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13 June 1977

TRANSLATIONS ON WESTERN EUROPE

No. 1082

WEST

EUROPE

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INTERNATIONAL AFFAIRS

FINNISH PAPER INTERVIEWS KURT WALDHEIM

Helsinki SUOMEN KUVALEHTI in Finnish 13 May 77 pp 34-39

[Interview with UN General Secretary Kurt Waldheim by Rauli Virtanen in New York, date not given]

[Text] UN General Secretary Kurt Waldheim at the beginning of the year begins his second 5-year term at the top of the world organization.

Last week in an interview granted to Rauli Virtanen in New York he gave an accounting of experiences from his work, which offers both satisfaction as well as unimportant trivia.

At the same time Waldheim also provided us with a timely view of the crisis areas of the world.

[Question] Mr. General Secretary, having served in the United Nations for more than 5 years you have certainly observed many changes in the nature of this organization. Which of these changes in your opinion has been the most significant?

[Answer] As the world changes many issues have also changed here. The most interesting and the most significant has most certainly been the inclusion of so many new nations in the UN. This has also meant that the Third World is now better represented than ever before.

[Question] How do you see the changing role of the UN in the future?

[Answer] Economic and social questions are acquiring an ever more important position in our work. In a world where the great majority of people lives under completely unsatisfactory conditions, the world's old economic system, in reality, does not function any longer. Therefore, our organization is attempting to change the situation and to create a new economic system which will offer equal opportunities for all the nations of the world. These questions place important tasks before us in the area of political problems such as the Near East, Cyprus, and southern Africa.

[Question] Your personal contribution has been quite apparent. You have participated in the resolution of problems and in negotiations from Vietnam all the way to today's Africa. How essential is this role in the General Secretary's distribution of work?

[Answer] In addition to administrative tasks the UN Charter gives the General Secretary important political tasks. The general secretary of the League of Nations did not have the same rights. Because of this responsibility I have repeatedly made initiatives, have acted as a go-between, and have offered facilities for meetings. The General Secretary must himself deliberate what method of approach he will choose in the resolution of a problem. I have two possibilities for exerting an influence, be the problems political, economic, humanitarian, or social: either by diplomatically making direct contacts with a government or by speaking publicly as I have repeatedly done in questions of human rights, for example. This is a very important factor in the work of the General Secretary although such actions do have their limitations since the General Secretary needs the support of both parties.

[Question] Do you like the kind of work procedure you have adopted, the so-called shuttle diplomacy?

[Answer] I do this from the deep conviction that this is unavoidable because of my work. I would not say that I like it since as you know traveling around the world is not easy and it taxes one's health to the extreme. Changes in weather, time zones, negotiations immediately after sleepless nights in airplanes... I do not have a special airplane for this purpose but use normal scheduled airlines. However, I consider this to be my obligation.

#### Satisfaction and Trivia

[Question] I interviewed you here once before 4 years ago when you stated that you were an optimist in what is considered to be the world's most hopeless office, and you have since then presented an optimistic picture of yourself. Do you do this because one can never appear to be a pessimist in the UN General Secretary's office?

[Answer] This is true. One must be optimistic, otherwise one would not manage since there is much trivia. I would not be honest if I did not say so. This work is a combination of satisfaction and trivia. The desire to do more for the resolution of problems is frequently nullified by the fact that governments do not give complete support to the UN. The selfishness of nations does not help my work. However, I believe that governments do to an ever greater degree understand that we need international cooperation since the problems of the world are intertwined and not one single government or single area is able to resolve any one of these numerous problems. The best place for worldwide cooperation is the UN where all nations are represented. Allow me to answer a certain allegation that the

machinery of the UN is so great that negotiations between 147 states is not possible. To such critics I would say that we are not, of course, negotiating with 147 countries but we establish small work groups in which all areas are represented. In these work groups are made those actual decisions which are then approved by a full session. This corresponds with parliamentary procedures.

[Question] You spoke honestly about the comings and goings of trivia. Is today's world more concerned with trivia than the world with which you negotiated at the beginning of your term in office?

[Answer] Perhaps there were more reasons for trivia than when I began my work, the situation, however, has not changed much in this respect. As an interesting but trivial experience I have observed that the weak nations come to the UN for aid while the powerful governments who have obtained the upper hand in a conflict, for example, attempt to avoid us.

#### Carter Places Much Value on the UN

[Question] A few months ago in an interview granted to DER SPIEGEL you stated that your eyes and expectations were fixed on the new government of the United States. Jimmy Carter has now served a full 100 days, at a significantly early stage he spoke at the UN, appointed as UN ambassador a man whom he calls his best friend, at the same time the United States decided to stop the importing of chromium from Rhodesia, on which a trade embargo had been imposed by the UN, and so on. How do you read these signs, or do you want to wait a while?

[Answer] I can say now that the position of the United States toward the UN has changed greatly. While I was on an official visit in Washington, President Carter made it very clear to me that he wants to work with the UN in a close and constructive positive manner. He considers the UN to be the most important instrument of international cooperation, and in my opinion this is an encouraging sign. In Washington there is a new spirit, an encouraging mood, which I hope will help us in the resolution of problems. We need the support of all member states, both small and large. However, the position taken by the superpowers is a most important factor because of the work of the Security Council in particular. Therefore, the support of the most powerful nations is an exceptionally important matter for the UN. We must be realistic.

[Question] Do you consider that the new winds blowing in Washington will help the UN to resolve the problems in southern Africa?

[Answer] Yes. For example, the five Western member countries of the Security Council have now negotiated with Vorster with regard to the resolution of the Namibia question in South Africa. This is an indication of the fact that the machinery of the UN is still being used in a significant manner. We need practical action not long arguments in the Security Council.



[Question] Are you hopeful about these negotiations concerning southern Africa?

[Answer] I have learned to be a realist just as you Finns have. Our history has taught us to be somewhat suspicious and has warned us against talking about successes too early. In Namibia and Rhodesia majority rule must be achieved quickly in order to avoid the shedding of blood. But who knows South Africa's final position?

#### Two Diplomacies

[Question] The new government of the United States is more talkative than its predecessors in diplomacy while you are known as a representative of quiet and secretive diplomacy. What is happening in the area of traditional diplomacy?

[Answer] The government of the United States has adopted an open foreign policy as its method of approach, by which it is demonstrating to the governments in question and at the same time to the general public the manner by which Washington wants to handle foreign policy problems. It remains to be seen whether this is better than quiet diplomacy. In my opinion it is best to combine quiet diplomacy to a certain degree with open diplomacy. There are situations when one must speak publicly but there are also situations when public statements should be avoided in order to advance a cause. Foreign policy is a sensitive area, therefore, one must take caution in measuring that which can be accomplished by means of confidential diplomacy and what can be accomplished publicly. This is the art of diplomacy.

[Question] Recently there has been much talk about human rights. The accusations made with regard to this question have at times been reminiscent of a propaganda war. In your opinion is this the best way to save the world's neglected peoples?

[Answer] This question divides people. In the opinion of some people the best means is public pressure directed against a government. But there are also those who consider that quiet contacts with governments taking place at a personal level bear more results. I myself have taken advantage of these direct contacts many times and I can assure you that this method of approach has brought significant results. In order not to jeopardize the situation I do not want to disclose concrete instances, perhaps I will do this after I have left this office. This kind of method is the most fruitful primarily for the reason that governments frequently do not want to discuss questions of human rights publicly.

[Question] At a news conference in Vienna recently you stated that you do not see the spirit of a new Cold War even though cooling signs are visible in the relations between the superpowers. Do you still consider the possibilities of success for detente to be 100 percent and the international atmosphere to be as favorable as it was during the Helsinki meeting?

[Answer] In life nothing is 100 percent certain. However, I will gladly repeat what I said in Vienna. I do not at all feel that the cracks that have appeared in the relations between Washington and Moscow would make the continuation of detente impossible. I am convinced about the continuation of detente since there is no other alternative. The everyday regulations applicable to international relations go up and down but we should not make the mistake of thinking that a temporary cooling means an end to detente. In my opinion Helsinki was a very important step forward in the area of international understanding, especially as far as Europe is concerned and how events in Europe are reflected in the rest of the world. I sincerely hope that the next step forward will be taken at the follow-up conference in Belgrade.

#### Problems Will Not Be Buried

[Question] Are you not concerned that Belgrade can become a meeting at which concentration will be placed on accusations concerning questions of human rights?

[Answer] Perhaps it will be so, I do not know. I cannot speak for those participating in the conference. But at least Belgrade will offer a welcome occasion for bringing points of view out into the open. On the basis of the experience I have gained from the UN I can say that it is not such a bad thing if people state their mind. Problems cannot be solved by burying them.

[Question] The greatest cause for concern continues to be the Near East. The Geneva Peace Conference was to reassemble by the end of March, however, this did not happen. Even though Israel and the PLO have given you very little room for movement, you are already talking about a new time limit for the conference, October-November. Is the establishment of such a goal in this situation realistic or are you doing this merely for keeping hope alive?

[Answer] To the contrary. I have not at all aroused any hopes. If you read my latest position, the segments of a speech concerning the Near East delivered at the UN Association of the United States, you will note that I have warned against excessive optimism. The situation continues to be very serious. The gap between the two countries has not been bridged, any perceptible rapprochement has not occurred. Therefore, I can only repeat previous warnings against hopefulness since we are still far away from a breakthrough. Perhaps a better situation will open up after the Israeli elections. I have just held discussions with King Hussein of Jordan and he is of the same opinion with me that it would be dangerous to go to Geneva without a well prepared base for a meeting. On the other hand, we must not give up hope, attempts must be continued, the Americans are very active, we are very active.

## No Breakthrough in Cyprus

[Question] One of your officials rode up to the 38th floor with me in the same elevator and stated that he had just returned from Cyprus where in his opinion the situation is quite explosive. This is probably familiar to you, or has the situation on that island become more difficult than before?

[Answer] It is, indeed, an old story. The situation on Cyprus has always been tense, suspicions still reign. We have not reached a breakthrough in the negotiations, at the last time in Vienna Cypriot Greeks made territorial proposals, which the Turks opposed and, on the other hand, the Turks made constitutional proposals, which the Greeks were not able to approve. However, we must continue the attempts since the problem cannot be resolved in just a few days of negotiating. Perhaps after the June elections in Turkey there will be a new opportunity to tackle the problem.

[Question] Another shuttle diplomat, your good friend Henry Kissinger, has left the international scene at least for the time being, how have your joint consultations gone?

[Answer] I value Dr. Kissinger greatly, cooperation with him was fruitful and constructive. Now these contacts have been discontinued now that I am dealing with a new government and a new secretary of state, Cyrus Vance. However, personal contacts with Dr. Kissinger have been retained.

## Finland Has Experience

[Question] Finland has participated in UN activities rather actively. Does it seem to you sometimes that there are too many Finns in the highest positions of the UN Secretariat?

[Answer] It is true that there are many Finns in leading positions. In this matter I completely support my policy since I myself have appointed them and have done so because I have great respect for your country and your diplomats. Finland's policy of neutrality is very important in the UN since in many sensitive situations we need people who are completely objective, neutral, and experienced in diplomacy. Finland is able to offer such experienced people, my experiences with them have been splendid and, therefore, I place so much trust in them.

[Question] What about the role of Finnish peace forces and your military attaches?

[Answer] This is one indication of the attitude taken by Finns with regard to international affairs, they participate actively in peacekeeping tasks in the field, as in the Near East, as well as here at UN headquarters. We place much value on it here in the Secretariat and I can say without a doubt

that it is also highly valued in the international community.

[Question] Will Vienna's Donaupark become a second headquarters of the UN?

[Answer] I have not thought that it should become a second headquarters for the UN. We have only one headquarters here in New York. However, it should not happen that all the work of the UN be concentrated in one country and in one city but in accordance with the interests of a world-wide organization this work must be distributed among several countries as we have done.

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## INTERNATIONAL AFFAIRS

### SOUTH TIROL PEOPLE'S PARTY CHALLENGES HISTORICAL COMPROMISE

Zurich NEUE ZUERCHER ZEITUNG in German 18 May 77 pp 1, 2

[Text] Milan, 16 May--Of the parties backing the Christian Democratic minority government, the South Tirol People's Party (SVP) is the only one which so far has consistently refused to participate in the party talks about a programmatic agreement. As reported previously, the party head and province president, Silvius Magnago, in a press interview has threatened the "baginetto monocoloro" [single-party government] with the withdrawal of the SVP fractions' support if the government should take a further step in the direction of the historical compromise.

#### Attention Drawn to CPI Successes

In addition to the party chairman, recently a second notable exponent of the SVP, Chamber Deputy Hans Benedikter has confirmed the resolve of the party to cease supporting the government in Parliament if it should sell out to the PCI "for better or for worse." At a district gathering of party members of the Puster Valley, the South Tirolean parliamentarian affirmed that the SVP had already reached the limit in its support of the government. Benedikter displayed great concern over the exacerbation of the political situation, which was forcing the SVP constantly to reexamine its attitude. While acknowledging that Andreotti was displaying some courage in coping with events, he noted that with every day that passed a "typically Italian" trend was continuing of managing the situation through palaver and sleight-of-hand. Actually, in Benedikter's view, the probably unique political configuration which, with abstention by the PCI, leaves the government only little room to maneuver, in the last analysis has contributed to consolidating the image of Berlinguer's party. While the Democrazia cristiana [Christian Democratic Party] is bearing the responsibility for unpopular measures, he says, the PCI has exploited this formula to the full.

The fact that the SVP is still giving the Andreotti government its support at all, Benedikter attributes not least to the Rome government having

recognized the South Tirol Trade Union Federation and having granted it equal rights. But however beguiling Andreotti's concession might be, Benedikter said, the limit which has been reached must not be crossed under any circumstances. For South Tirol, which was still waiting for a number of important executive provisions of the autonomy statute to be passed, the present situation was unfavorable, and was threatening to become even more so if the pragmatic Andreotti should be succeeded by the "great magician" Moro. Benedikter's criticism of Prime Minister Andreotti culminated in the charge that with his recent statements he had increasingly upgraded the democratic image of the PCI and had thus initiated the "political suicide of democratic Italy."

#### For a More Offensive SVP Policy

Benedikter further called on the SVP to contain the communist inroads into South Tirol with all its strength. As particularly endangered, he regarded the state of affairs in the schools, where, also because of a lack of readiness on the part of the provincial government to tackle urgent problems, the teachers were beginning to be very restive. In this sector and other sectors, the parliamentarian urged the party leadership to pursue a more offensive policy in order to prevent the communists from cutting the ground from under its feet even more.

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## INTERNATIONAL AFFAIRS

### QUESTION OF SOUTH TIROLEAN AUTONOMY STILL NOT RESOLVED

#### Austro-Italian Talks

ZURICH NEUE ZUERCHER ZEITUNG in German 10 May 77 p 4

[Text] Rome, 6 May--On Thursday [5 May], Austrian Foreign Minister Willibald Pahr had detailed talks with his Italian counterpart, Forlani. He was also received by Prime Minister Andreotti and President Leone and, on Friday, met with Minister for Foreign Trade Ossola. For Saturday, a private audience with Pope Paul VI is scheduled. In their exchange of opinions about international questions, both sides advocated an upgrading of the Council of Europe. In the bilateral sphere, negotiations about a social security agreement are to be resumed. Minister for Foreign Trade Ossola gave assurances that beef imports from Austria, reduced down to one-tenth, would be increased. The problems of port fees in Trieste and of the slow customs procedures on the Brenner are also to be solved.

#### Unsolved Questions of the South Tirol 'Package'

Foreign Minister Pahr told Forlani in detail about the wish of the Austrian Government that the final provisions in execution of South Tirolean autonomy be passed as soon as possible. Important outstanding items of the "package" are full equality of German as an official and judicial language, changes in senatorial electoral districts, implementation of ethnic quotas in civil service, recognition in detail of the South Tirolean trade unions and a series of other administrative measures. Assurances were given to the Austrian side that direct dialing would be instituted between South Tirol and Austria by fall. The Italians deleted 4 Austrian citizens who had been prohibited entry into Italy from the blacklist; 14 names on this list are known. Pahr made representations for the release of the war criminal Reder, who has been imprisoned in the fortress of Gaeta for the past 32 years.

Meanwhile the South Tirolean People's Party has postponed its Land conference by more than a month, to 25 June. This has provided more time for the committee of 12 and the committee of 6 in Rome to settle further pressing problems in the "package" catalog, without it being possible to finish the matter by early summer. Anyway, as the South Tiroleans' advocate, Austria, through its foreign

minister, has again confirmed the desire for an early settlement of the last questions that are still outstanding. At the same time, the visit [by Pahr] has confirmed the fact the South Tirolean question has long since been defused in the relations between Vienna and Rome.

