or, perhaps, a State secretariat under the office of president, an agency with the appropriate technical and human resources to perform the material tasks of planning.

Another possibility would be to make the current Economy Ministry planning-oriented. The planning agency should not, of course, be solely technical; it must also be a key element in government policies, serving as an invigorating element in the planning process. Therefore, it would be important for it to have political capabilities vis-a-vis the Finance Ministry.

The budget should be in keeping with the plan, not vice-versa, although naturally the plan must be drawn up on the basis of harshly realistic criteria and with the same information as used in drafting the budget.

The issue of participation should be approached in a more representative manner than the planning commissions in the 1960's and 1970's did.

The organization of the planning or economic and social council established in Article 131 of the constitution; the creation of planning bodies in the various autonomous communities, and the incorporation of unions,

employer organziations, professional associations, consumer groups, etc, would be the best ways to foster such participation. The remaining issue, of course, is to determine the precise scope of planning in Spain.

In a relatively complex and advanced economy, albeit with pockets of underdevelopment and structural (organizational and technological) shortcomings, in which, moreover, practically all of agriculture and commerce and the overwhelming majority of industry and the financial system belong to the private sector, planning cannot go much beyond establishing certain general objectives and strategies for deciding on specific public investments and for channeling private investment by means of appropriate incentives and disincentives.

The objectives should include the nationwide harmonization of development, the distribution of income, boosting cultural and technological levels, protecting the environment and natural resources, along with other more traditional goals such as full employment, the modernization of agriculture or anticyclic policy.

[25 Aug 82 p 26]

[Text] It is taken for granted that the public sector must perform many activities, for example, the essential services which, because of the amount of investment required or for other reasons, cannot be provided by or are not profitable to private enterprise. This is also the case with transportation infrastructures and with almost all traditional public services and goods. A different case is represented by the services that the welfare state offers for a variety of reasons (social solidarity, humanitarianism, labor peace, etc), such as social security benefits, free health care and free education, another purpose of which is to redistribute income somewhat. Such services are viewed favorably by sensitive contemporary society, with the exception of certain economic ultraliberals and conservatives. In contrast, there is a very heated controversy between interventionists and those opposing government intervention when the public sector absorbs or the State at least intervenes in the financial system or in industry. Those who argue against this hammer away at the excessive costs that such operations usually entail to the citizenry and, above all, at the inefficiency, if not corruption, that they claim is inherent to the public sector. The arguments in favor usually take two tacks. One, which is more or less Keynesian or Social Democratic, stresses the need for a regulatory center in the economic system to control a number of variables, soften the fluctuations and imbalances and take care of the promotion and development activities that are not profitable to private enterprise; the other argument, which is more political, more socialist if you wish, is that certain strategic economic spheres must be set aside so that small groups devoid of democratic legitimacy exercise as little power as possible in them.

This said, it is clearly almost meaningless to evaluate the scope of the public sector by a single, indiscriminate yardstick, be it the percentage of the gross domestic product (GDP) it absorbs, the jobs it provides

or any other parameter. In the first place, the volume of public goods and services, whether traditional or the ones furnished by the modern welfare state, indicates, to an extent, how developed a society's collective structure is and the degree of its solidarity and egalitarianism. Such services are indispensable in any human community that deserves the name. Nonetheless, we must be realistic and heed some of the observations by critics of the welfare state. In point of fact, the ratio of government to private spending must be kept within reasonable bounds to insure a wide margin of individual freedom. Moreover, the cost-benefit ratio in the provision of public services could be adversely affected to a large degree by inefficiency, diseconomies of scale and bureaucratic sponging, which ought to be rectified through functional rationalization, decentralization and user participation measures. Last but certainly not least, we must not be so naive as to think that every service paid for by the Treasury is progressive in that it entails a transfer of income from the haves to the have-nots, because this is not always the case.

Spain's Experience

In the case of government intervention in finance, energy, basic industry or high-technology sectors, however, one of the best yardsticks for gauging its advisability is the degree of democratic control over the economy, which provides a real chance for overall economic planning.

For historical reasons, the Spanish public sector, both in terms of social services and the ownership of or share in industrial or financial enterprises, is a creature of the Spanish Right.

With regard to industrial, commercial or financial public enterprises, no matter what their legal status (a commercial association with government capital, autonomous agencies, etc) or whether they come under the INI [National Institute of Industry], the Patrimony office or various ministries, we have to acknowledge that they suffer from several drawbacks. Without getting into a case-by-case analysis, we can point out several general traits. The most important of all is lack of coordination among each other and with economic policy in general. Another, which stems from this, is the failure to spell out specific objectives (Profitability? Promoting development? Political tool?) for each and every one of these enterprises. We should also mention the excessive politicization in all too many public enterprises. Politicians on the way up or down are constantly being hired to fill many management posts, not only political positions (presidents, for example) but also at more technical levels.

This is perfectly understandable if we grasp the true characteristics of the Spanish public sector. The fact is that after pro forma, more or less rhetorical statements about the shopworn principle of subsidiary status and the need to promote development in sectors or regions abandoned by private enterprise, the Spanish public sector, fostered by the interventionist Right, has served, with certain major exceptions, as a rehabilitation center for companies, a provider of inexpensive services or raw materials to privileged clients in the private sector, a refuge

for politicians and a secondary source of power for the ruling class. Thus, the Boards of Directors and the management positions in government-run banks, industries and services enterprises have been filled by representatives of the financial and industrial oligarchy, in addition to people from the political bureaucracy of Franco first and now the UCD [Democratic Center Union]. The interpretation that the Spanish Right has always given to the principle of subsidiary status is still illustrative.

It is not surprising then that with this as a foundation (submission to the interests of private capital, political and bureaucratic featherbedding, lack of coordination and lack of political guidance) all sorts of inefficiencies and diseconomies appear in each individual case. Thus, not only do we have a public sector that serves the right wing exclusively, but the idea that a strong public sector is needed to plan and guide the economic system democratically has been profoundly discredited in the public's eyes.

The Socialist Position

With this background in mind and, as if it were not enough, given the problems stemming from the current crisis and the mistrust created by rightwing propaganda, we can understand why the Spanish Left will be extremely careful in the sphere of public ownership. Naturally, this does not mean rejecting socialist ideas (which, contrary to false beliefs, are not statist), much less ignoring every democratic society's need to achieve a certain degree of control over its own economy. What the current crisis and Spain's own experience do mean, in the wake of the antisocialist consequences of government takeovers in the countries with ill-termed "real socialism," is that we must be cautious and pragmatic. Every nationalization or intervention plan must be subjected to a thorough-going cost-benefit analysis from the social welfare standpoint, and in particular we must be reasonably certain that it will actually enhance democratization.

In contemporary Spain a future Socialist or simply progressive government must obviously, first of all, go about putting the existing public sector on a sound footing. This involves coordinating enterprises, defining their political tasks, professionalizing management and clarifying the accounting system so that we know exactly how much of the deficit is due to political and social featherbedding, how much to low profitability and how much to poor management. This task could well take an entire legislative session. Naturally, we would also have to expand the public sector in two directions: on the one hand, by setting up enterprises whose goals would be regional development or creating jobs or in high-technology sectors, and on the other, by taking the nationalization measures that are strictly necessary in the energy and financial sectors (just the high-voltage power grid, overhauling savings banks and little else).

Major steps would also be necessary on the legal-institutional and organizational-functional levels. The first move should be the enactment of the long-awaited Public Enterprise Statute, which should clearly stipulate the subordinate relationships to government (program-contracts, ties to the ministries of the national government or, when appropriate, of the autonomous communities, etc). The second, which should coincide as much as possible with the first, would be the restructuring and reorganization of existing public enterprises.

8743
CSO: 3110/218

PSOE PREPARES TO ABSORB NEW 'ACTIVISTS' AS VICTORY NEARS

Madrid EL PAIS in Spanish 24 Aug 82 p 9

[Article by Fernando Jauregui]

[Text] The Spanish Socialist Workers Party (PSOE) is preparing to abandon its role as an opposition group and is organizing with en eye towards being a "European-style" party that intends to remain in power for a long time, according to statements by some of the leaders working on the PSOE's Organization Conference. The conference will decentralize the party, make possible a massive influx of members (the PSOE wants to have a half million by the end of the decade) and facilitate the formation of opinion trends, including a Social Democratic one.

One of the points that the conference will take up is an enumeration of member rights and duties. This involves streamlining the mechanisms for joining the PSOE, mechanisms that are currently characterized by obstacles and difficulties, which in the words of Garcia Bloise herself, limits the party's growth. Official Socialist sources claimed that the PSOE currently has a membership of 107,000 and that in light of the numerous membership requests recently received, it would rise to 111,000 by October. The goal set by the PSOE's Executive Committee is a half million members by the end of the 1980's. The party would thus be following a Nordic model for consolidation, which is based on a large membership, and moving away from the example of the French Socialist Party, which with little more than 200,000 card-carrying members, depends almost exclusively on a mass voter turnout. Consideration will be given to the possibility of an "intermediate membership" for groups that accept a minimum socialist program.

Another preparatory meeting was held yesterday for this Organization Conference, which is supposed to take place in October (if the election camapign does not get in the way) and which will likely revolutionize the PSOE's internal structures by adapting them to the demands of our new type of State and to the needs of a party on the threshold of power, according to the secretary of socialist organization, Carmen Garcia Bloise.

The most arduous item on the agenda at the preparatory meetings for the conference is party decentralization. Periodic contacts will be institutionalized between the Executive Committees in the various regions and the National Executive Committee, which in practice will mean greater decision-making power for the regional committees.