### Opposition to 'Historical Compromise'

Zurich NEUE ZUERCHER ZEITUNG in German 14 May 77 p 3

[Text] Rome, 12 May--From South Tirol, where the party talks in Rome are being followed with distrust, there has come a new warning against the "historical compromise," in an interview with Silvius Magnago, chairman of the South Tirolean People's Party (SVP) and province president in Bozen, by the Trent paper ADIGE. He says that though the "historical compromise" is not pure dictatorship yet, it is nevertheless a compromise in the direction of dictatorship, and a dictatorship of any stripe is a serious cause for concern for the German and Ladin minority and also for all democratic citizens. "Such an event," Magnago continues, "would strengthen resistance in South Tirol, and also the desire for detachment from a state in which the South Tiroleans would not consider themselves protected as regards their individual freedoms and as an ethnic group." At present, the SVP through its five parliamentary deputies is still supporting the Andreotti government, but it is not participating in the current party talks. Another step by the government in the direction of the PCI, warns Magnago, and the SVP would be forced to withdraw its confidence from the government.

Magnago, who is being reproached in the Italian press for uninhibited anti-communism, goes even further in his deliberations, saying that if South Tirol was threatened by a coup or revolutionary machinations the population would resort to any means to defend itself and would be ready to fight. In order to defend freedom, organizations like the Huntsmen [Schuetzen], who enjoy a rich tradition, and the Voluntary Fire Brigade are resolved, if need be, to range themselves on the side of the forces maintaining order, Magnago asserts. And this statement, which is making the headlines from time to time, refers not to an isolated struggle by the South Tiroleans but to cooperation with the Italian police and the Carabinieri.

Magnago, who as party chief, takes up previous statements by SVP Senator Peter Brugger in a modified form, directs an urgent appeal to the Democrazia cristiana [Christian Democratic Party, DC], as the only large democratic party, to save freedom. He thinks that before taking the "extreme step"--meaning the "historical compromise"--the DC would have to schedule new elections. If these turned out positive, they would provide a favorable clarification; if not, the DC would have to go into opposition. Cooperation with the PCI, says Magnago, would amount to inexorably bleeding to death. Magnago's appeal bypasses the actual state of affairs insofar as the DC does not have any open coalition with the Communists in mind but is aiming at an intermediary position in order to gain time and thus outmaneuver Berlinguer's long-term strategy by taking an even longer view. Magnago, however, in consideration of his party and its collaboration with the Christian Democrats in the interest of South Tirolean autonomy, demands clarity and open cards.



## INTERNATIONAL AFFAIRS

### SOUTH TIROL AUTONOMY PROBLEMS ANALYZED

Hamburg DER SPIEGEL in German 23 May 77 pp 132-140

[Article: "Who Goethe Was"]

[Text] No strikes, no kidnappings, no political outrages but, instead, fear of the PCI taking over in Rome. The at long last autonomous South Tirol.

Matteo and Giovanni are called Matthaeus and Hans again. They loudly sing German folksongs, found German clubs, look at German television programs and divide government posts of the Italian Republic among themselves.

In addition they affirm: "Non siamo Italiani"--they are not Italians; they merely have Italian passports.

After an ethnic struggle of almost 60 years, the 260,000-strong South Tirolean minority in Italy has come out the victor. Their ethnic death march is over. Their resistance has wrested equal rights from Roman suzerainty, winning them a true chance of continued existence and an independent life within the organization of the Italian state. After decades of suppression, they are again their own masters in their little land of 7,400 square kilometers between the Brenner and the Defile of Salorno, which Churchill once praised as the most beautiful country on earth.

The autonomy statute for the Province of South Tirol, containing altogether 136 paragraphs for the protection of the German-language minority of northern Italy, has been almost entirely agreed on. All that is lacking still is some executive provisions about which Austrian Foreign Minister Willibald Pahr negotiated with the government in Rome at the beginning of May, but even Pahr confirmed that "what has been attained so far is of great benefit for the South Tiroleans."

When everything is checked off, the German-language minority in Italy will enjoy comprehensive protection. "I'm not dissatisfied," says Province

President Silvius Magnago, chairman of the South Tirol People's Party, drawing up a preliminary balance sheet. "Not even the optimists expected us to accomplish so much."

That is true. Until the mid-sixties, even the greatest optimists could expect virtually nothing. All too perfidiously, the South Tiroleans had been outmaneuvered by world politics three times in this century.

The drama began in November 1918 when Italian World War I divisions, after having been defeated several times on the Isonzo marched into Bozen [later Bolzano] with triumphal fanfares, annexing old Austria's most loyal region.

For the then 235,000 South Tiroleans, it was a catastrophe: only a short time before, they had dreamed of the Austrian-Italian border being moved further south.

In September 1919, at the Peace Treaty of Saint-Germain, the annexation was legalized. It was U.S. President Wilson's reward to Italy for having joined the war against Germany and Austria.

He had been given a cheap pretext for this by a Count Ettore Tolomei from Rovereto, later member No 1 of the Fascist Party in Bolzano. Tolomei came up with a complete list of Italian place names to prove Rome's moral claim to the German-language South Tirol.

Bozen became Bolzano, Brixen Bressanone, Sterzing Vipiteno. And for the friendly Glockenkarkopf [as published: actually Glockenkarkofe] of the Zillertal, suddenly the grandiose name of Vetta d'Italia was found--a name no one had ever heard before.

Of all the inept subjects, the sold off South Tiroleans certainly proved to be the most inept. They looked on aghast as King Victor Emmanuel went to the Brenner ("Brennero") and there, in the heart of the Tirol, solemnly affirmed "Italy's eternal boundary."

They and the Italians did not fit together at all. Tirolean farmers who had lived in freedom for centuries found themselves overnight in a land of semi-tenant farmers and near-serfs. A population which had been pillars of a state, one for whose favor German emperors had vied, now awoke in a chauvinistic Italy which ideologically was still living in the era of Cavour and was unable to acknowledge minorities as such.

It was not only two peoples and two languages that collided but two basic attitudes--the patriarchal-conservative, morally strict peasant mentality of the South Tiroleans and the urban-industrial one of the Italians, materialistic and confident in progress. Such a forced marriage could not work out well.

The tactically awkward but stubborn South Tiroleans had to take note of the fact that in fanatic national states minorities have only one purpose--to disappear as quickly as possible.

With the Fascist takeover in October 1922, a brutal Italianization of the Etsch [Adige] country began. Mussolini sent millions of lire as well as people into the new industrial zone of Bolzano. "We will make these areas Italian," he swore in the Italian Chamber in January 1926; "the Germans in the Alto Adige are not a national minority but an ethnic relict--descendants of barbarians who came down to Italian country."

In place of the Kaiserjaeger-Mausoleum [Emperor's Riflemen's Memorial] in Bolzano, the "Duce" put up an enormous victory monument with the uppity inscription "From here we civilized the barbarians in language, law and the arts."

In 1910, barely 7,000 Italians (3 percent) had lived in the Province of Bozen; by 1938, 81,000 (24 percent) had settled there. Postal and railroad employees, the Carabinieri, the mayors of even the smallest places were Italians.

Many municipal doctors did not speak a word of German and were unable to communicate with their farmer patients. Said the Bolzano Prefect Mastro-mattei: "Makes no difference; a veterinarian can't converse with the sick animals either."

At the time of the Nazi entry into Austria, the South Tiroleans were sold down the river for the second time, this time in behalf of the Berlin-Rome Axis. By recognizing the Brenner border, Hitler bought Italian noninterference in his "Ostmark" [Eastern March--Nazi name for the annexed Austria]. ("Duce, I will never forget you for this.")

On 7 May 1938, at the Palazzo Venezia in Rome, he grandiosely recognized "that natural border which providence and history clearly have drawn for us." The Berlin agreement which followed gave the South Tiroleans only the choice between emigrating to Germany within 3 years or renouncing their Tirolean entity and integrating completely into Italy.

The expulsion of the South Tirolean mountain farmers was under the command of Heinrich Himmler. After the "final victory," Hitler intended to settle the indigenous Alpine people in the remote Crimea.

Actually 86 percent of all South Tiroleans at that time opted for Germany--probably only to a minimum extent out of enthusiasm for the Third Reich, but rather out of desperation. For the Italian officials in good time had spread the rumor that whoever stayed behind would be deported to Sicily.

Confronted with direct questions by the people who had lost their sense of security, they responded evasively: "Don't tell me it isn't also nice in Sicily."

The fact that in the end only 70,000 of those who had opted for Germany--after all, representing one-third of the German-speaking population--departed bag and baggage is due solely to the way the war went. In light of the threatening defeat, Hitler and Mussolini forgot the South Tiroleans.

But yet a third time the South Tiroleans found themselves under the wheels of world politics--after 1945. The chances of reunion with northern Tirol, and thus with Austria, at that time seemed greater than ever, for after World War II Italy was hardly in a position to play the victor.

In the vineyards around Bolzano, people were already counting on a saving referendum. After all, with the founding of UNO [later United Nations], peoples' right of self-determination had just become topical again.

However, the South Tiroleans were fobbed off with a miserable agreement between Austrian Foreign Minister Gruber and his Italian counterpart, De Gasperi, which brought them only limited autonomy. The reason: The West--as it was to do often afterward--was trembling at the thought of an election victory by the Italian Communists. It therefore avoided something that would have hurt the Christian Democrats gathered round De Gasperi--a separation of South Tirol.

The Paris agreement, which was to insure at least the most primitive autonomous rights to the South Tiroleans, had a decisive flaw with which the astute Romans had duped the Austrians: for no obvious reason, the preponderantly German-speaking Province of Bolzano was combined in one region with the almost purely Italian Trentino. Thus the 220,000 South Tiroleans were in the minority vis-a-vis 520,000 Italians.

The promised equal status of German and Italian did not materialize. German municipal offices had to continue to correspond in Italian, and German people in custody had to sign papers whose contents they did not understand.

As far as railroad employees and passengers were concerned, there was still no Waidbruck but only a Ponte Gardena. "Of course South Tirol is bilingual," the people of Bolzano joked cuttingly: "In front of the ticket window, things are German; behind it, Italian."

It was thanks to the then foreign minister in Vienna, Bruno Kriesky, and the South Tirolean "Bumser" ["bangers"] that things finally took a turn in the mid-sixties.

Kriesky took the case of South Tirol to the United Nations. And the "bangers"--so to speak, progenitors of modern European terrorism--made it known through bomb attacks, particularly against high-voltage poles, that it was 5 minutes before 12, that a guerrilla war was threatening in South Tirol.

Rome at that time introduced entry visas for Austrians and, for instance, saw to it that a South Tirolean who had farted next to a soldier of the

Alpini for a start was condemned to 20 years' imprisonment for having "offended the Italian Army."

A "package" worked out by the Rome-Vienna-Bolzano triangle in 1969, though complicated, in the last analysis guaranteed minority protection to the South Tiroleans.

It transfers to them substantial plenipotentiary powers in the fields of mountain farming, hunting and fishing. It also leaves it to them to organize educational offices and run employment offices. What is more, it allows them primary legislation concerning roads, agriculture, tourism, welfare.

Public posts in the future will be distributed in accordance with ethnic quotas. Whether in organizing the affairs of apprentices, in electrical power, in quarries or mineral water sources--Bolzano has a right of codetermination.

Altogether, the Italians have become more tolerant and realistic. Their jingoism is fading away. The Fascist demand for a "1,000-per-mill-Italian Italy to the God-ordained border on the Brenner" has grown silent. Rome now realizes that the pigheaded South Tiroleans cannot be Italianized.

Tired of the decades-long South Tirolean conflict and plagued by their government crises, the Roman politicians above all want to be left in peace. They are glad as can be, it seems, that there is order at least away up at the top part of their boot.

The once-maligned South Tirol has even graduated to the status of Italian model province: it is not plagued by strikes, assassinations, kidnappings, demonstrations. There is hardly any crime, no particular unemployment, hardly any leftist and even less rightist extremism.

"Our social and economic life is still fairly sound," South Tirolean boss Magnago boasts rightly. Cleanliness and thrift still count as august virtues. The consumption of pills and divorce figure very low in the statistics.

Its poor mountain farmers included, South Tirol's average income is in the top third of the 94 Italian provinces. In tax morality, it is in first place.

The newspapers in Rome and Milan used to make fun of those pigheaded backwoods South Tiroleans who incomprehensibly refused to be Romanized. Today, the same papers rhapsodize about the paradise in the Alto Adige, where Italy is still sound. Rich central and southern Italians are moving their money northward.

South Tirolean apple orchards are on the advance toward Lombardy. Its wine industry is flourishing to an extent where the people in the Adige export more than the actually produce.

Its tourist slogan "Fluent German and fluent [running] hot water" has the cash registers ringing with 14 million overnight stays a year--according to some natives, even too loudly. Josef Rambold is already complaining about unscrupulous tourism planner, saying: "In some parts, it is not longer a beautiful country at all."

As far as a flooding from the Italian side is concerned, the South Tiroleans need hardly be concerned, for they are themselves multiplying increasingly. So far, they have been so prolific as to offset any bloodletting--the dead of two world wars, those who opted away during the time of Hitler, the emigrants for economic reasons. In the 1961-1971 decade alone, the number of South Tiroleans grew from 232,717 to 260,351.

All this notwithstanding, the South Tiroleans are not free of worries. Their prince, Silvius Magnago--himself the son of a Tridentine father and a Vorarlberg mother and moreover married to a German from Essen--likes to talk about a "threatening Alsacination," moral degeneration and spiritual infiltration, saying: "If we South Tiroleans do not know any more who Goethe was while the others tell us about Dante, the chances are that tomorrow we will be completely absorbed in Italian culture even if we still talk in German."

The main concern of the South Tiroleans is of a different kind, however: what to do on the day when the Communists assume power in Rome? Peter Brugger, one of the two South Tiroleans represented in the Senate in Rome, boldly attacked this burning question in an interview with L'ADIGE:

"If the Communists or a Popular Front government should come to power, we can also demand self-determination. We would be followed in this by all South Tiroleans and, along with them, many Italians. The referendum certainly would end in a vote for Austria." Magnago has made similar statements.

Vienna is waving off, however. Foreign Minister Pahr: "We will not support any efforts which question the existing borders in any form."

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CSO: 3103

## INTERNATIONAL AFFAIRS

### CHRISTIAN DEMOCRATIC WORLD UNION PUBLISHES MANIFESTO

Zurich NEUE ZUERCHER ZEITUNG in German 10 May 77 p 4

[Text] Brussels, 8 May--At its conference in Brussels, the executive committee of the Christian Democratic World Union published a political manifesto. The document had been passed already last July, in Rome, but has now been issued in Brussels in the presence of personages of Christian Democratic parties from all over the world. The VIP politicians included Rumor of Italy, Tindemans of Belgium, Kohl of Germany, Frei of Chile and Caldera of Venezuela.

The cornerstone of the manifesto is the concept that, faced with old and new challenges, a responsible political movement must be in a position to outline a uniform strategy. In the Christian Democrats' view, this is particularly necessary for the promotion and defense of political and social human rights, genuine democracy, a just social order and a truly international peace. Henceforth, this document will form the fundamental political program of orientation of about 50 parties in 40 countries, on 5 continents.

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CSO: 3103

MORIN INTERVIEWED PRIOR TO PARIS TRIP

Montreal LA PRESSE in French 2-7 Apr 77 p A8

[Excerpts from interview with Quebec Intergovernmental Affairs Minister Claude Morin in Quebec, prior to his trip to Paris, by Philippe Bretonniere, Quebec correspondent of French Radio Europe No 1; date not given]

[Text] Philippe Bretonniere: (...)Mr Minister, before questioning you about the objectives of the official trip you are going to make to Paris in the days ahead, could you please explain to our French listeners this evening, why the PQ [Parti Quebecois], why the Quebec government is demanding this famous independence...?

Claude Morin: (...)With regard to Quebec's objectives in seeking national sovereignty, several reasons for it can be found and these reasons, one might say, depend a little on the temperment, the choice and the reactions of each individual, of each citizen. I can give you the reasons why I personally finally adhered to the PQ option in favor of sovereignty. The essential reason, among others, is that in the present federal system in Canada, the province, that is to say, the federated states, are becoming increasingly appendages to and branches of the central government. The consequence is that we, a Franco-phone population, when looking to our future, must see ourselves directed and oriented by a central government within which, whatever we do, we shall always be only a minority. This means that our future is determined, in fact, by people who are not ourselves, and for me, personally, this is a factor of capital importance in the choice I have made.

Philippe Bretonniere: But independence, or sovereignty, as you have just said, absolutely do not mean "separatism." You want to rebuild a kind of Canadian common market similar to the European Common Market perhaps...What then might be the areas of competence of this new Canadian community?

Claude Morin: I think that it is accurate to point out that what we propose as sovereignty or as independence is not what our adversaries claim. That is to say, it is not purely and simply separatism. We propose essentially a political sovereignty, but a sovereignty with a corollary, one which is normal I think, in today's world, that of an economic association with Canada (...)



Philippe Bretonniere: Good. Now, Mr Minister, the PQ is, according to the expression of most of its members, a democratic socialist party, a little like the Swedish party...Could not the PQ, then, join the Second International, the Socialist International?

Claude Morin: I have heard this wish expressed by certain party members. I must say, however, that this has not been seriously considered.

Philippe Bretonniere: And you, as minister of intergovernmental affairs, do you not think that this would give the PQ an international audience?

Claude Morin: It might, surely. There are other ways of arriving at this, too, but, I repeat, this possibility has not been really considered.(...)

Philippe Bretonniere: Mr Minister, you will be in Paris in a few days. Andre Rossi, French minister of foreign trade, was here from 11 to 12 January to renew cooperation between Quebec and France, it appears. But if there is a need to renew it, it must be that it had at least slackened...is it your impression that the policy of France toward Quebec has changed since the time of General de Gaulle?

Claude Morin: I shall talk of cooperation first. I have not seen this expression "renew cooperation," but I can tell you...obviously, that this is an almost classic expression. Every time there is a change of government, whether here or elsewhere, people say: good, now we must renew cooperation between our two countries. I myself do not believe that it is necessary to renew this cooperation. It has existed since 1965. It is constant. It is important. Personally, for myself, I feel no need to renew this cooperation, except for a few dossiers on which, of course, we must do some work. But this cooperation is part of our institutions, it goes beyond governments, beyond politicians(...)

Philippe Bretonniere: Does Quebec desire any kind of support from France in the process of its attaining independence? For instance, diplomatic support in international organization...or with the big powers?

Claude Morin: We ourselves maintain the principle that the sovereignty of Quebec must be attained by the Quebecers, by their democratic decision, and that this sovereignty will be made in Quebec. I believe that, in the past, at certain moments people may have had the impression that the Quebec people in seeking independence were counting, first and above all, on a kind of international support from countries which would be in favor of sovereignty for Quebec. Our policy does not aim to establish this kind of foreign support because we believe that we ourselves must first, before everything else, do the normal work of any people in the process of taking their fate into their own hands. On the other hand, obviously, we also want to gain the understanding of this process of accession to sovereignty and of our objective, from other countries. It goes without saying that as for us, insofar as France is concerned, it would appear normal to us that France should be sympathetic to the aspirations of the Quebecers. But we are not asking France, I think, to do for us what we must normally do for ourselves.

Philippe Bretonniere: Is your visit to Paris going to permit you to prepare the way there for a forthcoming official trip by Premier Rene Levesque?

Claude Morin: I am not going to prepare any trip. I am going to establish or re-establish with the French government a relationship which must exist between our two governments, and, as we are a new government, it normally falls to me, as minister of intergovernmental affairs, a position which is, in a way, the equivalent of the minister of foreign affairs, it falls to me, normally, to establish these contacts. It is as the consequence of our election that I am making this trip and I am making this trip, which I was invited to make by the French government, to interpret the present Quebec reality.

Philippe Bretonniere: But a trip by the premier is not ruled out?

Claude Morin: It is not ruled out...(...)

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CSO: 3100

AGAQ PRESIDENT DISCUSSES LANGUAGE ISSUE

Montreal LA PRESSE in French 27 Apr 77 p A8

[Text of talk delivered in Hull on 20 April by AGAQ President Roger Demers. LA PRESSE states: "A section dealing with the history of AGAQ's action has been omitted for lack of space." The subtitles are supplied by LA PRESSE]

[Text] The point of departure of my expose will be to point out the fact that, aside from the Canadian law on official languages and the French language charter currently proposed by Quebec, the aberration we are facing in the air communications sector is fomented by fanatical groups. These groups seek not only to restrict air to ground communications to English but to prevent the Francophones in Quebec from using communications in French in their own areas and between themselves. This aberration, ladies and gentlemen, I shall describe as the most outrageous expression of colonialism ever practiced here, in view of the fact that the French Canadians were the cofounders of this country, supposedly on an equal basis. This attitude shamefully denies our possession of status, our rights recognized and won in the sweat of our history, rights among which, you will admit, we place foremost the use of our own language in our own land (...).

Through the use of legal, public and democratic appeals, the AGAQ [Gens de l'Air du Quebec] has always wished to avoid following the fanatical example of its antagonists. The latter, for their part, by illegal strikes and psychological terrorism pursue objectives which have no place in the politics of this country. For this reason I proudly present the Gens de l'Air as a professional, level-headed and calm organization. On the other hand, and I wish to declare this publicly today, AGAQ is growing impatient and I shall even say that it is exasperated. In other words and let those who have ears hear this: "We have had enough! This is why:

I--First because of the committee of inquiry on bilingualism in air communications. I spoke earlier of this committee of inquiry whose limited mandate was to analyze the ways of establishing bilingualism in Saint-Hubert, Mirabel and the TRSA [expansion unknown] zone. I shall not insist on the ridiculous aspects of making a study of what numerous other inquiries have already studied only to arrive at recommendations which have already been made in favor of the use of French air to ground communications in Quebec.

Nor shall I insist on the ridiculous aspects of studying ways of establishing French in an airport (Saint-Hubert) where the use of French is already an accomplished fact.

I do, however, object to the fact that this committee has not come to any conclusions, to the fact that, although it was formed in June 1976, we are still waiting for its report which, according to Transports Canada, would permit the legalization of French.

Today I tell you, the Gens de L'Air are sick and tired of waiting for the results of an inquiry of such small scope. They find it hard to imagine how they could collaborate in the future with a system so ineffective that, for instance, (supposing that we have the report by 24 May) it takes it 1 year to recommend what already exists in Saint-Hubert. Just imagine how long it will take it to decide, in a second phase, on the use of French at the instrument flight level! We can no longer allow the authorities to try by delaying tactics to pigeon-hole the problem... We shall not be accomplices in this by participating, unconditionally, in such interminable studies.

II--Secondly, it is because of the government labor relations committee that "we are fed up."

From a 14,000 page file, from which the air controllers of Quebec have excerpted about 1,400, they can demonstrate to any person of good faith that their rights are being flouted by the Pan-Canadian, Anglophone union which "represents them." For this reason they are debating with the labor relations committee, a request to disaffiliate themselves from the CATCA [Canadian Air Traffic Controllers' Association] and to obtain certification of a genuine Quebec union. Unfortunately, they are pleading their cause before seven committee members who are in the majority unilingual Anglophones...

The hearings, which were scheduled to last 3 days, are being extended unjustifiably. After this discussion, how long shall we have to wait for a decision? And during this time at the committee hearings it is not even considered necessary to record the testimony...Do they want to avoid collecting and writing down the overwhelming proofs which we present in that dossier in support of the request of the Quebec controllers? Must we do this too, ourselves...or must we hire a stenotypist?

III--We are also "fed up" because of the Canadian transportation commission.

In its 15 August 1969 document, the federal ministry of transportation stated its policy concerning regional carriers, establishing the respective territory for each regional company. The distribution was as follows:

--for Pacific Western Airlines: British Colombia and the west of Alberta;

--for Transair Company: the Prairie provinces and northwest Ontario (plus access to Toronto);

--for Nordair company, the rest of Ontario and northwest Quebec;

--for Quebecair company, all of Quebec located to the east of Montreal;

--for Eastern Provincial Airways company, the Atlantic provinces (plus access to Montreal).

By this official policy statement, Quebecair is the only regional carrier whose territory is limited to a single province (just one part of Quebec). Under these circumstances how can the Canadian transportation commission's recent decision to deny Quebecair permission to extend its services from Quebec-Sept Iles and Schefferville to Fort Chimo in its territory be justified, particularly when this same commission is allowing Nordair to make connecting flights between Quebec and Fort Chimo, two airports located in Quebecair's territory?

We consider this latter decision a violation of the letter and the spirit of the policy of regional air carriers. After this decision by the Canadian transportation commission, we wonder whether the 1969 policy is still in force and, if it is, we can only conclude that the commission forgot it when it made this decision.

And while, in one case, this commission "forgets" in making a decision, to take into account the regional carriers policy as defined by Transports Canada, in other cases it seems simply to forget to make any decision at all.

I shall cite here the case of Air Gava which in November 1976 applied for permission to operate airways in New Quebec. The commission must decide, in the case of these routes, on two applications:

1) the application of an entirely Quebec company, already installed in the area, equipped with planes and buildings, giving all necessary guarantees and with an excellent safety rating;

2) the application of an Ontario company which does not even have a head office in Quebec and which employs personnel who are almost 100 percent unilingual Anglophones.

Is it normal that this federal commission should require 5 months (and we are still waiting) to decide which company, when the choice is between a Quebec company and an Ontario company, shall be given permission to maintain airways inside Quebec itself?

IV--Fourth, it is with Air Canada that we are the most "fed up"...

We have had to bring this state owned company before the courts because it did not respect the language policy of Canada. Do you think that is right?

In the pilots' case, Judge Deschenes dismissed Air Canada's claim and ordered it to amend its regulations which did not conform to the national official languages act. With taxpayers' money, this company appealed and contested

the court decision ordering it to respect this same official policy. This same contemptuous attitude can be seen in the case of the mechanics against Air Canada, currently before the superior court.

Afterwards, there will be complaints about a 25 million annual deficit. How then can we judge a company which, not so long ago, under another administration had a perhaps more shining image? (Yves Pratte)

And during this time, the international machinists association, representing Air Canada's mechanics, has decided to rewrite into the collective contract a clause eliminated in 1973, according to which only the English version of the contract will be official.

Have no fear, Air Canada has not strongly protested against this union position and by its silence, it is making the union take the blame for its failure to apply the official languages act.

V--The air space "uncontrolled" by the Quebec region "sickens" us...

Currently we control about 25 percent of our air space from air centers located in Quebec. It was expected that by about 1979 we would control about 50 percent.

On 2 November 1976, a federal Cabinet committee agreed that responsibility for complete control over the air space of our region would be given to Quebec. This was even confirmed in writing in a letter from Minister Lang.

Following this decision, another committee was set up to study the means of making this change: a committee of high ranking aeronautics officials...

Now this committee, contrary to the cabinet decision, has brought the principle into question again and is considering the possibility of instituting bilingualism at the air controller level in the Quebec region, then proceeding to bilingualize control centers located in the other provinces. Are they trying to make us laugh or to outrage us? We cannot obtain "permission" (I say this with shame...) to use French right here in Quebec, and they want to make us swallow the idea that it will be possible to have it used in the control centers of Moncton, Toronto and Winnipeg?

We are tired of seeing politicians move from promises to confirmation then diversion. Could it be that the elected federal government cannot enforce its decisions through its own team of civil aviation officials and that, behind its back, these officials are obstructing them?

VI--Finally AGAQ has had enough because in Quebec, even less than elsewhere, we are not satisfied with words...

"If the north of Quebec is invaded by Ontario carriers, if the remunerative jobs in this sector go to Anglophones from outside, if our commercial pilots are reduced to unemployment, it is not because Quebec does not have the means to change this state of affairs."

The words I have just quoted were spoken by the honorable Lucien Lessard, Quebec minister of transportation.

During an interview with AVIATION QUEBEC, Lessard revealed that he will give priority in 1977 to the air transport sector (and I quote...) "first because of the importance of this sector, its implication in the development of the regions and above all because we realize that it is of the first importance to exercise a certain control in this area, in Quebec territory."

Following these comments, all civil aviation in Quebec, private, commercial and government, is now awaiting a consistent and immediate policy applicable at these different levels.

Here, too, will it be necessary to wait for years, for one report on top of another before a few concrete decisions are made? During this time our people are collectively deprived of a major socio-economic tool, the sound and rapid development of which is vital for our collective growth. This, in short, is why the Gens de l'Air have had enough of all this uncertainty.

In all of these cases we denounce the bad will of some, the deliberate slowness of others and the prejudices of a few, which have plunged us into this state of depression.

Now, fine word, pious vows, promises, speeches, political flattery, in short, charm campaigns will settle nothing.

Having been the victims of attack and disadvantaged for too long, we now say that it is vitally important that the responsible authorities convert their verbiage into concrete action.

AGAQ is on the eve of its annual congress and it will alert all of its members to this situation. In any case, many of them are already aware of it, and as they discern the rules of the game which appear to be biased, we might see them reacting like people who receive too little and too late...

Thus we shall not be surprised if our members should soon, acting on their own, backed by world customs and their basic rights, do what international regulations permit them to do in communications matters: use in their own land, in their own airports, the language of their own country.

It is possible, finally, that some Canadians, anxious and easily frustrated, may wish for instance to see the Gens de l'Air plead before the parliamentary committee on the Quebec charter of the French language,--the major principles of which fully suit us--may wish, I repeat, to see us pleading for the need to preserve in Quebec the possibility of using English in air communications. Would it not be ironic if the Anglophones in Quebec have to fight to keep English available in the secondary airports of Quebec...?

In all of this there is no threat, simply a statement of the most serious exasperation of the Gens de l'Air.

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CS0: 3100

ANGLOPHONE POSITION ON LANGUAGE ISSUE PRESENTED

Montreal LA PRESSE in French 23 Apr 77 p A7

[Excerpts from document released to the Montreal newspapers in mid-April by a Montreal Anglophone committee "for the advancement of minority rights in Quebec."]

[Text] A committee "for the advancement of minority rights in Quebec" released to the newspapers this week a statement of its position on the language problem in Quebec as it presents itself following the publication of the French language Charter and on the eve of the presentation in the national assembly of the bill deriving from it. This committee is composed of prominent Anglophones of the Montreal area, mainly from university, professional and business circles. Lack of space has forced us to leave out a very small part of this text, which was signed by about 100 persons. In agreement with a leader of the group, the list of signatories has been reduced to 13 names. This reduction was also motivated by lack of space.

In taking a position with regard to the Quebec government's White paper on language policy, we should like to evoke the vision of Quebec which has inspired us to take this position. In Quebec we are at home. All of us who have signed this declaration are residents of this province. Some of us come from families who have been living here for generations. Others arrived in Quebec after being born elsewhere. We all want our children to be able to found families in Quebec and to become an integral part of its future.

As Quebecers, we ardently want to see developing here a prosperous and vital society in which each citizen can continue to feel himself at home for the same reasons as any other citizen. We find it normal that French should be the principal language. We recognize that French is the language of the majority and that it is the common language of Quebec society. We agree that French speaking Quebecers should be able to handle all aspects of their life entirely in French. It is the very clear obligation of English speaking Quebecers to speak French, if they wish to participate in the life of Quebec with the French speaking majority.



We can therefore only adhere to the following principles laid down in the White paper.

--Each Quebecer must have the possibility of learning French and of expressing himself in that language;

--Each Francophone should be able to work in French in Quebec;

--Businesses of a certain size should be capable of handling their business affairs in French;

--All individuals should have the choice of communicating with public bodies in French or in English and to receive from public bodies communications in the language of their choice;

--The rights, the languages and the cultures of minorities should be protected;

--French or the second language English should be taught as an integral part of the education of all students in Quebec and the teaching of other languages should be encouraged.

We are happy to note that the White paper says: "The government recognizes that, in Quebec, there is an English population and an English culture" and that "this population, this culture constitute an irreducible component of our society." It might be concluded that the government's policy must consist in accepting the English culture and language as a Quebec reality and in promoting bicultural relations in a spirit of mutual respect and tolerance. However, the White paper must be looked at as a whole. It is inconceivable that certain passages should be taken seriously, others lightly. Now, seen as a whole, the White paper is a document which gives the impression that the Anglophone minority can and must be eliminated.

#### The Philosophy of the White Paper

In our opinion, a strong and vital Quebec must be built with the active participation of the minority. According to an idea which has enjoyed a certain vogue in Quebec, the French language and culture will always be undermined so long as a flourishing Anglophone minority exists. Therefore, this minority must be incited to emigrate or to allow itself to be assimilated in the interest of the survival of the majority. Consequently, the English must be allowed to speak as little as possible in public and the Anglophone community must be reduced in number.

We reject this policy out and out. In effect, it reflects first an unfounded lack of confidence in the vitality of Francophone Quebec. Despite an untrammelled English presence in Quebec and despite all the influences exercised by the rest of Canada and the United States, to which the Quebecers are exposed, the position of the French language and culture has never been strongly.

We further fear that such an attitude might create a policy of withdrawal and isolationism, a policy aimed at isolating Quebec from all influences which the government considers contagious, a policy which, in fact, regards all external influences as threatening. In a society pursuing such a policy the atmosphere would soon become unbreathable not only for the minorities whose rights are flouted, but for everyone and even for the majority. The situation would end by stifling any sound development.

Finally, such a policy offers absolutely no basis for collaboration between the majority and the minority to realize a common vision of Quebec. The Anglophone minority will never accept a definition of its future which anticipates its elimination. In this definition there lies an irreconcilable conflict.

This philosophy, it is true, is not advocated anywhere in the White paper's general declarations of principle. In fact, it is explicitly repudiated by the second of the four principles of the language policy presented in chapter II. This principle states that the minorities, their languages and their cultures must be respected. But, after having been stated, this principle is violated in certain provisions of the Charter which the White paper presents. In fact, what other interpretation can be placed on measures such as the suppression of bilingualism before the courts; the ban on public signs in English; the obligation imposed on municipalities and school committees serving English speaking districts to draw up their agendas and minutes entirely in French; the imposition of fines on and public denunciation of enterprises whose Frenchification programs are not satisfactory to the government; and the conditions proposed for registration in the English schools, conditions which must inevitably reduce these schools to a fraction of their previous number.

The White paper expresses solicitude for the survival of the Anglophone minority, but the message addressed to this minority by the document as a whole is clear. The Anglophone community has a place in Quebec, provided it is invisible and silent and that it gradually reduces its numbers.