Another topic will be opinion trends (the PSOE does not want to introduce organized factions). In this regard, it was significant that yesterday's preparatory meeting was attended by three memebrs of the "critical wing," Luis Gomez Llorente, Pablo Castellano and Jeronimo Saavedra. The "critical wing" of the PSOE, which has been baptized the Socialist Left, did not attend the party's 29th Congress because it demanded proportional voting to elect the delegates to the congress, which, lacking internal opposition, was a calm one.

In the words of Carmen Garcia Bloise, the PSOE leadership acknowledges that the majority vote method is not the most representative, though neither is the proportional vote. To Garcia Bloise, the point is to come up with a new method "that will halt the drift of members away from decision-making bodies." According to sources both in the PSOE leadership and in Socialist Left, sources cited by the EFE Agency, there is room for compromise between the two stands.

With regard to the issue of opinion trends, a new one could be formed in addition to the Socialist Left, which already has its ground staked out. It would be a Social Democratic wing and, according to various views, it could take on considerable importance within the PSOE.

The French model is something that the PSOE wants to avoid in more than one respect. "Having seen what is happening in France," asserts Garcia Bloise, "we want to guarantee harmony between the government and the party that supports that government. With things so calm internally, this is an ideal time, because the organizational issue shouldn't cause the party any concern." Therefore, the relationship between the party and its institutions (preventing friction between them when the party is in power) will be another of the major issues at the Organization Conference, which is determined, according to a source in the Socialist leadership, "not to repeat the mistakes that we have seen the UCD [Democratic Center Union] make in this regard."

Other issues that will be taken up at the conference are an increase in the number of women in party leadership bodies, limiting the number of members per group, reforming the workings of the Federal Committee (streamlining it) and reforming preparations for national congresses.

8743
CSO: 3110/218

SUAREZ FUELS FEARS AS MILITARY AFFIRMS DEMOCRATIC INTENTIONS

Madrid DIARIO 16 in Spanish 9 Aug 82 p 8

[Text] Lt Gen Fernando Soteras, the field marshal of the Seventh Military Region, has asserted that the military will continue doing its job normally if the PSOE [Spanish Socialist Workers Party] wins the election. His view is shared by Jose Maria de Areilza, who has voiced his belief that there will be no "military uprising." On the other extreme there is Suarez and his new party, which he claims he founded to confront and check the "real threats" hanging over the civilian government at the moment...

Madrid--Lt Gen Fernando Soteras, the field marshal of the Seventh Military Region, told a Catalan newspaper yesterday that the miliatry would accept the outcome of the upcoming general elections, regardless of what it might be.

"Everyone is wondering," he remarked, "what the military will do if the PSOE wins the upcoming general elections. Well what are supposed to do? Continue doing our job."

"If the PSOE wins, then it should govern, because that's the will of the Spanish people," commented Lieutenant General Soteras, who is on vacation on the Costa Brava.

"No Military Uprising"

Jose Maria de Areilza, a deputy and president of the Council of Europe, had a similar comment yesterday when he asserted: "There will be no new attempt at a military uprising in Spain."

Referring to the de facto powers, Areilza remarked that "Spain's democratic system is sufficiently developed for us to believe that things can be vetoed."

There is no possibility of either a regression or a political bipolarization. Areilza asserts: "Spain will never polarize around two parties, because a large segment of this country will never accept the reform of the constitution, nor violence turned into the foundation of authority; it doesn't want to turn the clock back or reverse the system."

In contrast to these optimistic remarks about the possibility of another coup d'etat if the PSOE should win, the leaders of the Democratic and Social Center (CDS), which was recently founded by Adolfo Suarez, have made statements marked by pessimism in recent hours.

Suarez himself has claimed that his return to politics is not for personal reasons but because of the existence of "real attempts to curtail the supremacy of civilian government."

Former Minister Rodriguez Sahagun, one of Suarez's main colleagues, amplified on such remarks at a press conference yesterday in Salamanca.

Rodriguez Sahagun said that "at this moment there is a real threat" to the supremacy of civilian government in Spain.

"Right now," he went on to say, "the most important thing is our endangered freedom, the very freedom to exercise our sovereignty, which is being attacked by two fronts, terrorism and coup plotting."

Subjects

Adolfo Suarez had also talked about the real attempts "to do away with the fundamental principle that sovereignty is vested in the Spanish people. It is widely known that there are individuals who are endeavoring to take away our hard-won status as free citizens and make us subjects again."

8743
CSO: 3110/218

GENERAL SOTERAS: MILITARY DISPOSED TO LET PSOE GOVERN

Madrid EL PAIS in Spanish 9 Aug 82 p 9

[Text] "If the PSOE wins, let it govern, for that will be the will of the Spanish people," declares the commander in chief of the seventh military region (Valladolid), Lt Gen Fernando Soteras, in some statements published yesterday in EL PERIODICO. In line with these affirmations, in an interview appearing yesterday in TRIBUNA VASCA, the president of the European Council, Jose Maria de Areilza, assures, among other things, that "there will not be another coup attempt in Spain."

Lieutenant General Soteras, who is spending a few days on vacation on the Costa Brava--dedicated to the reading, above all, of "books on tactics and arms codifications," in order to be up-to-date professionally--thus brings up the possible socialist victory: "Everyone is asking himself what the military will do if the PSOE wins the upcoming elections. Well, what are we going to do? Continue to carry out our job."

The commander in chief of the seventh military region declares that he is a soccer fan and that he was present for three World Cup-82 matches. He adds that "as a patriot, I was displeased with Spain's elimination, but the truth is that we could not have expected anything better."

In the interview published yesterday by the extraordinary supplement to TRIBUNA VASCA, Areilza, asked about the so-called real powers, was of the opinion that "Spain has evolved far enough in its democratic system so that we can believe in the possibility of prohibitions." As for the rest, he judges that our country "will never be split into two bipolar parties, because there is a large sector that will never accept constitutional reform and violence as the basis for authority, and that will never give the impression that it wants to turn back or turn the system inward."

Areilza is in favor of the measures to pardon the ETA members who commit themselves to abandon their arms, because "it is an invitation to stop the violence. It is time to invite everyone to change his attitude, to abandon the armed struggle."

9746
CSO: 3110/204

COMPROMISES BETWEEN BOURGEOIS GOVERNMENT, SDP ANALYZED

Stockholm DAGENS NYHETER in Swedish 17 Aug 82 p 6

[Commentary by Sven Svensson]

> [Text] In some respects, the business community and the investors have advanced their positions during the period of nonsocialist government that began in 1976, while union interests have had to yield in connection with job security legislation and the MBL [Comanagement Act].

Parliement's major decisions with effects lasting up to the year 2000 have been reached through agreements between the current coalition parties and the Social Democrats [SDP]. The Conservatives have remained partly on the sidelines. This is shown by a review of the period of nonsocialist government between 1976 and 1982.

The confrontation between the political blocs concerns economic policy, and in that area the nonsocialist governments have long pursued a Social Democratic spending policy and a nonsocialist tax policy. The result is today's gigantic budget deficit of 76 billion kronor.

The first nonsocialist government took office on 8 October 1976. In his government statement, Thorbjorn Falldin, the new prime minister, announced:

"Firmly and responsibly, we will pursue a policy in the interest of all the people. In so doing, we will seek agreement that is as broad as possible."

Olof Palme, the new opposition leader, said on 6 October 1976:

"In Sweden today there is a new political situation characterized by a strong concentration of power. Those who have won political power were supported by those who control most of the economic power and by the dominant sector of the press."

Clearer View

The change in government meant above all a considerably clearer view of government work. At the same time, confrontation between the political blocs has

increased every year. The conditions for forming governments that would include both blocs after the 1982 election are worse than ever.

All the same, the most important and, from the long-term view, most significant decisions by Parliament have been reached with strong agreement between the two current coalition parties and the Social Democrats, while the Conservatives have most often found themselves on the sidelines.

Here are eight important decisions:

1. On 24 April 1981, the Center and Liberal Parties and the Social Democrats concluded a 3-year tax agreement that led the Conservatives to break up the nonsocialist three-party coalition government.

2. Following the referendum in March 1980 concerning nuclear power, in which "Line 2" won, Parliament decided, with the Liberal Party and the Social Democrats as the driving force, to finish building 12 nuclear reactors and to phase out nuclear power by the year 2010.

3. Parliament decided in the late spring of 1982 to build the JAS fighter plane. The cost at stable money values will total 25 billion kronor by the year 2000.

4. In the area of foreign policy, there has been considerable unanimity between the coalition parties and the Social Democrats. The most important single event involved the nuclear-armed Russian submarine that went aground in the Karlskrona archipelago. Falldin and Ullsten conducted the political handling of the submarine affair in close cooperation with Olof Palme, while Ulf Adelsohn was left sitting mostly on the sidelines as an onlooker.

The coalition parties and the Social Democrats are in general agreement on long-term aid to developing countries, while the Conservatives want to reduce such aid and, as they put it, make it more effective.

The coalition parties and the Social Democrats are agreed on the outline of the negotiations with the Russians concerning the so-called median line in the Baltic Sea, while the Conservatives are pushing a different approach.

5. Disestablishment of the Church of Sweden and women ministers have been a political hot potato for several decades. On a couple of occasions, the Social Democrats swept those issues under the rug to avoid an election battle.

Following discussions between party leaders, Parliament decided last spring--and the synod later decided the same--to alter the synod's composition and revise the rules governing the passage of canon laws. As a result, the issue of disestablishment and the conscience clause in connection with women ministers are both finally moving toward a resolution.

6. The 1979 Parliament reached a decision on a new curriculum for comprehensive schools that calls for an emphasis on basic skills such as reading, writing, and arithmetic.

That decision by Parliament was reached through agreement between the two current coalition parties and the Social Democrats, but included special Conservative viewpoints.

7. Last spring Parliament reached a decision on research legislation that has long-term significance. It provides for increased economic investments and improved financing for study by researchers. That decision was reached through broad agreement between the coalition parties and the Social Democrats. The Conservatives recommended, among other things, that research be concentrated in the advanced institutes.