This is a catastrophic policy, not only for the Anglophone minority, but also for Quebec. In fact, as the White paper recognizes, the life of a community is not limited to the "right of each individual to express himself in his own language when he addresses government agencies, school administrations, his wife or his children." The Anglophone minority has founded schools, hospitals and universities. These establishments serve all layers of the population and they have made a considerable contribution to life in Quebec. They will continue to make a considerable contribution, if they preserve their vitality. We note with satisfaction that the hospitals and the universities will not be considered part of the public administration in the matter of linguistic legislation. Nevertheless, the fact remains that these establishments cannot prosper if the community which founded and supported them is destined to decline. To sacrifice them by condemning them to atrophy would be a tragic mistake. What benefit would Quebec society derive from this? How would it

be possible to help the French language and culture to expand if these schools, these hospitals and these universities were incapable of making their contribution as they have done in the past?

#### A Unilingual Quebec?

The White paper declares that "there will no longer...be any question of a bilingual Quebec." What does this statement mean? Is the population of Quebec expected to be unilingual? If so, both Francophones and Anglophones might suffer detrimental effects. As we have said, we are attached to the bicultural and bilingual character of our province. We would firmly oppose any attempt to change this special characteristic of Quebec.

The bilingualism we propose does not in any way impose an obligation on anyone to speak both languages. It means rather that the freedom of each individual to speak his own language without any discrimination of official restriction will be guaranteed.

The wording of the White paper on this subject sweeps away not only the two official languages of Canada, but also the necessity for Quebec to maintain relations with North America and the other countries of the world. Bilingualism is an economic imperative. Its exclusion would jeopardize the future of the very population the Charter aims to protect.

We are in favor of bilingualism not only in Quebec, but in each of the other provinces of Canada. We urge all the provincial governments to continue to apply measures already taken in this direction and to take new ones everywhere where little effort has been made to make Francophones feel at ease when they use their own language. The measures taken by our government to encourage bilingualism will not fail to arouse a favorable reaction and to result in a more effective policy in all regions of Canada.

#### The Language of Business

##### a) The development of Frenchification

We support the right of the majority to assure the continuous development of the French language and culture. In this spirit, we reiterate that we accept French as the predominant language of business. If we were not aware of the considerable and continuous progress made in this direction during the past 15 years, we might perhaps understand the punitive legislation advocated by the White paper for language legislation in business. But we wonder whether the recently gained experience of businesses which have collaborated with the French language Administration in establishing Frenchification programs really indicates the need for such a solution. We are of the definite opinion that this is not the case.

In fact, basing its position on outdated information, the White paper draws an inaccurate picture of the real situation in business in Quebec today. It passes over in silence the fantastic progress made in the promotion of Francophones in private industry and the fact that the vast majority of them in Quebec use French as the exclusive or predominant language of work. The

White paper erroneously cites the Gendron Commission report stating: "English definitely predominates in general work communications: 82 percent of the total of such communications are made in English..." In fact, the 82 percent figure taken from the Gendron report applies solely to Anglophones. This document establishes that 64 percent of all Francophone workers use French, while 32 percent use both French and English and 3 percent use only English. It has been established that the 32 percent who work in both languages use their mother tongue in most of their working hours; 71 percent of the reports submitted by these employees was written in French. Overall, the Gendron Commission report concludes, the Francophones use their mother tongue during 87 percent of their working hours. This figure hardly suggests that bilingualism is synonymous with assimilation by the English.

The White paper statistics on the relative position of the Francophones in the economy of Quebec date back to 1961. Hence, they fail to point out the important progress made during the last 16 years. It is distressing to see this document spreading the old cliché of a monolithic, rich and powerful minority and a poor, underprivileged Francophone majority. Basing one's position on such a cliché, it is obviously easy to justify the abrogation of the rights and positions of the Anglophones for the benefit of the Francophone population. However, the old cliché does not hold up under close examination.

b) The punitive method will be harmful to the economy

There is no doubt, in the light of the important changes which have occurred in Quebec since 1961, that the image of privileged Anglophones which was held up 16 years ago, is now totally unrealistic. So where is the justification for the punitive solution advocated for the language of business?

As for the consequences of this punitive solution, accompanied with sanctions and measures for linguistic supervision, it is obvious that they can only be disastrous for the Quebec economy.

If the provisions of the White paper are implemented as they now stand, they will take Quebec out of the mainstream of the North American economy. Moreover, this will occur at a time when not only is unemployment taking on disastrous proportions, but also there is no indication that the Quebecers, whether they be workers, members of the liberal professions, technocrats, or civil servants, are ready to sacrifice their standard of living or to accept a standard below the prevailing average in North America. In any case, the statements by labor leaders and collective agreements in no way suggest that the workers will be willing to jeopardize the progress they have made in recent years.

c) Recommendations

The communication presented by the committee on the language of business contains a number of points which deserve the attention of the government. We support the recommendations concerning a study, by a working committee, of the regulations concerning the Frenchification of businesses. This

committee would be composed of representatives of the government, of the trade unions and of private enterprise. Its mandate would be to recommend directives for the development of Frenchification programs. While the committee is doing its work, we urge the government to suspend the punitive measures proposed by the White paper and we hope that it will accept substitute proposals based on encouragement instead of sanctions.

Finally, we should like to express our anxiety over the fate of the unilingual Anglophone worker. While it is true that his Francophone counterpart cannot be downgraded or dismissed simply because he does not speak a language other than French, the White paper does not offer the same protection to the Anglophone worker. Although public assurances have been given that no Anglophone will lose his job because he cannot express himself in French, the anxiety of those who feel threatened would be dissipated if this principle were sanctioned by law.

#### The Language of Education

The approach taken by the White paper is based on the fear that the falling birth rate among the French and the propensity of immigrants to opt for English schools might not reverse the situation which, in the long term, would result in the Francophones becoming a minority in Montreal. It should not be forgotten, however, that the birthrate among Anglophones has also fallen to the same extent as it has for the French.

With regard to the choice of language among immigrants, French has become sufficiently important today as a working language and sufficiently essential to the success of numerous careers in Quebec to motivate immigrants to choose French schools. They also want their children to receive a good education in a second language. That they should thus acquire the mobility which a knowledge of English in North America provides seems to be only simple justice.

We are, in any case, firmly opposed to any restriction which would refuse access to English schools to children of Canadian citizens coming from other provinces, as well as to non-Francophone residents of Quebec and Anglophones coming from other countries. The distinction established for the first category is based on the postulate that a Quebec already distinct from the rest of Canada exists, something we cannot admit. Children from other parts of Canada must clearly have access to English schools. In the same way, we find it abnormal to refuse this right to children of any Anglophone country, since English is legally a language of public education in Quebec. The provisions of the White paper concerning Anglophone children coming from outside Quebec, can only be considered as a direct and deliberate threat to the existence of an Anglophone community in this province. It is a well known fact that the Anglophone population of Quebec is comparatively mobile. Its number has remained practically constant over the years, although the persons have changed. If obstacles or dissuasive measures are applied to the free migration of individuals between Quebec and other countries, the Anglophone community will inevitably be reduced. No one can expect us to consent to our own extinction.

These principles having been stated, we wish to declare very clearly our desire to see students in the English schools acquire an excellent knowledge of French. Moreover, we are certain that we are speaking in the name of almost all the Anglophones in Quebec when we say this. It is obvious to any clear thinking and objective observer that the Anglophone community has made energetic efforts in recent years to improve the teaching of French in its own schools. This movement is essentially the result of pressure from Anglophone parents so that their children may become bilingual. To cite only one example, the participation of Anglophone students in French immersion courses, at the protestant school commission kindergarten level on the south bank, rose from 2 percent in 1965 to 50 percent in 1976. We might further cite the protestant schools of greater Montreal, where 45 percent of the 7th year students are currently registered in French immersion courses. We can see, therefore, that French is being taught at all levels, in all the English schools and that most parents are crying for a more substantial and better quality of education in this area, which is essentially limited by lack of funds from the Quebec ministry of education for education in the second language.

In short, we can say that there has been a complete reversal of attitude on the part of the Anglophones in Quebec with regard to language problems. Yet the White paper does not mention anywhere the fact that the Anglophones want to speak French or that they have any sympathy for the aspirations of the Francophones. The old legend of a stubbornly unilingual English Quebec, insular and assimilating, is reflected instead. The Francophones proudly place the emphasis on the development which has taken place in their community since the quiet revolution. Why not make allowance for the deliberately thoughtful development which has taken place within the Anglophone community and expand the provisions of the White paper to give to all children whose mother tongue is English access to English schools, while at the same time taking definite measures to expand the teaching of French in English schools. For the government this would be an infallible means to assure the very active cooperation of the Anglophone community in its policy of promoting the French language.

#### The Language of the Courts

It is an indubitable fact that French is already the predominant language in the courts of Quebec and, in practice, the Anglophone lawyer pleads invariably in French before French judges. Why then introduce laws in an area where they are not necessary, particularly when their constitutionality is doubtful? Why ask an Anglophone lawyer pleading before an Anglophone judge to communicate with the latter in a totally artificial way in French?

Although the White paper allows individuals the possibility of addressing the courts in English, corporate bodies (businesses) will have to plead in French. This provision seems to ignore the fact that thousands of small businesses in Quebec are, in fact, represented by a single person and that there is no reason nor need to restrict their rights, any more than those of any other individual.

With a few rare exceptions, although French predominates in practice, English is used when justice and propriety call for it. Why seek to impose in this area a law which is not necessary and which can only provoke useless arguments on the constitutional level?

#### A Fatal Decision

The law which will be born, inspired by the White paper and the current debate, will have very appreciable repercussions on the form our society will take in the years ahead. For this reason, the philosophy which inspires it is more important than the details of its provisions. If we decide that the survival of the culture of the majority can be guaranteed only at the price of the disappearance of the culture of the minority, we shall be making a fatal decision.

We want a Quebec open to progress and dynamism, in which all the elements of society will contribute willingly to the common good. We will then have to cooperate willingly in the adoption of positive measures destined to enhance French status and the security of the culture of a Francophone majority. The non-Francophones are ready to do their share. They will be able to do this only as free and equal members within Quebec society.

We urge the government to take the path of incentive and cooperation, rather than that of authoritarianism, and to recognize that the evolution of the attitude of the Anglophones in Quebec, over the past 10 to 15 years, has been positive and has borne fruit. By encouraging voluntary participation to assure the primacy of the French language as the working language, by maintaining the rights of the English schools and by assuring the promotion of education in a second language the government can count on the support of hundreds of thousands of non-Francophones who believe in the future of Quebec.

Robert E. Bell, rector of McGill University  
Anna Mary Bell, director of Marianopolis College  
Gretta Chambers, journalist  
Peter Cohen, president of Allis-Chambers, Canada Ltd.  
Bernard G. Cote, of Celanese Co.  
H. G. Hallward, president of Argo Construction Ltd.  
Chris Hampson, vice president of CIL [Canadian Industries Ltd.]  
J.W. O'Brien, rector of Concordia University  
Paul Pare, Imasco Ltd.  
Charles Scriver, Montreal Children's Hospital  
Donat J. Tadeo, CECM [expansion unknown] commissioner  
Charles Taylor, McGill professor  
Lorne Webster, Preno Group

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CYPRUS

TFSC - TURKEY INDUSTRIAL COOPERATION EFFORTS CONTINUE

Nicosia BOZKURT in Turkish 8 May 77 p 1

[Text] Kyrenia -- A meeting was held yesterday in the Kyrenia Dome Hotel to discuss productive use of industrial investments in Cyprus and economic co-operation with Turkey.

Participants in the 10:00 meeting were officials from the Turkish Cypriot Chamber of Commerce, the Chamber of Industry, the Aegean Chamber of Industry, the TFSC [Turkish federated state of Cyprus] Ministry of Industry, the Turkish Trade Advisory Board, and the Turkish Aid Delegation. Minister of Finance Mustafa Cagatay joined the meeting later.

Talks continued through a luncheon given at the Dome Hotel and later moved to a closed session.

Joint Statement

A joint statement released at the conclusion of the talks called for bilateral cooperation and the removal of all obstacles inhibiting the exchange of goods and services between the TFSC and the mainland. The joint statement, read by the Aegean Region Chamber of Industry Executive Board Chairman Yilmaz Adiguzel, stated that unity of view was reached on many subjects and made note of the need for a speedy increase in economic integration between the TFSC and Turkey in order that the administration may begin at once to realize the present enormous agricultural, industrial, and touristic potential of the TFSC and thus create a broader job base in Turkish Cypriot industry. The statement said, "The Aegean industrialists must aid in providing the technology, technical information, and advisors required by Turkish Cypriot industry." It was announced also that Turkish Cypriot entrepreneurs and Aegean businessmen are considering joint investment in three public corporations such as cement, beer, and tin can manufacture.

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CYPRUS

SECOND SESSION OF OPEN MARKET MEETS WITH GREATER SUCCESS

Nicosia HALKIN SESI in Turkish 8 May 77 p 1

[Article by Akay Cemal: "Producer, Consumer Satisfied!"]

[Text] The Nicosia Open Market, which for some reason no producers patronized last week, was atwitter yesterday. The Nicosia-Ortakoy road, which normally would be quiet on Saturday when offices are closed, was filled with bicycles, motor cycles, cars, and pedestrians. People were rushing to the marketplace. All had the same goal: to take home cheaper food, to get fruit, vegetables, and salad makings fresh from the garden that week and some even that day. Everyone was smiling, including the minister of food, agriculture, and animal husbandry, Irsen Kucuk, and the mayor, Mustafa Akinci. The buyers were happy, the sellers were happy. For the first time producer and consumer met, eliminating the excessive middle profit. The produce brought to the open market began to dwindle by about 1030 or 1100 hours; the sellers returned to their villages and the buyers went home.

The Ministry of Food, Agriculture, and Animal Husbandry, as a beginning, sent to the market produce raised by its units consisting of 350 okkas [2.8 lb.] of tomatoes, 400 okkas of cucumbers, 300 okkas of squash, 170 okkas of sweet potatoes, 200 okkas of potatoes, 400 heads of lettuce, 50 bunches of asparagus, and 200 bunches of roses.

"I believe that these markets, which were opened with the goal of providing growers the best way to market their produce and of selling fruits and vegetables at reasonable prices, will flourish with every passing day and will be even more in demand," said Irsen Kucuk, who also pointed out that it was in the interest of the producers to sell their products in markets like this and that participation and demand had been satisfactory in spite of its being the first day. Kucuk noted that as many as a dozen ministry units would continue to support these markets.

Among participants at the open market were Agricultural Equipment Units, Nicosia Municipality (on behalf of the producer), Guzelyurt Market Cooperative, Kosklu State Farm Greenhouse Products, and some individual sellers of citrus fruits and shoes. In response to public demand at the Open Market, surplus

tomatoes and cucumbers were brought in to the Nicosia Bazaar and sold at reduced prices.

Prices:	Open Market	Bazaar
Cucumbers (each)	4 - 5 Turkish liras	6 - 8 Turkish liras
Cucumbers (okka)	20	30
Lettuce (head)	1 - 2	3
Potatoes (okka)	5	
Sarma (okka)	6	7.5
Squash (okka)	8	10
Sweet potatoes (A) (okka)	12	20
Sweet potatoes (B) (okka)	6	10
Lemons (A) 100	10	
Oranges (A) 100	20	

Note: As the result of tomato dumping at the Bazaar, tomato prices were the same at the Open Market and the Bazaar. However, tomatoes sold at the Open Market were local tomatoes.

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## CYPRUS

### FURTHER EDITORIAL COMMENTARY ON OPEN MARKET EXPERIMENT

Nicosia HALKIN SESI in Turkish 10 May 77 pp 1, 4

[Article by Dr Fazil Kucuk: "Shameful Market Practices Can and Will Be Curbed"]

[Text] Many promises were made to our citizens in the 1976 municipal elections. Attempts are being made today to carry out the promises made on every side. In addition, the cities have decided to eliminate the "rule of the middleman" which dominates the marketplace, and have made a joint announcement that this will be done.

"Open Markets" had become a question of survival for Nicosia, Famagusta, and Kyrenia. Proponents, knowing that the day the markets began functioning would be the day they came face to face with the old "capital bogeyman," did not believe that success would come easily, but proceeded on the belief that victory would be possible through hard work.

We are seeing Nicosia take the first step. And the middlemen are not just standing by, absently watching the cities' efforts. To them, the loss of the wealth which for years they have stripped from the community just by reaching into their pockets would be a calamity. In fact, they won round one 10 days ago by closing down the open market in Ortakoy before any producers had the chance to come.

Round two is beginning. Knowing the universal appeal of the saying, "Money is king," the city has rightly begun to seek support. The ministers of agriculture and commerce have gotten together, seeing cooperation between them as their duty for the good of the community. We cannot but welcome Agriculture Minister Irsen Kucuk's sincere interest.

We may say that his turning over the 50 donums in Derinya under his administration 3 or 4 months ago was a timely coup against the profiteers. The losers in this coup lost round two. But the fight is not over. The middlemen will not stand idle. They will certainly retaliate for the loss they suffered. Capital and the agriculture ministry-municipality have engaged battle, and the community is watching.

At this point, we believe it is possible to bring profiteering to its knees before the forces that have at last combined. To wit, once the growers who had lost their freedom in the captivity of the middlemen can clear away their debts after the agriculture ministry turns over the other 50 donums in Derinya, their joining the side of the just will add strength to strength, and the community will have in its grasp the prosperity it has awaited once the producers and the consumers come face to face.

It is not, could not, be our purpose here either to take the bread from the mouth of the retail grocer or that he should go hungry. He, too, will be freed by this. He will be released from slavery to the middleman. He, too, will deal with the grower and be able to turn a better profit. With lower prices, he will have a larger turnover and earn far more than he does today. Let me make it clear that we are not communists. Rather, we oppose those who try to rob the pockets of the society. Who works will earn, he will be helped, his rights will not be violated, but an end will be put to the shameful market conditions of the present. One cucumber for 20 Turkish liras, eggplants 45 liras an okka, beans 40 liras an okka, 70 liras for a watermelon. This will definitely be a thing of the past.

The ministry of agriculture has opened up new vistas with its recent acts, in that it, too, knows how to put the interests of society above party politics. It has not refused to help a municipal project because the mayor belongs to a different party, but has mobilized all resources and taken the first step to bring a smile to the face of the hungry citizen. And anyway, "municipal" does not mean "mayor"; this decision was not made by the mayor but by the city council, and the honor goes to the council. We cannot but take a moment here to admire this council. This structure, incorporating the four parties, has to date been a model of cooperation, and while not forgetting the parties for moment, has taken the interests of the community to heart.

These people, who we believe will bring us happier days in the future, are hardly likely to be the kind to disappoint us.

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CSO: 4807

NEW COLLECTIVE CONTRACT FOR CLOTHING INDUSTRY WORKERS

Nicosia KHARAVGI in Greek 28 Apr 77 p 5

[Text] The new collective contract regarding daily wages, benefits and other working conditions for workers in the clothing industry was approved at general assemblies of the workers involved in Lefkosia, Limassol and Larnaca.

Commenting on the new collective contract, the secretary general of the Clothing and Footwear Workers Union, V. Khristodoulou, referred to the basic goals of the union during the course of the negotiations: an increase in the lowest hiring salary and in the salary and wages of remaining personnel. He added:

"We have been able to come closer to these goals with the achievement of the new agreement: the minimum daily wage will increase by 17 percent for 1977 and by 8 percent for 1978. Besides, with the pay raises granted female workers--who comprise 95 percent of the workers in this sector--their earnings are increased by 18 percent for 1977 and by 9 percent for 1978--that is, by 27 percent for the duration of the contract. Moreover, the hiring salary for unskilled workers and pay raises for male workers and monthly personnel are also established. We feel satisfied with the agreement we achieved. We take this opportunity to express our appreciation and our thanks to the Ministry of Labor for their efforts in the settlement of the differences."

As is known, in the negotiations for concluding the contract, the PEO [Pan-Cypriot Labor Federation] was represented by the deputy secretary general of the federation, P. Dinglis, the secretary general of the Clothing Workers Union of the PEO, V. Khristodoulou, and the secretaries of the Lefkosia, Limassol and Larnaca Union.

During the course of all the general assemblies, which were held in common and were attended by more than 3,000 workers, the contract was analyzed by the respective secretaries general of the two clothing workers unions, PEO and SEK [Confederation of Cypriot Workers], V. Khristodoulou and D. Kittenis.

## Provisions of the Contract

We publish below the text of the contract regarding salaries and other benefits.

### 1. Minimum starting salary for unskilled female workers [in pounds]

	1 March 1977 Basic with cost of living	1 March 1978 Basic with cost of living
Starting	6,125 to 8,000	6,625 to 8,652
After 6 months	6,625 to 8,652	7,125 to 9,305

### 2. Minimum starting salary for unskilled male workers [in pounds]

Starting	9,725 to 12,700	10,725 to 14,000
After 6 months	10,725 to 14,000	11,725 to 15,310

### 3. Raises [in pounds]

#### a. Female workers:

1 March 1977 Basic w/cost of liv.	1 June 1977 Basic w/cost of liv.	1 March 1978 Basic w/cost of liv.
1,100 to 1,436	400 to 522	800 to 1,044

#### b. Male workers:

1 March 1977	1 June 1977	1 March 1978
1,300 to 1,697	400 to 522	1,000 to 1,306

c. Monthly personnel: the above raises will be granted proportionately to monthly personnel also.

N.B.:

1) The above raises will be granted on the basis of the provisions of the contract in force.

2) The above amounts are basic (without cost of living).

3) The general raises granted after 1 January 1977 will be taken into consideration.

### 4. Hours

1 December 1977, 41.25 hours weekly  
1 December 1978, 40 hours weekly

5. Holidays

To remain as stipulated in the previous contract.

6. Thirteenth salary and Christmas bonus

Monthly personnel will receive a 13th salary (basic cost of living).

Christmas bonus will be granted as stipulated in the previous contract.

It is understood that in both instances a prorated portion of the 13th salary and the bonus will be granted to personnel departing for cogent reasons (for instance, departure from the industry, departure to get married, to give birth, by reason of illness, to leave for abroad, etc.).

7. Shift allowance

The second shift will receive an allowance of 10 percent, and the third shift an allowance of 18 percent of total earnings.

The employer will be responsible for the transportation arrangements for workers on shift schedules.

8. Checkoff (cutoff of union dues):

The checkoff statute is accepted.

Dues are set at 1 percent of the weekly or monthly earnings (basic salary cost of living) of each employee. The cutoff on the basis of the above settlement is to begin on 2 May 1977.

9. Local committees

Employers acknowledge the right of workers to form local committees at their place of work.

Local committees will be granted the right to discuss with the management any local problems or complaints which may arise. Moreover, with prior permission from the employer, the premises and offices belonging to him will be made available for conferences and meetings of the local committee.

10. Duration of the contract

From 1 March 1977 to 28 February 1979.

The remaining articles of the contract are unchanged.

## Previous Benefits

Other benefits, which remain unchanged, are:

- Rest leave: 45 mils per pound, corresponding to 2 weeks and 2 days annually.
- 12 fully paid holidays.
- Welfare Fund: a contribution of 7.5 percent on the basic salary, to be paid by the employer.
- Medical care and pharmaceuticals through union dispensaries: a contribution of 100 mils by both sides.
- Sick leave: 15 days annually with pay.
- Weekly personnel is to receive a Christmas gratuity amounting to two weekly salaries out of total earnings.
- Personnel is reimbursed for transportation expenses to and from work (from the center of the city).
- In case of no work, personnel is to receive 10 halves of daily wages.
- Cost of living: it is to follow, as in the past, the system used by the government.

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CSO: 4808



NEW FARM INSURANCE PLAN REPORTED

Nicosia TA NEA in Greek 29 Apr 77 p 8

[Text] A new farm insurance plan is being introduced in Cyprus through a law unanimously approved in the House of Representatives yesterday.

This plan replaces other partial funds and insurance plans in existence until now, and aims at the improvement of conditions for economic stability in agricultural production, as well as securing in general a more stable income for farmers.

The law establishes a Farm Insurance Organization. The new plan will initially cover cereals, vineyards, potatoes and deciduous trees, and it is expected that it will be expanded at a later date. Farmers will be compensated for damages caused by hail, lack of rainfall, ice storms, rot and floods.

Insurance is mandatory for producers. Premiums will vary from 1 to 4 percent of the gross income derived from the agricultural products insured.

The organization's income will be derived from the premiums and yearly government subsidies. Specifically, the government will grant a total amount of 180,000 pounds for the first 2 years.

Deputies hailed the proposed law as a significant achievement for the agricultural community, but added that it has a number of deficiencies.

Messrs A. Giangou, Kh. Mikhailidis, Kyr. Papadimitriou, Khr. Kourtellaris, P. Pavlou and N. Mavronikolas discussed the proposed law.

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## BRIEFS

CEMENT FACTORIES SHORTAGE PROBLEMS--An agreement has been reached between the Ministry of Commerce and representatives from the cement factories, which, it is hoped, will definitely solve the problems resulting from a lack of cement on the Cypriot market. The agreement stipulates that the Vasilikou Ltd cement factory will cover 70 percent of the domestic market demands for 1977, or 254,000 tons, and the Kypriaki Ltd cement factory will cover the remaining 30 percent, or 106,000 tons. A communique from the Ministry of Commerce notes, among other things, that local consumption for 1977 is estimated at 360,000 tons, and that the percentages which the cement factories will cover will also be satisfactory for an eventually greater volume of consumption. [Text] [Nicosia TA NEA in Greek 26 Apr 77 p 1] 8980

EDEN REPRESENTATIVE TO ITALY--The secretary general of the socialist youth organization EDEN [United Democratic Union of Youth] Marios Temvriotis left yesterday for Bologna, Italy, to represent the organization at the meetings of the National Youth Conference of the Italian Socialist Party. The conference begins on 26 April and ends on 2 May 1977. On his way back, the secretary general of EDEN will stop in Athens, where he will meet with officials of Greek youth organizations to discuss questions of mutual interest and to confer on the latest developments of the Cypriot problem and of other matters pertaining to youth organizations. [Text] [Nicosia TA NEA in Greek 23 Apr 77 p 1] 8980

HOTELS NOT FILLED--The Pan-Cypriot Hotel Association announced yesterday that hotels throughout Cyprus were only filled to 40 percent of capacity for all of 1976. Referring to the announcement of a high official of the Cypriot Tourist Organization about hotel bookings, the administrative council of the association cites official figures showing that during 1976, one to five-star hotels were filled in Lefkosia to 48.2 percent of capacity, in Limassol to 56.1 percent, in Larnaca-Aghia Napa to 33.6 percent, in Pafos to 44.5 percent and in the mountain resorts to 12.2 percent. The announcement states that the above findings are not disproved by isolated cases and by extremely temporary regional or periodic increases. [Text] [Nicosia TA NEA in Greek 23 Apr 77 p 1] 8980

CSO: 4808

DENMARK

SOCIALIST PEOPLE'S PARTY CONFERENCE HELD

Party Situation Assessed

Copenhagen AKTUELT in Danish 15 Apr 77 p ]

[Article by Christian Frahm: "Revolution's Vanguard Calls for Struggle-- But the Workers Must Pay"]

[Text] On Saturday and Sunday, the largest party to the left of the Social Democrats holds a national conference. For the second time in its 18-year history, the Socialist People's Party is split into two wings, usually referred to in the press as the "right wing" and the "left wing." The now outnumbered right wing, so described in the newspaper SOCIALIST LETTERS, and among other places in AKTUELT by Poul Dam and Henning Phillipsen, regards itself rather as composed of genuine left-oriented realists, who attempt to stand their ground against a romantic petit bourgeois movement, which, with currently fashionable revolutionary slogans, usually vote with the VS [Left-wing Socialists], the Communists, and the Progress Party in order to beat the main enemy, the Social Democrats. Many Social Democrats probably have some difficulty in seeing the decisive difference between the romantics and the Larsenists, since the five Folketing [Parliament] members of the Larsenists prior to the election also voted with the other 16 members of the left wing, the 66 members of the Progress Party and the Liberals against the agreements of August and December. But the ruling group in the SF [Socialist People's Party], which demanded that this position be taken and scoffed at "sobbing over the low-paid," holds that the five voted with the right and left wings only when they had made sure that the social democratic government would nevertheless win the votes.

The romantics now feel themselves secure in the saddle. To be sure, they have proposed cooperation with the Social Democrats and the Radicals. But since they demand that this cooperation is to include the VS and the Communists, and since Lector Sten Folke, political chairman of the VS, with the full backing of his party, has described the gains of the Social Democrats as the worst feature of the election, hardly anybody will take this proposal as anything but a maneuver. As one of the fathers of the church

of the saved expressed it: "We shall support the Social Democrats as the rope supports the man who is hanged." And Ebba Strange has called the newspaper of the Larsenists "Social Democratic" letters.

From the start there has been a deep split in the non-Communist movement to the left of the Social Democrats. It showed up in the SF as early as at the national conferences early in the 1960's. In the opinion of Aksel Larsen, the party's main goal was that of gaining a majority together with the Social Democrats, so that the Social Democrats no longer would need to govern the country together with one or more bourgeois parties--"Ball among the bourgeoisie" as he called it, with a quotation from a popular play.

His opponents thought the same. But in their opinion, the Social Democrats should be forced to carry on a political line close to that of the SF. The SF should be a whip that drove the Social Democratic elephant along a road neither imagined by the voters nor the leaders. And when the Social Democrats refused, in December 1956, the Social Democratic government, together with the bourgeois parties from the Conservatives to the Radicals, was overturned.

This "left wing" was represented in the Folketing by three pedagogues (the most important of whom was Sigsgard), two social counselors (Hanne Reintoft and Pia Dam), and Kai Moltke. In the party it was supported by intellectuals such as Preben Wilhjelm and Niels Højlund, and labor leaders Will Brauer and Bjarne Jensen, who claimed that they had the backing of the workers of many big employers.

As is known, this did not come to pass because the new leftwing party, the VS's votes had to be counted with the equally exact two percent of the votes, which, by the way, were not at all votes of workers. On the contrary, the VS vote distribution resembled more the Conservatives than the Social Democrats', the SF's, and the DKP's. This certainly supports the theory that sees a Social Democratic victory as the worst that can happen in an election, are, rather, the reckless children of nice people.

This group has been scrupulously described in Ole Hyltofts "The Heart is on the Left," and "The Vanguard of the Revolution." The description is so true that one is reminded of Dostoyevski's warning: "The truth seems so implausible that one must subtract something from it to be believed."

Following the defeat of the VS and the violent internal struggle in the party, which has kept the membership below 1,000 during most of the party's history, that part of it which Poul Dam has called the weakest and which did not survive the struggle in the party, turned to the parties that these mystical, adored and unknown "workers" apparently voted for, namely the SF, the Social Democrats, and the DKP. Examination of the present leadership of the SF shows that this group has not been without success.

As early as in the early 1970's, an investigation showed that most of the delegates to the national congresses of the SF regarded the VS as the best political alternative, the second largest group preferred the DKP, while only 10 percent preferred the Social Democrats as a reasonable alternative.

A concurrent voter poll showed that SF voters preferred the exact reverse sequence.

The present majority in the SF leadership can hardly be distinguished from the VS as concerns class composition and opinions. In quality it is probably somewhat lower. The LO [National Federation of Labor Unions] and the Social Democrats are still to be fought--if necessary with support from the political right wing. They only wonder at their big setbacks, in particular among the workers, even though they eagerly call for a struggle of the workers which the "vanguard of the revolution" will not itself pay for.

The prospect is obvious.

#### Meeting Supports Leadership

Copenhagen AKTUELT in Danish 18 Apr 77 p 4

[Article: "Larsenists Limited in the SF"]

[Text] The Larsenists are finished in the Socialist People's Party. This was clearly demonstrated at the final meeting of the party's national conference in Copenhagen, when the political line of party chairman Gert Petersen and the leadership received massive backing.

The basic principles of the party were adopted by a vote of 192 to 9, with 22 abstentions.

"At this conference we made our politics completely clear," said Gert Petersen at the end of the conference.

"A bloody national conference might have been expected; a Moscow trial as some expressed it. This did not happen. I think the national conference showed maturity and wisdom; we did not act as executioners. But the ideological debate was ended. We are ready to discuss other viewpoints. But we cannot live with direct slander," said Gert Petersen.

In several ways the national conference was a clear rejection of the five "Larsenists" and Jens Maigaard, the party consultant. For the time being, there is no indication that the "Larsenists" will start a new party. On the other hand, several of them do not deny that it may come to withdrawal from the SF.

Immediately prior to the voting, when it was clear which line would win, Jens Maigaard said to the party chairman that "one can very well win at a national conference, but can one also win a coming election?" and expressed doubt that the SF would be able to survive the local elections next year.

Party Chairman Gert Petersen several times strongly dissociated himself from the "activities of the Larsenists." But he also condemned leftwing extremist tendencies in the party and several times during the national conference strongly stressed that the SF would always respect the result of a Folketing election.

The most important difference between the DKP and us is that the SF will always respect the decision if the majority of the people wish to reject socialism after it has once been introduced in Denmark," said Gert Petersen.

#### Maigaard Comments

Copenhagen AKTUELT in Danish 20 Apr 77 p 2

[Article by Jens Maigaard, formerly SF member of the Folketing and consultant to the new SF Folketing group: "After the SF National Conference--Leftwing SF on the DKP, Loser is Gert P."]

[Text] AKTUELT has asked me to comment on the SF's national conference. This is a difficult task because many contradictory tendencies are apparent at the same time. But I shall attempt to disentangle the various threads. Danish society is today affected by the economic world crisis and the trend toward the Right. These trends place us all in a basically new situation, requiring basically new answers.

The answer by the SF's national conference to the urgent problems the crisis and trend toward the Right face us with correspond to the viewpoints presented by the party's realists. The declaration issued by the national conference of the SF therefore calls for broad cooperation, from the left wing to the center, for solution of some immediate and urgent tasks. It further asserts that the SF usually prefers Social Democratic governments and stresses willingness to compromise, and also recognizes that it may be necessary to carry burdens. To this must be added the long-range elements that always have been present in the SF's political announcements--the socialist goal, the wish for structural reforms, and criticism of the country's foreign policy.