8. Female succession to the throne was introduced after a constitutional decision was finally reached following the 1979 election. This means that Crown Princess Victoria may become Sweden's first female ruler.

When the decision on female succession was adopted by Parliament, the Social Democrats declared:

"We on the Social Democratic side will not oppose the bill. We intend to abstain from voting in Parliament when the bill is being considered."

Political disagreement between the blocs has centered on the wage earner funds and the economic policy, especially in connection with the cutbacks in social benefits for families with children, pensioners, the ill, and the unemployed.

It also says in the Social Democratic election manifesto that any more nonsocialist policy of the kind being pursued in Great Britain and the United States will lead inexorably to massive unemployment and wider class cleavages.

A Table Ready Laid

Olof Palme's words of welcome to the new nonsocialist government were as follows:

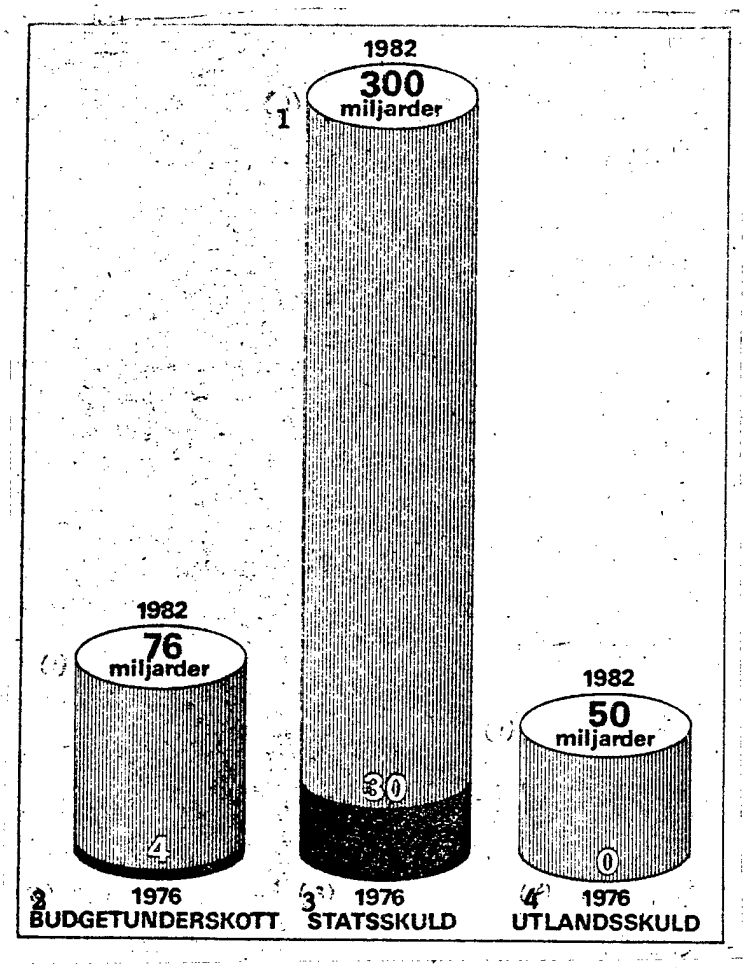
"You are going to a table ready laid."

But even before the government took office, business executives in Sweden began to wear out the new government's stairs in their efforts to obtain government subsidies for industries in trouble: forestry, shipyards, and iron and steel.

That led the unprepared nonsocialist governments to pursue a Social Democratic spending policy and a nonsocialist tax policy. It didn't work.

In fact, the first nonsocialist governments were to nationalize more industry than the Social Democrats ever had. Minister of Industry Nils G. Asling established one state holding company after the other and poured the taxpayers' money into the firms that were in trouble.

Over the years, the four nonsocialist governments have invested over 40 billion kronor in troubled firms. The Social Democrats are now promising more billions to the new mines.



The columns above show the result of a Social Democratic spending policy combined with a nonsocialist tax policy. The deficit in the national budget rose from 4 million kronor in 1976 to 76 billion in 1982. During the same period, the national debt rose from 30 billion to 300 billion kronor. Our foreign debt has risen from zero to 50 billion kronor.

Key:

1. Billion
2. Budget deficit
3. National debt
4. Foreign debt

The nonsocialists have been terrified that they would be accused of pursuing a policy of unemployment.

Indexing of Taxes

In the area of tax policy, the nonsocialist governments were bound by their election promise to introduce tax indexing, even though the Center Party went through anguish over that decision.

Indexing was a very old demand dating back to the time of Bertil Ohlin. It was based on the view that wages would rise faster than prices--in other words, real wages would improve.

The nonsocialist parties were unlucky because in fact, price rises began to exceed wage increases after 1976, meaning that real wages have declined.

The result was to make indexing more expensive than expected, and the treasury did not get any extra revenue due to higher real wages.

For the nonsocialist governments, the result of their Social Democratic spending policy and their nonsocialist tax policy has been a rise in the budget deficit from 4 billion kronor in 1976 to 76 billion in 1982. During approximately the same period, the national debt has risen from 30 billion to 300 billion kronor, while the government's foreign debt has grown from zero to 50 billion kronor.

The Swedish economy has also been affected by events abroad, especially the oil price increases. The first oil shock occurred in 1973-1974, and the second came in 1979-1980. Severe strains on Sweden's foreign trade were the result.

Four Austerity Packages

Starting with the second oil shock, the nonsocialist parties realized that the government's financial situation was serious. Since 1980 there have been four austerity packages that have reduced government spending by 18 billion kronor and brought strong criticism from the Social Democrats because of the reductions in social welfare and the turn to the right being taken by policy.

The economic policies of the nonsocialist governments, with high budget deficits and high interest rates, have affected industry's investments, which have declined by one-third during the period of nonsocialist government. From industry's standpoint, investments in government bonds and various speculative ventures have become more profitable than traditional industrial investments.

11798
CSO: 3109/224

PAPER COMMENTS ON POLL TRACING VOTER MOVEMENT

Stockholm DAGENS NYHETER in Swedish 1 Aug 82 p 2

[Editorial by Olof Kleberg]

[Text] The small parties--the Liberal Party, VPK (Left Party Communists), and the Environment Party--have the greatest chance of gaining support at the expense of other parties. This was shown by the IMU (Institute for Market Research) survey on voter movement published today in DAGENS NYHETER.

The opposite was true of the two largest parties--the Social Democrats and the Conservative Party. This is not so unusual. These parties gather support from voters of quite different persuasions. They are prepared to vote for a small party if it supports what they consider an urgent issue. VPK, especially, has many voters (Social Democrats) who indicate that it is their "second favorite party." Thus, the probability that VPK will remain in parliament is relatively high.

The Liberal Party could gain voters from the Conservative Party, the Center Party, and the Social Democrats. The Environment Party can win new voter support from the Center Party and, somewhat surprisingly, even more from the Social Democrats. The Center Party itself, on the other hand, has little chance of increasing its voter support.

That both middle parties are in trouble, however, is indicated by the fact that only one fourth of the few supporters they now have indicate that they are "solid" supporters. Among the other parties, at least half of their voters are solid supporters.

The campaign must be directed not only at new voters. The parties also must convince their own people.

9336
CSO: 3109/216

ECONOMY PROGRAM ALTERNATIVES CAUSING PARTIES TO POLARIZE

Stockholm SVENSKA DAGBLADET in Swedish 26 Jul 82 p 2

[Editorial]

[Text] This past weekend was half time at Almedalen. Last week Ola Ullsten, Ulf Adelsohn, and Lars Werner were at the podium. Now Olof Palme and Torbjorn Falldin will have their turn. No one expects that their speeches will contain any sesational messages.

This is because the main purpose of the speeches in Almedalen is to chart the party's course for the final phase of the campaign. The Conservative Party is pushing hard toward its strategic goal: an election in which they themselves and the Social Democrats appear as the clear alternatives. Some Social Democrats may not like this arrangement. Nevertheless, the success that the Conservative Party is enjoying in our metropolitan areas, according to the polls, is forcing the Social Democrats to use the same tactics. It would be dangerous for them to attach less importance to the Conservative Party.

Of course, all this creates problems for the middle parties. Their chances of appearing as a special, third force in Swedish politics are reduced. In addition, if they opt for a lower profile their chances of being forgotten are great.

Of course, none of the lines drawn between parties will cross over the clear line of demarcation between the nonsocialist and the socialist parties. In times of reform politics, this line is not especially noticeable. On the other hand, whenever the Social Democrats fall prey to socialization policies, the line becomes much more clear. This has been true since the Social Democratic party congress in 1920 when Richard Sandler proclaimed that the problem of socialization would dominate party thinking from that time on. This brought on the first election in which socialization was the main issue and it ended with the loss of 11 seats in parliament by the Social Democrats.

This time the line between the two blocs is especially clear because of the differing opinions as to how we could escape the present economic crisis. During the 1930's there still were some links between the Social Democrats and the nonsocialist in the area of economic policy. Now their concepts are

diametrically opposed.

This was clearly indicated in the interview Budget Minister Rolf Wirten granted TT. We must say that Wirten deserves credit for his honesty. Forceful measures must be taken to save money during the next 2 fiscal years. This means that the savings must be approximately as great as during the present fiscal year. Wirten categorically rejects the idea of reducing the budget deficit by increasing taxes.

The nonsocialist parties are in agreement on the basic direction of economic policies. There are, of course, differing opinions concerning the details, such as how great the cutbacks must be. However, the ambition of the government is indicated by its request to all authorities and offices seeking government funds to plan on a 2-percent decrease in expenditures each year or a 10-percent reduction over a 5-year period.

If economic policies are to achieve the desired results, they must be as uniform as possible. The worst possible measures would be a mixture of nonsocialist and socialist policies in which one component opposed, rather than reinforced, the other.