The SF has never before, not even at the time of Aksel Larsen, placed its political statements so far toward the right-wing side of the political framework the party marks out for itself. However, the crisis and the conservative wave make it necessary. It is thus a good thing that it happened.

There are opposing trends, however. Let me mention two.

If the political line the national conference has marked out is to be able to put its stamp on developments it must be joined by social forces that can support it. Strength requires breadth. The People's Party must also say something to membership strata such as master handicrafters, store owners, farmers and fishermen. Viewpoints of this kind were voted down. Next, there are the trade union organizations, a force that contributes actively to stopping the conservative wave through overcoming some of the worst consequences of the crisis. But the national conference voted down proposals such as this: "The SF regards the trade union movement, including the LO and the FTF [expansion unknown], as a progressive social factor." In these two areas the national conference placed itself to the left of the DKP. I can't deny that this worries me.

Next, the political announcements cause credibility problem. Many of the members of the leadership have during the past year made public statements at variance with those they supported at the national conference. The list of these public statements is thought-provoking: Members of the leadership have denied the importance of free, secret elections, have opposed the possibility of cooperation with the radicals, opposed the OeD [Expansion unknown], and frankly declared that they could see no difference in the view of democracy of the SF, the DKP, and the SF; in concrete questions they have been unwilling to support a here-and-now policy that would provide employment, and after the election they have turned against important parts of the election program, and so on. This creates a credibility gap. What disappointed me most at the national conference was that Gert Petersen would not even ask these people to explain themselves and in the given cases to change, or only modify, their startling statements.

This leads us to the next question. One of the problems in the SF has been that they differed about what was important and therefore differed about what political activities should be given priority. Which of the many elements of statements at the national conference will be stressed in the practical work? Here I shall in particular deal with two things: 1) How will promises of practical political activities be implemented? I hope that the SF will of its own volition enter into the [labor contract] negotiations, (not merely wait outside), fight for its viewpoints, and attempt to stamp the final result with its standpoints. Here-and-now policy is something active. Which compromises will the SF stick with?

2) How will the ideological confrontation with the VS and the DKP be carried out? Here it is a matter of having certain ideological concepts introduced into the SF, and undeniably also of having certain others removed from the party. The answers to both of these questions will be given in the future.

The future of the SF holds other problems. It would have been possible to keep the party together around a usable political line that did not amount to a new Lebanese peace in the SF. This is shown by the statement on "The SF's Identity," proposed by Sigurd Omann's circle to the national conference. Nevertheless, the efforts to keep the currents together was a total fiasco. The conflict was even unnecessarily hard. [The comment] "Be careful that you don't slip in the bloodspots," was heard at the press table after Gert Petersen's speech on Saturday morning. Every attempt to appeal for moderation was voted down heavily. One example will show this. Omann's circle has been much involved in the question of new means in economic policy and new forms of income. Even proposals for having these questions debated were swept off the table; and this will of course characterize coming times in the SF.

After its third election defeat the SF could have used the efforts of everybody of good will to get the party upward and forward. But there is hardly any doubt that the debate in the party continues, though in new forms. Paradoxically, this makes Gert Petersen the big loser at the national conference.

Prior to the conference he was making efforts to produce peace in and about the SF and for fringes on the extreme Right and Left leaving the party. This is called stripping off in the party jargon. I believe, however, that he will get no stripping off and that the debate will continue. Thus his strategy failed.

At all events, the SF has a new profile. This applies without qualification to persons and political style. Time will show whether it applies also to political points of view. This will be as exciting to watch as it must have been for Chou En-lai to watch the cultural revolution. And the new profile must now meet the voters. It cannot be represented by others than itself. The local elections will show whether it has strength.

#### "Larsenists" Form Organization

Copenhagen AKTUELT in Danish 21 Apr 77 p 23

[Article: "SF Larsenists Form Their Own Organization"]

[Text] The "Larsenists" of the SF, who were overwhelmingly in the minority and were strongly condemned at the party's national conference during the weekend, are now forming their own organization to continue the debate on socialism, without specifically addressing the SF.

At the same time the group stops publishing the weekly journal SOCIALIST LETTERS (SB), but plans publication of a new SF.

The preliminary list of journalists has grown considerable after the national conference, including 50 known SF members, among them former party chairman Sigurd Omann and former MF [Expansion unknown] members Henning, Philipsen, Kristine Heltberg, Kurt Brauer, Poul Dam, Per Dich, Arne Larsen, Rolf Lutken, and Anders Uhrskov.

In the last issue of the weekly journal SB, to appear on Friday, it is stated: "We started this little journal eight weeks ago in the hope of being able in the eleventh hour to avert the inevitable. We were unsuccessful. As we had expected, our reaction came too late to be effective. We lost, yes, but the real loser is the SF."

"SB will carry on the real struggle. It will not at all be interested in separation according to sex and party lists, in the mortally ill 'left wing' so deadly for the SF, or in other sects," states the last issue of the weekly journal, set up as an unusually sharp settlement of accounts with the SF leadership and Party Chairman Gert Petersen.

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FINLAND

PRESIDENTIAL CANDIDATE SALONEN INTERVIEWED

Helsinki SUOMEN KUVALEHTI in Finnish 13 May 77 pp 51-53

[Interview with Ahti Markus Salonen, presidential candidate from Constitutional Peoples Party, by Tuomas Keskinen, date and place not given]

[Text] Ahti Markus Salonen is a social democrat, who criticizes foreign policy just as TIEDONANTAJA does and intends to be the presidential candidate of the Constitutional Peoples Party.

Without Urho Kekkonen even this would not be possible.

Dr. Ahti M. Salonen (66 and a member of the SDP [Finnish Social Democratic Party]) has decided to become the presidential candidate of the Constitutional Peoples Party. This was the political bombshell dropped at the end of last week.

Along with this decision Ahti M. Salonen transferred directly into the Social Democratic Party and behind the scenes in the 1950's entered into the limelight of Finland's most rightwing party and became a candidate opposing Urho Kekkonen.

Vaino Leskinen persuaded Salonen to join the Social Democratic Party. There he planned the party's economic policy program in cooperation with Vaino Tanneri, who had returned as leader of the party.

K. A. Fagerholm appointed Salonen to the secretariat when he became prime minister in 1958 of a government composed of the Social Democratic Party, the Agrarian League, and the Coalition Party.

When the Honka League was established in 1961, Ahti M. Salonen became campaign manager as a party secretary at the request of Kaarlo Pitsinki, who succeeded Vaino Leskinen.

Salonen himself resigned from this position even before Honka came to his famous conclusion, indeed for different reasons.

Ahti M. Salonen's life has been full of surprising turns.

After obtaining his MA degree after an eventful course of studies he went to war.

After the restoration of peace he moved to South Africa as an export agent for Finland's wood processing industry. Upon his return he served in the E-movement and at the same time he worked as an "advocate behind the scene" for the party.

Now Ahti M. Salonen's "last political maneuver" is beginning since he does not have any illusions about the fact that he could become elected as president. He is just continuing that political activity about which he writes in his book entitled "Linjat."

Salonen's surprise, which came last Saturday, could not have been agreeable to the leadership of the SDP. Salonen must now be expelled from the party, this is clear.

It is also a question of whether others will follow or will there be an overall purge in our country's largest party.

Line

And how does Ahti M. Salonen criticize the current government?

The arguments are not nearly always constitutional.

Surprising conclusions can be drawn from his statements even though his criticism of the Agrarian League and Urho Kekkonen's policy seem to follow a consistent line.

For example, as far as Finland's policy of neutrality is concerned Salonen is to a great degree of the same opinion as the minority wing of the SKP [Finnish Communist Party] as TIEDONANTAJA confirms. Finland's capability of carrying out a policy of neutrality is seen as questionable because of the YYA [Friendship, Cooperation, and Mutual Aid] Agreement.

As a contradictory case one can mention that Salonen does not attribute much importance to the CSCE held in Helsinki.

"A Defeat of the Human Spirit"

But let us begin with economic policy, Salonen's specialty:

"The state, municipalities, associations, and individuals, they are all responsible for the current bad situation. The nation has also not had that kind of leadership which would have been able to restrain the various factions from excessively large demands.

"Our industry is pessimistic but an economic rise has begun in the USA, Germany, and Japan. It is a question of how quickly it will be reflected in other countries. England is a particularly important country for us.

"Trade with the East is an important matter. Without it we would find ourselves in an even worse situation. We can indeed be grateful for the growth in our trade with the East.

"The currency policy carried out by the Bank of Finland has not been the best in recent years. To a great degree it is a question of choosing between the maintenance of industry and changing the currency rates.

"We have always proceeded from the premise that the rates of exchange must remain inviolable. We hang on to their sanctity and we allow unemployment to grow.

"Indeed in the last 2 weeks we have moved to a more flexible currency policy but we should have done this much earlier so that we would have been able to prevent excessive imports and aid exports.

"The worse thing has not been inflation or the reduction in the standard of living but the fact that we have lost hundreds of thousands of people. We have experienced a greater defeat of the human spirit than in the last wars. This is a consequence of the economic policy we have practiced over the last 20-25 years."

#### Freedom of Criticism

[Question] In your opinion how much can an incumbent president of the republic be criticized?

[Answer] When an incumbent president participates in policies as forcefully as Kekkonen does, he also makes himself subject to criticism. If he were above and outside of political events, then there would be no cause for criticism.

[Question] How much of a right does he have to criticize opponents?

[Answer] He has at least assumed this right. He has, for example, called a certain counselor of mining a schizophrenic. Whoever resorts to this kind of language can expect the same in return.

[Question] What would be the best government base for Finland today?

[Answer] Paasikivi held a view in which all other parties except the Coalition Party and the Communists are in the government, which would thus balance the situation.

Kekkonen has had the goal that Communists should be included in the government.

First of all I would say that there should be a majority government, which would have good relations with the labor market organizations so that we could put the labor markets into peaceful forms.

This would presuppose a majority government of the center, which in my opinion would also include the Social Democrats. It is true, they have recently moved so far to the left that it is questionable whether they are any longer of the center. But otherwise a majority cannot be accomplished or can any connection be made with the labor markets.

A Socialist Finland

[Question] Is this not now a goal?

[Answer] Apparently.

But, in addition, Kekkonen has the goal to get Communists into the government. He is striving to integrate Communists into Finnish society. There is, of course, the danger that Finnish Communists will integrate Finnish society into communism.

I still believe that a rather large portion of communist voters are good Finnish patriots. However, there is a nucleus whose primary goal is a socialist Finland.

According to my understanding Finland as a socialist country would not be independent or democratic. In this part of the world there are so many examples of what a socialist country can be like.

For this reason we must adopt a preventive attitude toward the Communists, but not toward the Soviet Union. This is a different matter. We must strive to build a welfare state oriented toward a mixed economic system. This has been and continues to be my ideal.

[Question] Thus the SKP should never be allowed into the government?

[Answer] I would not be so definite. It can happen that there will be situations in which it will be necessary to take the Communists into the government. But if the Communists are in the government, then it should be possible to also accept the Coalition Party.

[Question] Communists were included even during Paasikivi's reign.

[Answer] Yes, but before 1948. Not after that.

Why?

[Question] You said that you would not become the president. Why did you enter the elections?

[Answer] I hope to enhance my political life in this way. In the situations that will present themselves I will be able to demonstrate the undemocratic traits of the current government. Perhaps it will arouse people to demand democracy.

[Question] Is the Constitutional Peoples Party a suitable forum for you?

[Answer] Perhaps not the most suitable, but the only possible one. It would be incorrect to argue that it belongs to the extreme rightwing. This party can only be criticized by its program. It has never been in the government, it has never done anything, and, for example, it has not been able to resolve anything in the Diet.

I am opposing the system which has developed during Kekkonen's time in office. I call it autocratic and to a great degree a despotic system. Is such a person who opposes monarchy a rightist? Has not the leftwing, in particular, always opposed monarchy?

[Question] Is there now a Honka League in miniature in the making?

[Answer] In my opinion the Honka League is behind Kekkonen. There are its former members strengthened by the Communists and members of the Center Party.

#### Citizen's Courage

[Question] You will probably be expelled from the Social Democratic Party. Will many old comrades follow?

[Answer] For example, that former musician. He said that he is available. This means that he intends to become a candidate for the electoral college.

There are also now autocratic traits in the party. There is now a need for at least the spiritual reformation of the leadership if not a physical change in the leadership. It can be that the leaders are able to change their positions but if they are not able to accomplish this, then let the constituency kick them out.

[Question] You said that there is a group of people in agreement with you in the Diet.

[Answer] On one occasion I was told the names of a group of 20 some people who think differently. But now they remain silent. Each of them is watching out for his own skin.

We lack a national courage. We are afraid to express our opinions and act accordingly.

Finlandization?

[Question] You have said much about the use of the term Finlandization in the international press. Who is responsible for its appearance?

[Answer] He who is responsible for our foreign policy. According to the constitution the president is responsible for it.

[Question] Has not too much attention been given to this in Finland, we have been too sensitive. Everything has gone well?

[Answer] This, we do not know. This is the very consequence of an autocratic system. We do not know when relations between Kekkonen and the Soviet Union are in question, when relations between Finland and the Soviet Union are in question.

[Question] Today the leaders of nations everywhere, to a great degree, negotiate among themselves.

[Answer] Yes, but is it as confidential as between Finland and the Soviet Union? This is a delicate matter: it is a question of a superpower and a small nation.

[Question] Surely the leaders of all small nations negotiate confidentially with the leaders of the USA and the Soviet Union?

[Answer] This may be so, but this kind of an autocratic method of governing arouses suspicions. As far as foreign policy is concerned we should have greater democracy.

The Outgrowth of Foreign Policy

[Question] Is our foreign policy now on the wrong track?

[Answer] I would not say that it is on the wrong track, but it has unnecessary outgrowths. For example, the fact that we have set about reinterpreting the YYA Agreement so that it would conform to our doctrine of neutrality.

Paasikivi stated that neutrality "does not fit well" in the textbooks when we have a military agreement and we grant the right of passage to Porkkala for the Soviets.

I do not know whether Paasikivi would now talk about a policy of neutrality. But the YYA Agreement is such a damper which would make one talk about it in a relatively cautious manner.

I am pretty much of the same opinion as Svento, who stated: "Neutral, such a country which has a military agreement!"

[Question] In your book "Linjat," which appeared in 1972, you did not believe CSCE would take place in Helsinki?

[Answer] I was on the wrong path since in many corners it was threatened that only the Finns' "German package" would ensure the convening of the CSCE in Helsinki. At least the English and the Germans so threatened.

Indeed, the CSCE did take place, but of what significance is it in the final count? Only time will tell. All the phraseology which was stated there was stated at the UN and in declarations on human rights.

[Question] Also does it not mean anything that Brezhnev and Ford met and also negotiated?

[Answer] Perhaps it was rather beneficial.

[Question] Are any meetings of any significance anymore?

[Answer] I do not know.

[Question] Your nomination as presidential candidate was announced just before President Urho Kekkonen's official visit to the Soviet Union. Was there some purpose intended by this?

[Answer] According to my understanding, no. If some kind of calculations can be made with regard to the timing, they are completely independent of myself and I do not recognize them.

However, I would say that as far as Kekkonen's trip is concerned the timing was not the best possible. Who knows, it may have been better after his trip.

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CSO: 3107

FRENCH FOREIGN MINISTER INTERVIEWED BY YUGOSLAV WEEKLY

Belgrade NIN in Serbo-Croatian No 1376 22 May 77 pp 10, 51 AU

[Text] Louis de Guiringaud is one of the most experienced and best known French diplomats, and it can be said that there has not been any important postwar conference or talks in which he did not participate during his long and prolific career. His capability as an exceptional negotiator has enabled him to play a great role in setting in motion the Paris conference on international economic cooperation, which will end at the ministerial level at the end of May. He assumed the post of foreign minister last fall. Previously, he held the post of French permanent delegate to the United Nations. Despite his many duties immediately after the meeting of the most developed western countries in London, he kindly complied with the request from the NIN editorial office and answered the questions put to him by our Paris permanent correspondent, Dusan Pesic.

NIN: How do you now assess, 2 years later, the importance of the decisions adopted in Helsinki?

Louis de Guiringaud: The signing of the CSCE final document is an important event in Europe's postwar history. The participants of the Helsinki conference, 35 countries, have jointly determined the path and directives for transforming our continent into a zone of peace, detente, and cooperation, a zone in which--despite the differences in customs and views and in the political, economic, and social systems--the spirit of solidarity and tolerance among states will make it possible to overcome the existing differences so that in the future they will no longer be a cause for tension and conflict.

Two years after this event, I believe that it is primarily necessary to emphasize the permanent nature of the Helsinki document. It is very important that the governments of all participating countries constantly express and confirm their adherence to the results of the European conference and their determination to apply the provisions contained in the final document. I would also add that it appears to me that public opinion has become aware of the value of the final document and of the opportunities



offered by it. The hope which our peoples place in a relaxation of tension has thus increased, and the duty for statesmen is not to disappoint them in this respect.

The development of relations between the participating countries has, in our view, undoubtedly been enriched by the dialog begun in Helsinki. Naturally, we are sorry that the "bloc spirit" has not yet been rejected everywhere, and we note limited progress in implementing the provisions of the final document in a large number of cases. However, we also notice efforts to improve and to expand certain forms of cooperation, even in the areas in which this cooperation did not exist earlier.

The final document is now understood as an instrument on the basis of which it is possible to assess the value of a policy or initiative from the point of view of a relaxation of tension. The problems discussed at the European conference, and the questions raised regarding the implementation of the final document, have in all states given an impetus for lively political deliberations which, in our view, are very important to continue the dialog begun in Helsinki.

NIN: What do you expect from the Belgrade meeting?

Louis de Guiringaud: The Belgrade meeting provides an opportunity to coordinate the deliberations of the participating countries on the development of detente. This meeting will also make it possible to draw up a balance sheet of experiences gained in implementing the provisions of the final document. Accordingly, this meeting will represent a useful stage in the constant efforts of the Europeans to achieve also a greater understanding between the regions of Europe, which is still divided by many barriers.

Understandably, as the governments of other countries and France have already had the chance to say, the program adopted in Helsinki does not represent by itself the whole substance of detente, but rather a basic element in relaxation of tension. In other words, detente will never be implemented to its full greatness if the promises contained in the final document remain a dead letter on paper. In this is the importance of the analyses which will be made in Belgrade, and which are as important for governments as for public opinion.

France will approach this meeting with confidence, positively and realistically, without disparaging or exaggerating the results which may be expected. To maintain open paths of cooperation, to eliminate the attempts aimed at isolation within blocs, to contribute the desire that confidence will prevail over doubts, particularly between states with different political and social systems—these are some of the goals which must be achieved. The impressions which we have gained in our consultations with a certain number of participating countries lead us to conclude that the coming Belgrade meeting will be fruitful and positive for all 35 countries.

I would not like to conclude this interview without stressing the satisfaction over the fact that this first meeting after Helsinki is being held in the capital of Yugoslavia, a fact which confirms your country's important role during the conference in Helsinki, and in the international arena in general. I am satisfied all the more because the views of France and Yugoslavia on the vital questions of detente are identical, and this was once more confirmed at the recent meeting between President Tito and Giscard d'Estaing.

CSO: 2800

FRANCE

ASSIGNMENTS, PROMOTIONS OF ADMIRALS, GENERALS ANNOUNCED

Paris LE MONDE in French 20 May 77 p 7

[Text] The Cabinet approved the following promotions and assignments on Wednesday 18 May upon recommendation of Minister of Defense Yvons Bourges.

Navy

Rear Admiral Henri Darrieus is assigned as commander of the Indian Ocean maritime area. Aboard his flagship, La Charente, a former tanker converted into a command ship, the admiral commanding the Indian Ocean maritime area currently has 18 vessels under his command, 12 of them combat ships. The aircraft carrier Clemenceau with its 40 aircraft and helicopters is presently assigned to this fleet which represents about 13 percent of the French Navy's operational ships.

Rear Admiral Henri Fages is assigned as commander of attack submarines and Rear Admiral Claude Pieri as deputy chief of naval staff for materiel. Vice Admiral Andre Maler is assigned to the chief of the naval staff.

Captain Henri Touzot is promoted to the rank of rear admiral in the "second section" (reserves).

Army

Major General Louis d'Harcourt is assigned as deputy to the military governor of Nancy, commanding general of "division IV" and the 61st territorial military division. Brigadier General Michel Jorant is assigned as chief of the general officers section, armed forces general staff. Brigadier General Guy Duhesme is placed on detached service with the prime minister (general secretariat for national defense).

Colonels Charles Alexandre and Henri Dejardin are promoted to the rank of brigadier general.

Colonels Louis Kalc, Charles Colin and Valentin Gallineau are promoted to the rank of brigadier general in the "second section" (reserves).

Quartermaster ("Intendant") General 2d class Gustave Lorient is assigned to the "second section" (reserves) in advance and upon his own request.

#### Air Force

Brigadier General Pierre Birden is promoted to the rank of major general; Colonel Jean Raynaud to the rank of brigadier general. Upon his own request, Lieutenant General Daniel Saint-Macary is relieved from flying status.

Colonel Roger Lhomme is promoted to the rank of brigadier general in the "second section" (reserves).

#### Armament Service

Engineer General 2d class Henri Piatier is promoted to the rank of engineer general 1st class. Chief Engineer Claude Napoly is promoted to the rank of engineer general 2d class.

Armament Service Engineer General Henri Piatier, 60, was "directeur de cabinet" of the high commissioner for atomic energy in 1954. In 1971, he served on special assignment to the general administrator of the Atomic Energy Commission. Since 1972, he has been assistant superintendant of the Ecole Polytechnique.

8041

CSO: 3100

## FRANCE

### BRITAIN SEEN DEPENDENT ON OTHERS FOR DEFENSE

Paris LE MONDE in French 12 May 77 p 15

[Article: "ARMEES D'AUJOURD'HUI Says "Great Britain Entrusts Its Independence to the Good Will of a Protector"]

[Text] Military staffs in France did not appreciate the critical evaluation of the French nuclear deterrent force recently made by the International Institute of Strategic Studies in London. These staffs seemingly deplore the fact that this criticism which they deem groundless was made by a foreign source at a time when French political parties, especially the opposition parties, rather tend to now accept the existence of France's own nuclear panoply as an established and irreversible fact.

Actually the "think tank" based in the British capital took exception to the French chief of state's comment to the effect that France has become the world's third ranking nuclear power behind the United States and the Soviet Union.

The Institute of International Strategic Studies is staffed primarily by Britons. Hence it could not remain indifferent to this assertion which relegates the British nuclear force to a position behind the French force and just ahead of the PRC's force which ranks fifth according to current estimates.

If we had to summarize the London institute's evaluation, it would suffice to say that its experts consider the French nuclear force to be vulnerable, inadequate and technologically obsolete. French Mirage 4 bombers would not succeed in penetrating enemy air defense systems. Underground missile bases in Haute Provence would constitute choice targets for an attacker. French submarines are not yet armed with multiple warheads and could deploy only 80 missiles at any one time, whereas British submarines have a total of 192 nuclear warheads.

Military staffs in France immediately rebutted with arguments initially based on technical considerations. But more recently, ARMEES D'AUJOURD'HUI, a defense ministry periodical, did not hesitate to counterattack with arguments of a political nature casting doubts on Great Britain's ability to free itself from the American alliance.

The initial technical arguments advanced by air force personnel who remain loyal to the bomber recalled that in the West with the B-1 bomber as well as in the East with the Backfire, the manned bomber appears to be an indispensable element of a deterrent force in that it compels an adversary to disperse his defense efforts so as to guard himself against all nuclear weapon systems simultaneously. Furthermore, dispersed deployment of the bomber-force throughout the national territory makes it necessary for the aggressor to resort to a very powerful surprise attack to neutralize all nuclear bases in one fell swoop.

With reference to the missile base on the Albion plateau, air force personnel estimate neutralization of the present 18 silos would require simultaneous detonation of 50 to 90 warheads with megaton yields, something that is impossible to achieve without creating inter-weapon interference that would cause a great loss of effectiveness.

As for the submarines, the naval staff notes that France has the same number of vessels as the British Navy and that the megaton-category warheads on board these submarines are powerful enough to implement the anticipties strategy adopted by the French Government. French naval personnel point out that French submarines will be armed with other types of missiles in the early 1980's.

#### Political Rebuttal

All these technical arguments are well-known and will not settle the debate. But the most political and no doubt most forceful rebuttal appeared in the latest (May 1977) issue of the military review ARMEES D'AUJOURD'HUI. It is a rebuttal that does not beat around the bush.

In an article presented as a reply to those political and military authorities who, within military agencies of the Atlantic Alliance, deemed the French deterrent force to be inferior in power and quality to the British force, the article's anonymous author writes: "The four British submarines will very soon become obsolescent, thus creating the dual problem of a new generation of submarines and also, and above all, of a new missile or delivery means. As a matter of fact, Great Britain has never developed a national strategic missiles program."

ARMEES D'AUJOURD'HUI asks: "Aside from the coming generation problem what indeed will become, in the very near future, of the Polaris submarines purchased from the Americans and maintained by them, now that the United States is known to be abandoning this type of equipment in favor of a newer higher-performance type? The only possible solution left to Great Britain is to appeal to its protector for help once again, because no visible sign points to any willingness at all on the part of the British to make changes so as to preserve the technological credibility of their nuclear forces."

ARMEES D'AUJOURD'HUI also contrasts France which "is completely free to formulate employment concepts for its nuclear forces" with Great Britain "whose increasingly greater dependence on its foreign supplier has the corollary result of depriving it of the freedom to control its own nuclear forces."

The author of this comparative evaluation notes that "this is especially true since for employment purposes the British forces are totally integrated within the NATO system, its strategic forces included. Under these circumstances, how much initiative does Great Britain have left? It can use its veto power and accept the consequences of a developing crisis or agree to carry out plans that are not its own."

The article in the defense ministry review concludes: "France has designed a national deterrent. Great Britain, on the contrary, is making an almost gratuitous nuclear effort because it yields its responsibilities and entrusts its independence to the good will of a protector."

The evaluation of the British nuclear panoply by French experts--in response to an evaluation of the effectiveness of the French nuclear deterrent force by British experts--has rarely ever been expressed in such undiplomatic terms, for ARMEES D'AUJOURD'HUI's rebuttal consists in casting doubts on the "political credibility of the British defense system.

This exchange of courtesies indicates many obstacles will still have to be removed before considering the possibility of Franco-British nuclear cooperation for the benefit of a Europe that will have to define its new relationships with the United States.

8041

CSO: 3100

FRANCE

BOURGES REPLIES TO PCF'S KANAPA ON NUCLEAR MATTERS

Paris PARIS MATCH in French 27 May 77 p 61

[Interview with Minister of Defense Yvon Bourges: "Tell Us, Yvon Bourges"; place and date not specified]

[Text] The French Minister of Defense replies [indirectly] to Jean Kanapa of the PCF [French Communist Party] regarding France's nuclear force.

Question: What is your opinion of the spectacular rally of the French Communist Party behind France's nuclear strike force?

Answer: The PCF has just recognized the fact that it had been mistaken for 20 years on this score. If it is sincere and consistent with itself it should henceforth approve the budgetary credits for our nuclear armaments. The Minister of Defense cannot but be gratified at this turn of events. If the French Socialist Party endorses the theses of the French Communist Party we would necessarily reach a broad consensus on the matter of deterrence. Evidence has been given that our approach is the correct one.

The PCF has committed itself to "maintain" the quality and efficiency of our nuclear arms, that is, to improve them were it only to keep pace with technological progress. However, heretofore the Joint Program [of the Unity of the Left] had called for the abandonment of nuclear tests and the reconversion of plants producing military nuclear weapons. I now find that the PCF has "reconverted" itself before such reconversion of the plants.

Question: The communists are demanding greater independence for France's strategic forces, notably with reference to NATO's detection [warning] system, are they not?

Answer: Contrary to what the PCF asserts, France's defense is not integrated into that of the North Atlantic Treaty Organization. France's means of detection located on French territory are strictly national. But since even the most modern radar installations can "scan" distances



of only up to a few hundred kilometers, General Ailleret had negotiated at the time of Charles de Gaulle's presidency an exchange of information with our allies which enables us to know what is happening all the way from Norway to Turkey. Finally, the program law calls for credits enabling us to launch our observation satellite by around 1982. The PCF is thus breaking doors that are already open.

Question: The PCF is also asking that Pluton [Pluto missile] regiments armed with tactical atomic warheads never leave French territory, is it not?

Answer: All Pluton regiments are based on French territory.

Question: It also wants the decision to use nuclear force to be removed from the jurisdiction of the French President and to be entrusted to a broader body .....

Answer: That is the opinion of Jean Kanapa but one which commits him alone.

Question: Furthermore, the PCF opposes an increase in military credits. In contrast, the French Government wishes to raise such credits to 20 percent of the total budget by 1982 compared to the present 17.5 percent. Who is right?

Answer: Studies show that it is not possible to have an effective defense system with less than an outlay equivalent to 3.65 percent of the GNP [Gross National Product], which will represent about 20 percent of the state's aggregate budget in 1982. West Germany has allocated 3.70 percent of its GNP to defense, Britain 5 percent, the United States at least as much, and the Soviet Union much more.

France's share had fallen to a point below 3 percent of our GNP. The PCF's position is tantamount to reducing our defense effort and thus to weakening France's independence.

Question: According to you, what reasons underlie the "new look" of the PCF's position regarding defense?

Answer: I can perceive three reasons. First, the communists have come to accept the nuclear reality. Second, in terms of elections, they are trying to attract the military personnel. Third, one may wonder whether by adopting such a "nationalist" attitude the French Communist Party is not seeking to embarrass its ally, the French Socialist Party, which is more pro-European, pro-NATO, in its outlook.

2662

CSO: 3100

GREECE

EDIK: COOPERATION WITH MARXIST LEFT NOT EXCLUDED

Athens AKROPOLIS in Greek 5 May 77 pp 1, 9

[Text] EDIK [Democratic Center Union] is not excluding cooperation with the Marxist Left. Everything will depend on the electoral system which will be in effect. Cooperation with PASOK [Panhellenic Socialist Movement] is difficult on account of the personality of Mr Papandreou.

These things were stated--among others--by one of the officers of EDIK, G. Mylonas, in the political periodical CRITIRION.

And he further added:

That he considers it incredible that a political leader with the experience of A. Papandreou should by his statements hand the victory over to the New Democracy Party.

That if the New Democracy appears with another leader, it will be reduced to its natural forces.

That he doubts very much whether the separation of the royalists and junta followers from the New Democracy Party will be dared.

That there are indications that this last year before the elections will be a "year of concessions" for the government.

That there will be some kind of coalition surrounding the KKE-Interior. He does not see elective strength in this direction.

That EDIK has kept the percentage it had in 1974, and that he believes that this is beginning to grow.

A Substantial Party

That the ideal thing would be the formation of a substantial democratic socialist party.

That in his opinion PASOK does not fall within the spectrum of the Marxist Left.

That in EDIK, the progressive forces are very slowly consolidating their positions, despite the relationships which exist today in the parliamentary group.

That if the New Democracy Party finds itself in the minority, he considers it very likely that there will be cooperation among the remaining parties for the purposes of forming a government.

#### Views of Other Political Figures

In this same article of the above political review, the following viewpoints are in addition presented:

1. That of G. A. Mangakis (of the "Initiative" group), who criticizes the statements of A. Papandreou (on the election victory of the New Democracy). There is no possibility that EDIK will be transformed into a modern party having a socialist orientation. The contingency of EDIK's cooperating with PASOK amounts to turning the clock backwards. At the present time, there is no position open to the "center." Today, there are only the conservatives and the progressives.
2. The view of Sp. Linardatou, who stressed that PASOK has declined in strength in a considerable number of urban centers, that a substantial party of the democratic Left needs to be created which can embrace the spectrum from the liberal center to the orthodox KKE which is loyal to the Soviet line, and that the effort to develop cooperation among all of the parliamentary opposition could not have any other outcome than the polarization of political life or academic debates.
3. The view of K. Filinis, who likewise criticizes A. Papandreou, and who asserts that there has been a decline in strength of the New Democracy Party, and that the relationships of forces between the two KKE's has changed in favor of the KKE-Interior.

12114  
CSO: 4808

GREECE

OPPOSITION CHARGES GOVERNMENT FAILED TO PURGE JUDICIARY

Athens ELEVTHEROS KOSMOS in Greek 4 May 77 p 9

[Text] "The Chamber of Deputies has time and again concerned itself with the issue of purgation in the judiciary. There has been significant criticism on the part of the parliamentary opposition that the government has not made any reforms in this sensitive area. I believe that the restoration of legitimacy in the sector of the judiciary has been thorough."

Minister of Justice K. Stefanakis expressed this viewpoint yesterday in the Chamber of Deputies, when deputies I. Iliou (of the EDA) and A. Kaklamanis and M. Koutsogiorgas (of PASOK [Panhellenic Socialist Movement]) once again made the charge that the government has avoided purges in the area of the judiciary.

Mr Stefanakis also said that through constituent acts, the injustices in the courts at the time of the 7-year dictatorship have been removed, and that sanctions have been imposed on those who served the regime of that period.

A touch-stone of the intentions of the government, he noted, is what it accomplished wherever it had the power to accomplish something.

But, he added, many judges have been unjustly condemned for cooperating with the 7-year dictatorship. At this point, Stefanakis read depositions which were given to the disciplinary council by the vice-president of the bar association, K. Makhairas, and by EDIK [Democratic Center Union] deputy G. V. Mangakis, which defended the public prosecutor who had been condemned because he used to be a prosecutor in a special military court.

He said further that many chances for political rivalry offer themselves in daily political practice. But we should not inveigh against the judiciary, with which the fate of the republic is linked.

Mr Stefanakis concluded by saying: The independence of the judiciary from the political power is and ought to be absolutely protected. The government does not want to interfere in the internal affairs of this independent judiciary. It may be that there have been erroneous decisions or decisions which have not been satisfactory, but this does not establish responsibility on the part of the government. But we should also not identify the public feeling with a desire of any particular group of citizens. The judicature is healthy, and the judges--aside from a very few exceptions--are performing their duty, and the majority are being unjustly condemned.