Does anyone really believe that Olof Palme will alter these basic principles of the campaign when he reaches the podium in Almedalen on Monday evening?

9336
CSO: 3109/216

PAPER COMMENTS ON SDP PROGRAM AS REVEALED IN PALME SPEECH

Stockholm SVENSKA DAGBLADET in Swedish 27 Jun 82 p 2

[Editorial]

[Text] On Monday evening the party leader who once was first to appear in Almedalen again took his turn. Olof Palme, who had been encouraged repeatedly by his fellow party members on Gotland to speak up, spoke on the Baltic Sea boundary issue even at the preliminary press conference. The same was true of the wage-earner fund brand of socialism, which the Social Democrats have bandied about in so many directions.

With regard to the boundary dispute with the Soviet Union, Palme chose to leave out the aspect that most worried his fellow party members on Gotland.

The previous Social Democratic government adamantly maintained that the boundary should be drawn midway between the two countries. A new Social Democratic government would continue this policy. Something interesting has happened in the meantime, however. What is the position of the Social Democrats on the concessions discussed by the Foreign Affairs Committee? Instead of accusing the Conservative Party of "buffoonery," Palme could have answered this question. Clearly, the Conservative Party committee members have rejected all attempts at a compromise. Whoever is silent has something to hide and nothing is more telling than Palme's silence on this point.

On the fund issue, Palme managed to turn one of the most amazing logical somersaults possible for a politician. Palme began by reminding his audience that once upon a time he himself, right there in Almedalen, had warned that a nonsocialist election victory could lead to a merger of the political and the economic power and the power over most of the press. Under these conditions, Palme should feel at least a tiny bit of apprehension toward the even greater and massive concentration of power that would result from the wage-earner funds. But he feels not even the slightest bit of fear when it comes to what one Social Democratic economist called the "greatest concentration of power in a Western democracy."

But are not the Social Democrats retreating on many important issues? In Visby Palme stated--in direct opposition to resolutions approved by the LO (Federation of Trade Unions) and SAP (Social Democratic Party) congresses--that he

could go along with general elections to choose board members to manage the funds. Thus, the idea that the funds belonged to wage earners and the unions would be even more decimated.

Many delegates to the party congress must feel cheated. Palme simply ignores the resolutions of the congress. What guarantee is there now that, after an election victory, he will stand by his promises in Visby? Of course, Palme does not know what the next party congress will do. Having learned from bitter experience, the delegates could force the national committee to accept their view of wage-earner funds.

Another aspect also must be considered. In his most recent book of memoirs, Tage Erlander stated that LO and SAP were so close that they could not even be called twins, but must be considered the same entity. Such an association could easily take the labor, economic, and political power into its own hands. This is all the more true, since the inherent characteristics of the fund system move in that direction. For that matter, what would be easier for the Social Democrats than to wait for a suitable occasion and, with the mandate of their congress, go over to pure fund-socialism once the model has been introduced?

Palme's evasive answers are not reassuring to the many people who fear fund-socialism in Sweden. The attempts of the Social Democratic Party chairman to put the blame on SAF (Swedish Employers' Confederation) probably will not prevent continued opposition. Can it be that it never occurred to Palme that his angry outburst at the employers organization is seen by many as an attempt to silence a voice that does not happen to agree with the Movement? Is this a harbinger of a monolithic society under fund-socialism?

9336
CSO: 3109/216

POLL FINDS LIKELY VOTER MOVEMENT TOWARD SMALL PARTIES

Stockholm DAGENS NYHETER in Swedish 1 Aug 82 p 9

[Article by Sven Svensson]

[Text] The Center Party is in a three-way bind in this fall's election campaign. This was shown by an IMU (Institute for Market Research) survey of the most significant voter movement among the political parties from the 1979 election up to the spring of 1982. The Center Party has lost a total of 6.2 percent of the voter support and the losses are divided evenly, with almost 2 percent each to the Conservative Party, the Social Democratic Party, and the new Environment Party. The Liberal Party's greatest losses were to the Conservative Party.

The survey recorded the most significant changes in voter support and net losses as a percentage of the entire electorate.

The survey examined the period from the 1979 election to the spring of 1982. No consideration is given to differences among the parties due to shifts in the electorate based on age, i.e. the fact that some voters have passed the upper age limit of 74 used in the surveys, nor have the sympathies of first-time voters and stay-at-home voters been taken into account.

The Conservative Party averaged 23 percent in the voter surveys, which is 2.7 percent higher than the election results. The gains include 1.9 percent from the Center Party and 1.6 percent from the Liberal Party. The Conservative Party has lost 0.6 to the Environment Party and 0.2 percent to the Social Democrats.

Center Loses Most

In the spring of 1982 the Liberal Party received the support of 7 percent of the voters. This figure is 3.7 percent below the previous election results. The losses include 1.6 percent to the Conservative Party, 0.7 percent to the Environment Party, 0.6 percent to the Social Democrats, and 0.2 percent to the Center Party.

The Center Party with its 12 percent in the survey has lost 6.2 percent since

the election. The Conservative Party, the Social Democrats, and the Environment Party each have received 1.8 to 1.9 percent of the Center Party losses.

The Social Democrats received 46 percent in the voter survey which is 3.1 percent higher than in the 1979 elections, including 1.8 percent from the Center Party, 1.1 percent from VPK (Left Party Communists), 0.6 percent from the Liberal Party, and 0.2 percent from the Conservative Party. At the same time, they have lost 0.7 percent to the Environment Party.

VPK, with 4 percent of the voter support, has lost 2.1 percent, including 1.1 percent to the Social Democrats and 0.9 percent to the Environment Party.

Environment Party Wins Most

The Environment Party averaged 5.6 percent of the voter support and was the biggest winner--1.9 percent from the Center Party, 0.9 percent from VPK, and 0.7 percent each from the Social Democrats and the Liberal Party.

The actual movement between parties, which does not consider only net gains and net losses among the parties, presents a somewhat different picture. This movement may be measured in the form of party loyalty and changes in party support from the 1979 election up to the spring of 1982.

In round numbers, the Conservative Party received 20 percent in the 1979 election. In the spring of 1982, 86 percent of these voters indicated that they also planned to vote for the Conservative Party in the 1982 election. In the fall of 1979, this figure was up to 95 percent.

The Liberal Party, which received 11 percent in the election, shows a greater mobility. In the spring of 1982, 52 percent of the Liberal Party's 1979 voters were loyal to the party, compared to 76 percent during the fall of 1979. These party loyalty figures indicate that almost every other Liberal Party voter of 1979 (48 percent) has changed parties.

42 Percent Of Center Voters Change Party

The Center Party, with 19 percent in the 1979 election, showed almost as much mobility as the Liberal Party. During the fall of 1979, 85 percent of the Center Party's voters indicated that they were loyal to their party, but this figure dropped gradually to 58 percent in the spring of 1982. This means that four out of every ten Center Party voters (42 percent) changed parties since 1979.

The Social Democrats received 43 percent in the election and have enjoyed high party loyalty during the entire election period, with 97 percent as its record high during the winter of 1981. The figure for the spring of 1982, 93 percent, indicates a somewhat greater mobility.

VPK received 6 percent in the 1979 election and at that time party loyalty was around 80 percent, but it declined to 52 percent in the spring of 1982--the

same figure as the Liberal Party.

Conservatives And Social Democrats Increase Over 1979

Another way to measure party loyalty is to examine the most recent voter survey, which shows increases for the Social Democrats and the Conservative Party and decreases for the other parties in parliament, compared to the 1979 election.

At that time, the Conservative Party received 23 percent and 71 percent of its supporters voted for the party in 1979. The Liberal Party has dropped to 7 percent with 71 percent loyal voters.

The Center Party has falled to 12 percent, with 84 percent loyal voters, the Social Democrats received 46 percent with 81 percent loyal voters, and VPK, with 4 percent in the voter survey, had 78 percent loyal voters. The Environment Party with 6 percent has new voters exclusively.

Movement Toward Conservatives Or Social Democrats

This means that all the parties received 20 to 30 percent of its support since 1979 from other parties, from stay-at-home voters, or from first-time voters.

Thus, according to the survey, one of every ten Liberal Party voters comes from the Conservative Party or from nonvoters.

Since the parties are of different sizes, however, the actual number of new voters varies. The figures indicate, however, that the Social Democrats and the Conservative Party have received not only the greatest percentage of those who have changed parties since 1979, but also the greatest support from voter groups that did not participate in the 1979 election.

The voter survey indicates the voter's "favorate party." Investigation of the "second favorate party" provides information on the chances that a party will gain or lose support, especially in the long run.

Potential losses from a party and potential gains by another party are defined as the number of voters indicating that the difference between their "favorite party" and "second favorite party" was "slight" or "extremely slight."

This study revealed a nucleus of stable voters with no second favorite party, as well as the risk of losses and the chance of gains.

Center Has 3 Percent Solid Vote

Among the Social Democrats, the Conservative Party, VPK, and to a certain extent the new Environment Party, half the supporters of these parties may be considered solid, while only about one fourth of the voters supporting the two government parties, the Center Party and the Liberal Party, are solid.

The Conservative Party has 13 percent of the electorate as stable supporters and 23 percent total in the voter survey. The Social Democrats have 25 percent solid support and 46 percent in the polls, while VPK has the solid support of 2 percent of the electorate and 4 percent in the polls. Of the 5.6 percent supporting the Environment Party, 2.6 percent are considered certain votes.

The Liberal Party has the lowest percentage of certain voters with 7 percent support in the polls and 2 percent certain votes. The Center Party received 12 percent in the polls and 3 percent certain voters.

Especially significant is the fact that the solid support for the Center Party decreased from 7 percent during the spring of 1980, first to 5 percent in the spring of 1981, and now to 3 percent in the spring of 1982.

VPK Second Choice Of Social Democrats

Even though the Liberal Party received more support in the most recent poll than previously, its solid support has been around the 2 to 3 percent level the entire time.

In general, the study shows that the larger parties at the political extremes have a greater risk of suffering losses than chances of making gains.

Surprisingly, this means that the smaller parties in the political middle should have a greater chance of gaining support than their risk of suffering losses.

This is true of the Liberal Party, but not of the Center Party. The socialist bloc is a special case, since the VPK is the second choice of many Social Democrats.

VPK Runs Least Risk Of Losses

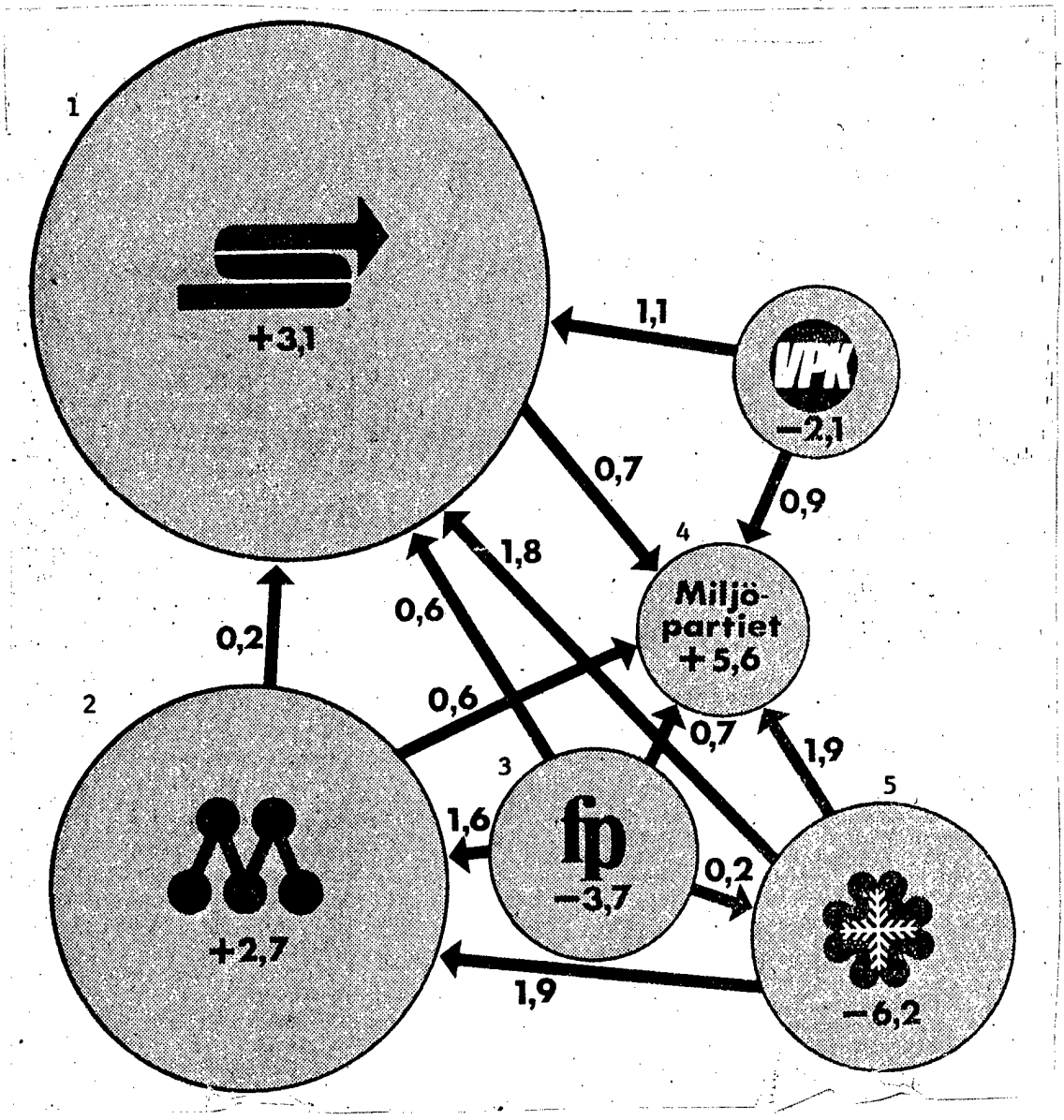
For the Conservative Party, the risk of losses amounts to 8 percent and the chance of gains is 6 percent, with a balance of -2 percent. This minus number is decreasing, however, compared to previous polls.

The Social Democrats risk losses of 18 percent and may hope for gains of 6 percent, resulting in a net figure of -12 percent. The largest minus number for them was 17 percent during the winter of 1981.

The Liberal Party could win 11 percent and risks losing 5 percent, with a net result of +6 percent. This figure seems to be decreasing, since it was 10 percent in the fall of 1981. This change has occurred since fewer Social Democrats now view the Liberal Party as second best.

VPK has the second largest plus figure--5 percent. It risks losing 2 percent, but could gain 7 percent, 6 percent of which would come from the Social Democrats.

The balance is even for the Center Party, with possible losses and possible gains of 8 percent. The trend is the same now as in the two previous surveys



This diagram shows the most significant net movement between from the 1979 election up to the spring of 1982, according to a new IMU survey. The figure shows that the Social Democrats have gained 3.1 percent of the voters in the 1979 election, 1.8 percent of which came from the Center Party, 1.1 percent from VPK, 0.6 percent from the Liberal Party, and 0.2 percent from the Conservative Party. At the same time, the Social Democrats have lost 0,7 percent to the Environment Party.

Key to figure:

1 Social Democratic Party

2 Conservative Party

3 Liberal Party

4 Environment Party

5 Center Party

9336
CSO: 3109/216

BUNDESWEHR TRAINING, MORALE, INTEGRATION INTO SOCIETY

Zurich NEUE ZUERCHER ZEITUNG in German 1-2 Aug 82 p 5

[Text] Whoever has to serve his 15-month tour of duty in the FRG today no longer goes to the "Barras" or the "Kommis." The infamous "hazing" times of German military history seem to belong largely to the past, at least since the Nagold paratrooper affair at the beginning of the 1960's, if one reads the annual report of the WEHRBEAUFTRAGTE of the Federal Diet. Acts of violence by older against younger recruits, the so-called "pecking order"--"foxes" against "greenhorns" are apparently no longer cause for concern in the Bundeswehr. This would rather apply to the almost universal complaint--above all in the army's basic training--about the organized waste of energy in an often poorly organized, idiotic, boring training by inexperienced NCO's.

At the same time, the officer corps suffers under enormous overwork and is in danger of being suffocated by paperwork of an administrative moloch modeled after the Bonn civil service bureaucracy. More than half of all German draft-eligible high school graduates do not even give the state a chance by refusing to serve from the very start, and the rest, who follow the call to duty with varying degrees of enthusiasm, increasingly appear to be turning their backs on the duty because of their disappointing and negative personal experiences.

Considering the old and new oppositions, the German relationship to armed power still appears to be deeply split. And although this army certainly is no "nation within the nation," it still does not appear to be a normal, obviously necessary part of the public concern, of the res publica--in part because important segments of the population did not want to, or were not able to instill in today's recruits a sense for the need for a national defense, even in a divided nation.

Civilian Deficits

"Driving School" or "Vocational School of the Nation" are some of the boorish expressions attributed to the utilitarian, unemotional character of the service in today's German army, which contrasts to the nationalistic-militaristic ideology of the "School of the Nation." However, the Bundeswehr is still functioning to an amazing degree as "the nation's school for special education," according to a half-sarcastic, half-refreshing slogan from the 1960's.

Because the "citizen in uniform" remains largely a utopic phenomenon, since he shows merely uninformed apathy or even a complete lack of interest towards politics and society in civilian life. The complaint about an apolitical young generation is increasing. The army obviously reacts to this, to the "motivation" of its soldiers, with even more dogged obstinacy by insisting on "political education:" it teaches with "training aids" from the renovated Center for "Inner Guidance" in Koblenz (which had almost been closed down a few years ago) about basic democratic rights and a wide spectrum of civic demeanor. After a decade of quiet, alarmed by the discussion about the dual resolution by NATO in 1979 regarding medium-range rockets, it is even sending more than 500 young officers to the dramatized debate. The peace discussion is not a Bundeswehr discussion, according to Inspector General Brandt. In spite of this the army is functioning as an institution in the political arena--as it has for a long time in citizenship tutoring of its recruits--in a way which is not without its problems. Can it really accomplish, as "school for special education," what society as a whole, from schools to the media, neglects to do, or even rejects?

When the Bundeswehr came into existence, the "citizen in uniform" was the mark of the overly ideological, but politically necessary doctrine of "inner guidance" by Baudissin. It was to mark the break with the German military tradition which had completely gone astray, and make possible the building up of a new army, along with its integration into a democratic society, by creating a realistic balance between the opposing principles of the hierarchical duty obedience on the one hand and the democratic rights of the soldier on the other. The doctrine, which has undergone many a fundamental change while retaining its name, and which to this day has met with much lack of understanding, served at times in the 1960's during restaurative trends as political "fig leaf" for some military practices which had slid again into more questionable traditions. During a phase of "cool" specialization of the "technical security production" of military specialties, "inner guidance" has degenerated into a psychological method to motivate for higher achievements. Today, when computer installations, video television and the most modern equipment are at the disposal of many branches of the Bundeswehr, which operate much like industry does, it can be noted in Koblenz that the course for "integration into Society" has been dropped 1 and 1/2 years ago, while enormous efforts had to be made to even legitimize the existence of armed forces in the FRG in the wake of a wave of pacifism following the security discussions.

Heterogenous Officer Corps

Even the FRG's social-democratic defense ministers have welcomed many a traditional nationalist militarist attitude of generals, often beyond the probably inevitable tinsel and medal proclamations, in a remarkable repetition of some of the aspects of Noske's national socialist defense policy. At any rate, at the beginning of the 1970's, an attempt at reform was made against a too questionable emphasis on "soldier virtues" apart from society. The technical specialization and differentiation had led to these tendencies, to which the armed forces, not unlike the general "bureaucratization" of the entire civil service system, reacted with increased bureaucracy on the one hand,

and compensating attestations as to a special mission on the other. In the 1980's, just as in the 1960's, this insecurity, this time by attacking the security debate, can assign a special role to the "bureaucrats in uniform," which might not be in the interest of society at large. The increasing difficulty in seeing through the defense cost expansion or this German Army's need for traditional rituals--which is always suspect to some important segments of the population, not only because of the awkward naming of some ships and barracks--creates distrust of the "experts in uniform."

In a mere quarter of a century extensive political and organizational changes have been made in the Bundeswehr. This is more than surface appearance; for example, one and the same tank battalion has changed its number five times. Most noticeable are the differences in training and type between the various age-classes of the very heterogenous officer corps. Intellectual cliche prejudices--that the intellectually as well as physically slightly snobbish old guard graduate has been replaced by the simple, hurriedly trained warrior--are at most typical for the political climate surrounding this army, and not for the army itself. The Bundeswehr, after the training reform at the beginning of the 1970's, has in reality reached the highest academic level so far in German military history. Through the introduction of an obligatory 3 and 1/4 years of regular study at the two Bundeswehr colleges in Muenchen and Hamburg from 1973 on, the prior existing problem of the young officer replacement was solved. Along with making the officer career more academic, new officer recruiting became more democratic: in contrast to all earlier German armies, and also to the first 2 decades of the Bundeswehr, a large part of the younger and youngest officers comes from an essentially broader spectrum of society, some circles of which had earlier been considered "undesirable." In 1980, 20 percent of the officer cadets came from working families, while more than 37 percent came from the middle class. This so far "most democratically" recruited officer corps in German history--disregarding the revolutionizing short periods of national socialism in the statistical background of the combat SS--remains undisputed.

Disputed Higher Education

The introduction of a higher education curriculum--rather limited with credit courses such as Communication, Economics, Pedagogy and other practical subjects relating to technology--is similar to the military reform attempt nearly 200 years ago. At that time, the "educated officer" was to be won for a modern army through the obligatory matriculation examination. The ideal was hardly ever reached, but was undermined and sabotaged. Only with the Bundeswehr's even more ambitious higher education goal did it come close to realization. But now a similar process is beginning against it as once against the matriculation examination: older officers barely disguise their criticism, and one cannot help but have a few doubts: because normally 5 and 1/4 years pass before a lieutenant actually begins his job as a platoon leader, which he will then perform for a period of three years. Initial "troop unfamiliarity" is the reproach. Normally, an already married 24-year-old lieutenant with no more than 6 months of real experience in the field appears for the actual officer training course of only 4 and 1/2 months at the army's officer academy in Hannover. Observations at the school and a glance at the latest

statistics show that the obligatory studies are already treated less rigorously. It does not apply to the special career of flying personnel in the air force anyway, so that in the air force now more than ever before two rather different categories are being trained: primarily pilot practitioners interested in sport-flying in the tradition of Steinhoff's BO-41 career, and career officers intended later for commander positions who--as far as they also are promoted in a flying career--after conclusion of their studies and other courses often have difficulty competing with the ability of the "pilot pros" who merely serve longer but are not professional soldiers.

Training for general and admiral staff service at the Clausewitz barracks of the Bundeswehr's Commander Academy shows how much the new German Army is attempting to learn from the "only military" and narrow training of the past, and how far it itself must still struggle against a historical-political distrust. Rather uniquely--by comparison to other nations--officers from all three branches of service are trained together here for general staff service. The commander academy, which is also responsible for other staff officer courses, has some features of an Anglo-Saxon defense academy. In addition to separate curricula for army, air force and navy, broad strategic-political spectrum is largely taught in a minimum of time: after a confusing succession of reforms, which apparently originated from a distrust of a nonexistent "general staff" of a Bundeswehr integrated into NATO, everything is more "crammed" than studied within 21 months. A special course had to be added on the, which hurriedly deals with all that which the layman usually imagines to be an integral part of general staff training. Rear Admiral Wellershoff, the first navy commander graduate of the academy, now speaks confidently and calmly of the "product of a 25-year refinement process" and believes that all the dust raised in the past has now settled. Like he, most officers, staff as well as troop, demonstrate a lot of self-confidence, and especially confident officer students must even be reminded by their instructors that the Bundeswehr is again under serious attack.

Muddling Through and Distance

Meanwhile, recruits in everyday routine service apparently are generally looking for "as quiet a job as possible:" the guard in a special security zone for new Tornados in Erding may be snoozing--he had sought shelter from the unpleasant wind in the guard house and lets people pass without checking. Or a jeep driver arrives punctually for his date with his girlfriend and is likely to decide on his own when to go, and to leave the officer standing there, in direct violation of an express order. For months, all recruits count the remaining days until they can finally escape the regular army and become reservists. Estimating the effects these attitudes have on combat readiness is just as difficult as estimating whether they are only temporary or not. What causes more concern is the discrepancy in some poll results between the relatively high tolerance of an armed force as necessary evil, and at the same time only a 25-percent willingness to accept the fact that it might even have to be deployed in case of emergency. The former abuse has after effects in a schizoid thinking, especially toward a German Army which now more than ever before could be integrated into politics and society.

9328
CSO: 3103/615

ARMED FORCES WEIGHING NEXT HELICOPTER PROCUREMENT

Helsinki UUSI SUOMI in Finnish 24 Jul 82 p 6

[Article: "Question of MI-8 Suitability Again Current; New 'Copters Also for the Air Force"]

[Text] The Finnish Air Force intends to procure additional helicopters in the next few years.

"Procurement of helicopters by the Air Force depends on the budgeted funds. There are, of course, various plans, but no clear-cut decisions concerning the financing of helicopter procurement have been reached," according to Col Kari Korttila, Air Force chief of staff.

Air Technology Director Jorma Routio of the Finnish Border Guards feels that new helicopters ought to be procured from Western countries, in addition to the Soviet MI-8 types.

"No plans of that nature exist. It is not logical to obtain quite varied types of equipment for the Air Force," says Colonel Korttila.

"The MI-8 is a trustworthy type of helicopter and there is no reason or need to begin exchanging it for something else. The Border Guards makes its own helicopter deals, of course, and that is no concern of ours."

MI-8's Under Repair

A new sea rescue helicopter of the Border Guards that is more safe and more fully equipped than the earlier types will soon by ready for use. The rescue operations of three medium-heavy MI-8 helicopters that were specifically procured from the Soviet Union in early 1982 did not begin with a flying start. In April, one of them fell into the sea and could not be used even for spare parts.

Of the two remaining, one is currently at the Air Force depot in Tampere for the installation of advanced equipment. Flight tests with that machine will begin in August, during which time the new equipment will also be tested. This machine will be put into service during autumn 1982.

The other machine is currently being used as a training vehicle in Turku. New equipment will be installed in it during autumn 1982.

The intention is to use both of the machines in Turku in such a way that one machine is in takeoff readiness at all times.

The cost of these helicopters has totaled 40 million markkas.

Advanced Equipment

The original Soviet equipment has been removed from the helicopters and has been replaced by equipment purchased from Western countries.

"High quality equipment suited to the purpose for which it is needed has been installed in the helicopter that is at Tampere for refitting. Subsequent tests will reveal whether the machine itself is of the type that is suited for the intended purpose. Fact is, "according to Jukka [sic] Raunio, "the MI-8 helicopters were originally designed in the Soviet Union for use as transport and passenger traffic machines."

"In adverse weather conditions, it is possible to determine location also by means of the search radar and radio direction-finding equipment. The Doppler and the Decca orientating devices are useful for orientation on the open sea when it is not possible to use land-based beacons."

The helicopters are also equipped with searchlights, area illuminating devices and radio communications and radio orientation equipment of the kind used in transport machines. The new equipment includes an operating table with resuscitation facilities.

Border Patrol Col Stig Malmen of the Border Guards staff says that the MI-8 helicopters that have already been procured will later be located at Rovaniemi, for which site a new Air Force helicopter unit is planned to carry out rescue and transport operations. New staff personnel are already being trained for assignment at Rovaniemi.

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CSO: 3107/159

TACTICAL TRANSPORT AIRCRAFT, HELICOPTERS, MECHANICS COMPETE

Paris AIR ACTUALITES in French Jul-Aug 82 pp 21-22

[Article: "14th Military Air Transport Congress"]

[Text] The general objectives of the 14th Military Air Transport Congress were as follows:

a. Evaluate the imagination, initiative, and tactical decisions of air crews in realistic exercises involving air and ground threats in an electronic warfare environment.

b. Judge the proficiency of tactical aircraft crews in day and night low-level navigational flights comprising the airdrop of paratroopers and materiel, plus assault air landings.

c. Assess the technical knowledge personnel have of the aircraft and associated equipment employed in their units.

d. Check the ability of personnel to accomplish the mission despite limited logistic support from departure bases.

Air Events

The competitive air events were held on 29-30 June in southwestern France. All tactical transport squadrons and helicopter squadrons based in France were involved.

Aircraft

Events for tactical transport squadrons consisted of airdrops by day and assault air landings by night. Crews were graded on their imagination, initiative, soundness of tactical decisions, and accuracy. Events were conducted in an electronic warfare environment and both air and ground threats had to be taken into account.

The three squadrons of the 61st Wing at Orleans competed in the event for Transall transports. The Aerospatiale Transall Cup was awarded to the Poitou squadron. The Touraine squadron was second, the Franche-Comte squadron third.

The Vercors squadron of the 63d Wing at Orleans and the two squadrons--Bearn and Anjou--of the 64th Wing at Evreux competed in the event for Noratlas transports. The Noratlas Cup was awarded to the Bearn squadron. The Vercors squadron was second, the Anjou squadron third.

Helicopters

The purpose of the helicopter squadron events was to test and grade the ability of crews to fly tactical missions generally assigned to air force helicopters, such as: carrying loads suspended on a sling, conducting reconnaissance for a motor convoy along a route on which there are ambushes and obstacles, and protecting key points.

The following squadrons competed in these events: Pyrenees of Cazeaux, Valmy of Metz, Parisis of Villacoublay, and Alpilles of Istres. The Helicopter Cup was awarded to the Parisis squadron. The Pyrenees squadron was second, the Alpilles squadron third.

Events for Mechanics

Mechanics from units based in France also competed in special events.

Their competition was for three separate cups: the GERMAS [Special Purpose Equipment Maintenance and Repair Group] Cup, the Aircraft 1st Echelon Cup, and the Helicopter 1st Echelon Cup.

Winners were chosen on the basis of practical tests involving the repair and servicing of major items of operational equipment. These events were graded not only on the accuracy and speed of the diagnosis, but also on trouble-shooting procedures, compliance with safety regulations, and the efficient use of tools and technical documentation.

Winners were also chosen on the basis of theoretical tests covering their knowledge of equipment and the basic concepts of rules that ought to be well-known to every air force mechanic.

The following units competed in the GERMAS event: Transall GERMAS from Orleans, helicopter GERMAS from Chambery, Noratlas GERMAS from Toulouse, and the liaison [special mission] aircraft GERMAS from Villacoublay.

The GERMAS Cup was awarded to the Villacoublay GERMAS. The Noratlas GERMAS from Toulouse was second and the Transall GERMAS from Orleans was third.

The Helicopter 1st Echelon Cup offered by Aerospatiale was awarded to the Vaucluse squadron from Evreux. The Pyrenees squadron was second, the Parisis squadron third.

The Aircraft 1st Echelon Cup was awarded to the 65th Wing/GAEL (Air Training and Liaison Group). The 63d Wing was second, the 64th Wing third.

8041
CSO: 3100/907

AUSTRALIA ORDERS 18 ECUREUIL HELICOPTERS

Paris LES ECHOS in French 24 Aug 82 p 6

[Article: "Australia Orders 18 Helicopters from AEROSPATIALE"]

[Text] Australia has just ordered 18 "Ecureuil AS 350 B" helicopters from AEROSPATIALE [National Industrial Aerospace Company] to equip its air force and its navy. A contract which represents 13.42 million Australian dollars (more than 90 million francs) for the aircraft alone. Including the sale of spare parts and the materials for putting them into service, the order amounts to 23.6 million Australian dollars, or approximately 160 million francs!

But this contract is not important solely because of its total amount. It represents above all the first breakthrough of AEROSPATIALE in Australia, and a major victory over two tough competitors: Bell Testron and Hughes Helicopters. It is also a recognition of the quality of the third generation aircraft developed by the French firm with, in addition to the "Ecureuil," the "Super Puma" and the "Dauphin."

With this order, AEROSPATIALE strengthens a little more its number three position in the world (number one in Europe), behind Sikorsky on the one hand, ... and Bell Testron on the other, from which it has just pinched the Australian contract.

The French company will, however, have won its position by a hard fought struggle. Specifically, by investing more than 1 billion francs in this sector in 10 years. Today, it is reaping the fruits of it. The helicopters are a sound operation: a 3.2 billion franc turnover in 1980. An amount which should double between now and 1984. And this with an activity of which 80 percent is based on exports, with a few major successes in the United States, among others, where the Coast Guard is a client of the French enterprise.

At the present time, the "Ecureuil" has been ordered by 30 countries in an amount totalling more than 950 units. Equiped with a turbine engine "Turbomeca Arriel," the aircraft has a cruising speed of 230 kilometers per hour and a range of 700 kilometers.

Twelve of the aircraft ordered by Australia will be used by the air force and six others will be loaded on ships to be used for surveillance missions.

8463
CSO: 3100/926

BRIEFS

FLIGHT TRAINING CENTER DEACTIVATED--CEVSV 338 (Instrument Flight Training Center) was deactivated on 1 July 1982. This blind-flying training facility had been stationed at Air Base 133 in Nancy-Ochey since 15 May 1972. Lieutenant General Michel Forget, the commander of FATAC [Tactical Air Force] and the 1st Air Region, presided at the deactivation ceremony held at Air Base 133 on 29 June 1982. Advances in French Air Force aircraft equipment and avionics prompted disbandment of the center. During its 28 years of operation, the CEVSV had logged 132,000 flying hours and issued or renewed 18,000 instrument flight cards. The center's functions will henceforth be performed within squadrons equipped with two-seater Mirage 3B, Jaguar E, Mirage F-1, and Alpha Jet aircraft. [Text] [Paris AVIATION MAGAZINE INTERNATIONAL in French 1-14 Aug 22 p 14] 8041

JAGUARS ON ATLANTIC MISSION--As part of the combat pilot training program, four Tactical Air Force Jaguar aircraft recently made another flight across the North Atlantic and the American continent. These aircraft belong to the 7th Fighter Wing at Saint Dizier and the 11th Fighter Wing at Toul. The Jaguars departed Istres on 15 July and arrived at Nellis Air Force Base, Nevada, on 16 July, thus covering a distance of nearly 11,000 kilometers in four flight stages of 4 hours each. This mission was performed under bilateral exchange agreements France has with numerous friendly countries. A Strategic Air Force C-135F tanker refueled the four FATAC Jaguars in flight. The Military Air Transport Command (COTAM) furnished logistic support with a Transall C 160 transport. A similar mission was flown in March 1981. [Text] [Paris AIR ACTUALITIES in French Jul-Aug 82 p 12] 8041

FIGHTER SQUADRONS HOLD COMPETITION--The Comet Cup is a biennial competitive exercise involving all French fighter and reconnaissance squadrons. The latest competition was held at Cazeaux Air Base 21-23 June. Each squadron was represented by two pilots, one being the squadron commander. The competition consisted of two events. The first was a navigation exercise--demanding a very high degree of accuracy--coupled with an air-to-ground gunnery exercise. The second event consisted of air-to-air firing at towed targets. Resultant standings are as follows: First: EC 4/7 [4th Fighter Squadron, 7th Fighter Wing] Limousin, FATAC; second: EC 3/5 Comtat Venaissin, CAFDA [Air Command of Air Defense Forces]; third: EC 1/13 Artois, FATAC; fourth: EC 1/5 Vendee, CAFDA; fifth: EC 1/8 Saintonge, CEAA [Air Force Schools Command]; sixth: EC 1/13 Auvergne, FATAC; etc. This competition was followed by the

Fighter Congress on 23-25 June. At this convention's closing ceremony on Friday 25 June, General Bernard Capillon, the air force chief of staff, presented the Comet Cup awards. The task of organizing this year's Comet Cup and Fighter Congress was assigned to the Tactical Air Force and 1st Air Region. [Text] [Paris AIR ACTUALITES in French Jul-Aug 82 pp 18-19] 8041

NAVAL MACHINISTS, MECHANICS GRADUATE--The Saint Madrier Machinist and Mechanics Schools Group (GEM) held its traditional academic awards presentation ceremony on the morning of 23 July 1982 in an atmosphere of joy and good humor. Admiral Lacoste, commander of the Mediterranean Fleet, represented the commandant of the Toulon Naval District in presiding at the ceremony which was attended by civil and military authorities of the region as well as parents of students. In a brief speech, Captain Bihan, GEM commandant, first recalled the school's mission, namely to train qualified machinists and mechanics capable of keeping our "Forces" operationally ready under all circumstances. He then outlined the highlights of the school year: training of the first classes of reserve officers and specialists, increased level of recruitment at the Petty Officers School and the EAMF [Fleet Apprentice Machinists and Mechanics School], and lastly, the training of apprentices who now obtain the CAT [Certificate of Technical Proficiency] in 18 months without serving aboard ship between the BE [junior high school diploma] and the CAT. [Excerpt] [Paris COLS BLEUS in French 14-21 Aug 82 p 22] 8041

CSO: 3100/907

NORWEGIAN PAPERS COMMENT ON SUB INCURSIONS OFF SWEDEN

Stockholm DAGENS NYHETER in Swedish 3 Aug 82 p 3

[Text] The Swedes cannot feel as safe as they had hoped outside the two large military blocs. This statement appeared in an editorial on Monday in the Norwegian newspaper AFTENPOSTEN. The paper commented on statements made last week by the Swedish chief of staff Bengt Schuback concerning foreign submarines in Swedish waters.

"The Soviet submarines come to the Swedish archipelago like thieves in the night. One day they may have different plans. For obvious reasons, the Swedish military leadership is aware of this. Vice-Admiral Schuback has described the reality existing behind the Swedish neutrality," the independent conservative paper AFTENPOSTEN wrote.

Bengt Schuback said last week that the Swedish military must see the visits by foreign submarines in Swedish waters as preparations for war against Sweden by a foreign power.

The independent conservative paper MORGENBLADET wrote on Monday that it seemed reasonable to the Kremlin to prepare and plan an attack against Sweden.

"With Sweden as a base and without NATO help to the Swedes, the Soviet Union would have an excellent starting point for attacks against Western Europe, including Norway. It is assumed that in this situation Finland already would be occupied," MORGENBLADET wrote.

9336
CSO: 3109/220

NAVAL COMMANDER CONCERNED OVER SUB VIOLATIONS OF WATERS

Stockholm DAGENS NYHETER in Swedish 3 Aug 82 p 3

[Text] "The constant reports we hear about submarines in Swedish territorial waters do not refer to unintentional navigational errors, but to planned preparations for war. I have nightmares when I think about all the submarines we do not discover and about what they are doing."

This was stated by the naval commander, Per Rudberg, who has misgivings over statements made by future air force commander Sven Olof Olsson indicating that many violations of Swedish waters were harmless.

"I do not share Olsson's opinion with regard to certain violations. We also have good surveillance systems for these areas," Per Rudberg said.

"Violations by these submarines are not a result of navigational errors, as can occur with aircraft. They are premeditated actions. Our territorial limit is 12 nautical miles and many submarines are discovered much closer in."

"I have nightmares when I think of all the submarines we do not discover and about what they are doing," Rudberg said.

Critical Of Commander In Chief

The naval commander is critical of the politicians and the commander in chief. He believes they have invested too heavily in defense against invasion. They have scrapped the large destroyers and frigates that patrolled large ocean regions and could pursue submarines for long periods of time.

He can make proposals on the structure of the navy, but does not have the final word.

"We are suffering from 20 years of neglect. My predecessor and I have spoken on this topic at every possible occasion. We foresaw this situation. It is a serious threat to the credibility of our country if we are unable to patrol our own waters."

It was not until last spring that the navy received special appropriations to improve its ability to discover and pursue foreign submarines in Swedish

waters. According to Rudberg, it will be a long time before any concrete results are forthcoming

Secret

Rudberg was asked what all these submarines were doing along the Swedish coast.

If the navy has a theory, it is keeping it secret.

"Any such statement would reveal to foreign powers how the Swedish military is thinking," the naval commander said.

"One task could be to become familiar with Swedish waters," he said, but otherwise he remained silent.

Now the navy is investing in better surveillance in Swedish waters. New surveillance devices based on lasers and infrared technology will be used.

"We are interested in tailor-made systems, for both fixed and mobile reconnaissance. Light aircraft can be used for mobile reconnaissance. Our new surface attack vessels will be equipped with antisubmarine weapons. But it will be a long time before they are in service," Rudberg said.

9336
CSO: 3109/220

SOVIET, EAST BLOC ESPIONAGE ACTIVITIES AROUSE CONCERN

Amsterdam ELSEVIERS MAGAZINE in Dutch 21 Aug 82 pp 15-16

[Report by Frank Lafort: "The Netherlands, Playground for Spies."]

[Text] Eastern European intelligence services think of the Netherlands as a playground. Via (fake) marriages, scientific exchange programs and so-called political refugees, these services try to get their agents into the Netherlands in a legal manner, as is obvious from the "Hodic Affair." This Czechoslovak agent provocateur, within a brief period of time, made himself liked among Czechoslovak emigrants living in the Netherlands. The Department of Foreign Affairs is facing a dilemma: should state security prevail over humanitarian considerations in the admission policy of Eastern European emigrants and refugees?

The Department of Foreign Affairs is seriously concerned about the increasing activities of Eastern European intelligence services in the Netherlands. This is obvious from a confidential note circulating in the department. In it, on the basis of recent examples, mention is made of the new wave of espionage activities. A quotation from the note: "It does not often happen that politicians do not have to go to any trouble to get a look at "top secret" documents because the latter are sent to them unasked for in the mail. However, that was indeed the case in the Netherlands recently." At the end of 1981 some Dutch members of parliament received a brochure of over 100 pages entitled "Top Secret Documents on US Forces Headquarters in Europe: Holocaust again for Europe." This booklet contained 20-year old documents which, according to newspaper reports at the time copied by an American and passed on to the Soviet Union, explained exactly which American air operations would take place on a future D-day; which nuclear arms would be deployed; the targets in the Soviet Union as well as in the Middle East, etc. According to the anynomous English publisher, not the Soviet Union but the United States is threatening the security of the West.

From the "top secret" documents it is indeed very clear, thus writes the unknown author, that Washington is prepared to sacrifice its allies in a limited nuclear war. The likewise unknown publisher of the brochure also contributes his bit by writing: "This booklet is published as a public service, as part of the growing campaign against nuclear war and for the freedom of expression of opinion on important matters. We hope to expand this service in the future."

According to Foreign Affairs, the brochure in question is a publication of the A-service of the head office of the KGB which excels in the spreading of so-called misinformation: documents are (partly) taken out of context, replenished with false information and insinuations. In the Netherlands, the KGB head office works closely with the intelligence services of Poland, Czechoslovakia and Romania. The agents of those four countries, according to Foreign Affairs, are primarily active among emigrants or refugees established in the Netherlands. Thus the Polish foreign intelligence service Department I of the Polish Department of Internal Affairs (MSW) and the military intelligence service Zarzad II are particularly interested in the second and third generation Poles who, naturalized, often have risen high on the social ladder in our country.

What that can lead to is shown by a recent example. A Polish agent, a graduate geologist, had to gather information on NATO security from a Dutch scientific institute. He had to try to get the data from the son of a Polish immigrant who occupies a position at the institute which is interesting to the intelligence service. The question is: just how did the Polish intelligence service get to this Dutch scientist? The answer is not too difficult: his Polish parents often had visitors from the old homeland. Once back in Poland, the friends of the Polish immigrant family rewarded the hospitality by sending detailed reports on the family to Zarzad II. The stream of travelers from the Netherlands to Poland is an excellent cloak for the Polish intelligence service; in 1980 at least 30,000 Poles got a visa for the Netherlands. On the other hand, around 20,000 Netherlanders, including many naturalized former Poles, received a visa for Poland in the same year. These much-desired stamps also shine in the passports of Polish trainees who spend some time at universities or technical institutes in the framework of scientific or cultural exchange programs. It is curious, according to Foreign Affairs, that Poland and other Eastern European countries put almost exclusively graduate chemists, biologists, engineers specialized in microelectronics, etc., into this program. Scholars who leave, after finishing their "traineeship", with dozens of Dutch theses in their professional area. It is an invisible braindrain which is lucrative for the Eastern Bloc countries. In fact: the only reciprocal act they have to supply is admitting a handful of Dutch students who want to improve their knowledge of Slavic languages or music.

A serious matter of concern to Foreign Affairs is the phenomenon of (fake) marriages. The goal: to infiltrate Eastern European agents in a legal manner. Especially the Polish and Romanian intelligent services, Securitate or Directia de Informati (DI: the military branch), have a notorious reputation in this regard. The latter two agencies simply wrest cooperation from their victims, especially in those marriages in which the Romanian partner is still in Romania awaiting permission to leave the country. The profile of such a Romanian agent in the Netherlands is as follows, according to Foreign Affairs: "He has received a higher, often technical education and speaks one or more modern languages, usually English. As a result of his knowledge of language he was eligible, as a student, to enter the service of the Romanian state travel bureay ONT-Carpati during his vacation, as a travel guide for Dutch tourists. As a result of a vacation love affair, he got married to a Dutch woman."

The DI's interest in these "mixed married" is very understandable: they have a family in the old homeland and wish to remain in contact. If, once in the Netherlands, they would not want to cooperate with the DI any longer, there

would be consequences for their relatives in Romania. The first charges of the recruted agent often are limited to supplying information about his former compatriots in the Netherlands as well as about a number of Netherlanders with business interests in Romania. Only after some time has elapsed is the agent -- who first must have proven to be reliable -- charged with more complicated missions such as gathering information on advanced electronics, nuclear energy installations, and the aeronautical and shipbuilding industries.

The Romanian and Polish intelligence services have developed the habit of staying on their home ground and avoiding any risk in the Netherlands. This means that the recruited agent does not report until vacation or a visit to relatives and then gets new orders from the intelligence services. The advantage of this approach is obvious: the already understaffed Dutch intelligence services do not notice their activities, while the intelligence officers connected with the Romanian embassy don't run the risk of being spotted with their agents.

Annually some 30,000 persons from the Netherlands visit Romania. It must be obvious that control over this type of travelers' traffic is completely impossible.

The fact that there are also other methods to have agents enter the Netherlands legally was proven last year by the Czechoslovak intelligence service. Josef Hodic, a military historian, until 1968 had been acting chairman of the 8th branch of the Central Committee of the Czechoslovak Communist Party. After 1968, the end of the Prague Spring, he supposedly was out of favor and disappeared from the political scene. Nine years later he asked for political asylum in Vienna, as a signer of Charta '77. The Austrians complied with his request and Hodic, according to Foreign Affairs, "had unlimited possibilities." He became a popular guest at all sorts of meetings organized by Czechoslovak immigrants in Western Europe, and in this manner he had good contacts in the Netherlands, the FRG and Austria. In June 1981 he disappeared from Austria in order to surface that very same month in Prague, where he was welcomed as a true national hero. According to Foreign Affairs "the return of Hodic was revealed as that of a succesful collaborator of the Czechoslovak intelligence service, both in the RUDE PRAVO, the mouthpiece of the Czechoslovak Communist Party, and in the English-language bulletin CeTeKa. Undoubtedly the wide attention given to Hodic's return by the Czechoslovak media is only meant to intensify the blow dealt to the Czechoslovak emigration by this agent provocateur,"

The Dutch intelligence services have learned a lesson from the "Hodic Affair," as evidenced by the remarks of Foreign Affairs that in possible future requests for asylum a number of facts have to be taken into account. For example, Hodic said in Austria that life had become unbearable for him in Czechoslovakia because of his political activities. But what comes to light later on: Hodic's children go about their normal activities while his wife regularly travels to her home country without any difficulties. A second point which strikes the eye is that this so-called Czechoslovak refugee succeeds in acquiring a new status within a very short period, exhibits a special assiduity in penetrating into all sorts of prominent circles, and is very mobile. In short: he is like a fish in water and apparently is walking paths which had been laid out long before.

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CSO: 3105/204

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