Previous to this was the speech of Mr Iliou, president of the EDA. He referred to the persecutions of the judiciary during the period of the 7-year dictatorship, and he maintained that "purging" in the judiciary branch has not been carried out.

The second of the interpellators, PASOK deputy Kaklamanis, said that: "There was a scheme to refrain from purging the judiciary, immediately after the change in government, within the framework of and in service of the objectives of the great compromise which was worked out between the parliamentary Right and the dictatorship, by way of the mediation of Mr Averof and with the blessings of the Americans. The president of PASOK spoke at that time about a "change of guard," and unfortunately subsequent events have vindicated him."

Finally, deputy M. Koutsogiorgas spoke also in the same vein.

12114  
CS0: 4808

GREECE

#### AGRICULTURAL MINISTRY ESTABLISHES POLICY UNIT

Athens ELEVTHEROS KOSMOS in Greek 4 May 77 p 9

[Text] Minister of Agriculture Boutos, on the occasion of his signing of the decree on the new organizational structure of the Ministry of Agriculture, stated that this ministry, as the vehicle of the country's agricultural policy, is being called upon to bear the burden of the work being undertaken to bring about those institutional and organizational changes which must occur in our agricultural sector in view of our entry into the EEC.

The new organizational system was formed following not only proposals of the separate departmental units of the ministry, but also recommendations which have been submitted at various times by the various personnel union organizations, based on the experience acquired up to now with respect to the treatment of existing weaknesses--in relationship at all times with the broader developmental policy of the ministry.

On the basis of this new organization:

1. For the first time, a directorate of agricultural policy is being formed, subordinate directly to the minister, who as a staff officer of this directorate will gather and process the existing data in association with the other services of the ministry, and who will make specific proposals on the charting of agricultural policy.
2. In order to deal with departmental needs which are being created by the negotiations on our country's entering the EEC, a special service having five directorates, which is responsible for the implementation of social policy, has been formed and is functioning within the framework of the new organizational system.
3. Being reorganized is the agricultural research service, which is to be directly subordinate to the minister.
4. The general directorate of agricultural development is being expanded and is to include two basic sections:

- a. The planning and agricultural applications service, and
  - b. The agricultural cooperatives and land ownership service.
5. The general directorate of agricultural production is being restructured, expanded, and complemented.
  6. The land reclamation service is being reorganized and developed into an independent general directorate having two services and seven directorates.
  7. The general directorate of forests is being expanded and developed through the addition of four new directorates to its five old ones.
  8. The veterinary service, which until now has consisted of one directorate with four departments, is being developed into a service with four directorates and 16 departments.
  9. Finally, the regional services are being reorganized and developed into efficient and manageable units, with a suitable internal structure.
  10. At the same time, a number of new departmental units are being established, such as the regional laboratories, the control and standardization stations (for cereals, seeds, and so forth), the three new agricultural directorates on the nomarchy level, the numerous forestry teams for immediate action in the extinguishing of fires, and the two new afforestation directorates in Athens and Salonica. The local forestry offices are being increased by 34 offices, and forestry research stations, a school of meat handlers, food inspection stations and veterinary health control stations, 14 new veterinary hospitals, 18 regional fishery inspectorates, and 3 fish-breeding stations are being established.

12114  
CSO: 4808

ITALY

PCI CHAIRMAN LONGO 25 APRIL RADIO MESSAGE TO ITALIAN YOUTH

Rome L'UNITA in Italian 26 Apr 77 p 1

[Text] Comrade Luigi Longo, chairman of the Italian Communist Party (PCI), spoke on the radio yesterday morning, answering a question put to him by Davide Lajolo during the course of the program "You and I" which was dedicated to the anniversary of 25 April. This is the text of Longo's remarks.

You ask me what to say to young people. The problem is not what to say but what to do for young people. It is not a matter of making more promises but of adopting immediate measures which are tangible in the areas of work, jobs, education. Anything (be it only a start) is therefore of value in kindling in young people--in all young people and not only in students--confidence in the present and faith in a decent tomorrow.

It is very difficult, if one does not act concretely and quickly, to win back that part of the youth which today places itself in harsh confrontation with the democratic parties, with the unions, in a word with the democratic system which represents a victory of the workers, a result, of historic importance, of the Resistance.

It is difficult (if one does not intervene with a new, effective and incisive policy for healing the economy and society) to fill what seems to be a gap in orientation among the youthful masses, between those who reject the dangerous and hopeless route of rebellion, of nihilistic violence, and those who are in fact opposed to any renewal of democratic life. Positive acts are necessary on a broad level to determine the conditions for resolving the youth problem: otherwise the gap and the estrangement, which we deplore dramatically today, will become deeper.

To young people I would like to say just one thing. Your criticism can be useful, even decisive, if it does not reject confrontation, democratically conducted criticism. Confrontation, criticism are the means which advance the situation, which facilitate unified and positive progress. This happened also with the Resistance, which we commemorate today. This method of confrontation between political forces of diverse aspirations has contributed to the victorious result of the struggle. We remember too that overpowering violence and disorder, however provoked, are reactionary weapons and not progressive or revolutionary instruments.



VARA'S LEFTIST PROPAGANDA MACHINE CONSIDERED PVDA'S ALLY

Amsterdam ELSEVIERS MAGAZINE in Dutch 16 Apr 77 pp 12-18

[Article by Rene de Bok]

[Text] In domestic politics the dominant mood is militant. According to a compelling law of logic the political party which has a voice in the media owns a powerful weapon in the struggle.

The PvdA [Labor Party] has a loyal ally in the VARA [expansion unknown]. The progressive propaganda machine in Het Gooi is turning full power.

Who are the red tastemakers in the election psychosis?  
ELSEVIER collected the conspicuous body of facts at  
the base--at the VARA.

"The photograph in which I stand with The International in my hands is certainly for our family of historic importance," says CDA [Christian Democratic Appeal] Professor Piet Steenkamp in an excited thank-you letter to the VARA: because of the "friendly" reception in the political café "In De Rooie Haan" [In The Red Rooster]. The letter, accompanied by the heavily ironical heading "Red Piet," was printed in the VARA guide. On the occasion of the Portuguese socialist Mario Soares' visit to the political tavern, the public, after having been provided with the text of "The International," had burst out into wild singing, during which the Steenkamp family was very active. Professor Steenkamp sang along at the top of his voice and half a million listeners heard it with surprise. A high point in the 3-year history of the VARA cafe. A renowned history. Ministers, secretaries of state and members of the chamber hurried to "The Red Rooster" at a brisk pace in order to make political news. Producer, director and final editor Jan Nagel (37) took great personal delight in the sweltering "hot news" atmosphere built up in the ingeniously erected little Horeca [Hotel, restaurant and café industry] firm. On Mondays, one encountered on the front pages of the newspapers the political handstands of the politicians in printed form. Papers even lamented that the politicians would rather launch their news in the radio-café than in the Second Chamber. And they were not completely wrong. Minister Van Kemenade of Education even phoned once asking if he was welcome.

With the exception of former Prime Minister Biesheuvel no one has refused the uncertain course to the VARA tavern. "In the Red Rooster" was a continuation of "This Is the Beginning," which supported occupations of university occupations, Dolle Mina [women's movement] actions and squatters; the program evaporated when the activists considered the struggle as unpopular. Subsequently Jan Nagel thought up a friendly-aggressive-provoking interview technique with a clear socialist watermark. In the first seven broadcasts, seven non-VARA members in the cabinet were summoned to come to "The Red Rooster." Already during the broadcast they became VARA members through the harassing of the commentators.

One hour before "In the Red Rooster" is aired directly on 5 March, the VARA members drummed up from dispersed parts of the nation are impatiently taking in ham and cheese rolls in the canteen. The living decor of the political café is aged and predominantly grey. The prices in the canteen recall earlier days: coffee 10 [Dutch] cents, rolls a few dimes. A reason to feel oneself "at home" at the VARA. Later that is going to change; Bosboom still gives a trustworthy impression, but what can one think of an overly hairy apparition such as Felix Meurders, or Koos Zwart with his strange head-gear? Also Jan Nagel with his aggressive glance is not an acceptable force for the elder public. There is beer in abundance, and wine, sherry and port; hearty drinks in a studio-complex which was erected with dimes and quarters from socialist teetotalers. A guest worker picks up the empty glasses. In the 25th broadcast of the season, Secretary of State Wim Meyer (CRM [Culture, Recreation and Social Welfare]) takes care of the front page news of the Monday papers: income supplement for older independents who can no longer keep their heads above water. Minister of Social Affairs Boersma, who at that time had not yet resigned, does not commit himself. Karel Roskam, foreign commentator, speaks as if he alone knows everything. Speaking on Minister [of Foreign Affairs] Van der Stoel's appearance in Prague he says: "There is indeed some future in the Van der Stoel method. I am thinking of South Africa, Chile and Brazil." Nellie Frijda, voluminous, also as to voice, concludes the program: "Thus it happened, thus it went, and we were there for the Red Rooster."

Two weeks later Jan Nagel reports right before the broadcast that the stone-hard confrontation between the mayors of Rotterdam and Utrecht, André van der Louw and Henk Vonhoff will produce "news." That came out in preliminary discussions with the gentlemen. The producers of "The Red Rooster," Dolf Koelbloed, Ger Ackermans and Arend Piekert have pilfered the records, as they do customarily. During the week they often hang around in The Hague, in and around the Second Chamber, in order to keep in touch.

Henk Vonhoff and Karel Roskam greet each other as if seeing each other again is a great joy. "We have been together in the South Africa committee against apartheid," says Vonhoff. "But I was against the violence that was being unleashed at the time." Karel Roskam explains to Vonhoff why that violence was so extremely essential, according to him. Their worlds collide again. Jan Nagel to the public: "Refreshments are available at very reasonable prices; Mr Lubbers [minister of economic affairs], also present here, can

learn something from that. What the VARA doesn't do for the workers! Also present is Mr Vonhoff. If you wish to applaud presently, you may. If you want to react to him differently, that's also allowed. Glasses are available at the back of the hall." Minister Ruud Lubbers is sitting on the side, somewhat pale-looking: "I am always somewhat tense. The difficulty is: one must say something here, but I can say so little on the cabinet crisis." That's precisely the issue between Vonhoff and Van der Louw. The gentlemen first have the opportunity to deliver a powerful initial statement. Vonhoff on the crisis atmosphere in the cabinet: "I have more than enough of it!" Van der Louw: "Unimaginable bungling of people whom I have never trusted in the government." This leads to a bickering which exhibits a fierce character to the outsider. At the end the gentlemen light-heartedly pat each other on the shoulder. Van der Louw: "Maybe it's a shame, but I find Vonhoff terribly nice." Geniality and joviality for those who experience the happenings from close by. In the distant living room everything appears to come through quite differently. There the socialist-inspired message of producer Jan Nagel is registered accurately. "In the Red Rooster" functions as a trustworthy little cog in the socialist propaganda machine.

In the restless bosom of the PvdA, clear conceptions reign on the historical task of the VARA. Prime Minister Joop den Uyl once gave shape to that vision: "The progressive movement in this country can less do without the VARA than ever and I see the VARA as first in line to lead the struggle for the spread of income, knowledge and power. A progressive broadcasting company loses its reason for being if it is not recognizable again and again in determining political and social views.

Within the VARA the discussion around the "largest" charge of the socialist broadcasting system has not yet bled to death by far. Like a volcano the VARA from time to time flings wild eruptions from its boiling inside, in which can be rediscovered elements of all sorts of very controversial ideas. At the beginning of 1974 the discussion on the identity of the broadcasting system was settled with a joyless victory for the moderates. It was determined that the VARA existed for the */entire/* [in italics] nation and not especially for workers and other incidental branches of society. The moderate VARA chairman André Kloos had subdued the radical wing; the active little group of collaborators which had rallied around the radical task force Socialist Broadcasting and which had loudly censured the going to the right and the desertion of the VARA. Tom Paulka, one of the founders of the New Left and, at the VARA, the brains behind programs such as "Underneath," "The Ombudsman" and "A Kiss for the Lady," disappeared and became mentor of PvdA Parliamentary Fraction Chairman in the Second Chamber Ed van Thijn. Together with Marcel van Dam, Tom Paulka had prepared Joop den Uyl for a week in the VARA studios in order for his message to better come through with the public.

Today the division of opinion on the tasks of the VARA simmers on undiminished: with the elections in sight, the dilemma facing VARA program producers stand out more sharply. Right now they are being confronted with the

question of whether the VARA is a second fiddle, a vehicle, or an instrument of the PvdA.

The dilemma does not cause Jan Nagel sleepless nights. A member of the PvdA head administration and program director of the VARA, he considers the flowing into each other of party and broadcasting system an acceptable matter. "The PvdA determines the political color and that is found back in the manner of program producing." In 1965 Jan Nagel was elected into the head administration of the PvdA as 26-year old know-it-all. At the party congress in Rotterdam at the beginning of 1966, he was the only one to remain with the "Close the ranks on socialists." That year he demanded in a telegram the resignation of Minister of Justice Samkalden as a result of police action in Amsterdam riots. That brought him a scolding by PvdA Chairman Tans. He was chief editor of the FJG (Federation of Youth Groups PvdA) magazine "THE CAPITALIST." In the first number, Nagel was of the opinion that a clean-up in the PvdA was necessary. Den Uyl was the bitten dog. "No longer with Den Uyl. He is burdened with a minister's complex, has not given the party an identity, has treated the New Left meanly; has never put the ARP [Antirevolutionary Party] in its place; has estranged the youth from socialism; in short," thus determined Nagel: "Within one year Den Uyl will be finished." Den Uyl, who for that matter finds Nagel an enfant terrible, was however able to hold his own, despite Nagel's somber-rendering appraisal. Jan Nagel was also the first PvdA member who visited the East Germans. He was deeply disappointed when the recognition of the GDR was not included in the 1967 socialist plan. His wish for recognition of the GDR "does not mean," he said at the time, "that I sympathize with the regime in the GDR. I find the regime reprehensible, but that must not be the only yardstick for recognition. The most important thing is to be able to get together in order to bring about détente in Europe. Then the GDR must be an equal discussion partner." All of it was not thankfully accepted from Nagel, just as his remark on the Wall, "historically just," did not obtain a grateful hearing in his own circle nor far outside of it. The VRIJE VOLK reported: "A good number of people consider him a schemer and a climber who wants to get to the top no matter what." VARA chairman André Kloos considered Nagel too radical for his liking and even threatened to quit when for a short while there was a real possibility of Nagel succeeding Rengelink as broadcasting secretary. But at the last moment Jan Nagel did not succeed, despite the support of Ien van den Heuvel and Arie Groenevelt, or maybe /thanks to/ [in italics] their support.

Jan Nagel does not consider reasonable the idea of the PvdA turning the VARA into an instrument without a will of its own, " "Once we were asked if in The Red Rooster in front of the microphone we would recruit members for the PvdA, but we said at the time that we don't do that in principle. The only time that real pressure was exerted by the PvdA-top, was when the CPN [Communist Party of the Netherlands] last year conducted a campaign to maintain the purchasing power. Hoekstra was to explain the CPN view. No one influenced us at the time, but one did feel the pressure from the PvdA-top. One could feel the tension. Within the team of The Red Rooster, the entire left spectrum is present, from myself who belongs to the left

wing of the VARA, to someone like Wim Bosboom, who stands on the other side. I would not like to call The Red Rooster the FC/[expansion unknown] Den Uyl as is sometimes heard."

Jan Nagel has the looks of a coercer; piercing eyes, had movements of the director who does not tolerate contradiction. A man who molds people to his hand, manipulates them; who grows through the increasing esteem of his success formula.

A completely different figure is Wim Bosboom. He speaks quietly and thinks before he says something. A dependable factor within the team. He is also able to see things in perspective. The thought of reading the newspaper DE TELEGRAAF still makes many VARA collaborators shiver. Wim Bosboom says: "I like to read it for my work. I am exempted. Even if politicians in The Red Rooster are being put through the grinder, it is done in an acceptable way and they feel themselves at home here. Van Riel was in his element, especially when he was being opposed. Hans Wiegel was a little nervous and so was Kruisinga the first time. In order to put him at ease I said to him: 'we'll have to try to get through it together, Mr Kruisinga.'"

Wim Bosboom comes from a Christian reformed background; his father was a minister. Maybe from that he derives his frank look in his eye. Instead of socialist, Bosboom calls himself "left-realist" or "social-democrat." In 1961 he came to the VARA as director-editor of "Behind the News." He started his career in the media as cameraman with Multifilm. The left wing in the VARA abhors him as a reactionary! "For one more guilder he'll go to the TROS"/[expansion unknown] they say in the radical circle.

Felix Meurders doesn't seem to belong heart and soul to progressiveness either. As a diskjockey he gets around very well in the world of the super-capitalist record industry. He is a terror to pluggers of record companies which he at will uses or throws out. He is a member of the PPR [Political Party of Radicals] but, as a colleague of his says: "It does not mean much. It is more progressive bragging than anything else." In The Red Rooster Meurders is often brought in when the program becomes too serious; at such a moment Meurders breaks the loaded atmosphere with an often somewhat waggish-sly tone.

The female element in the presentation of "In the Red Rooster" is in the hands of Leonie van Bladel and Nellie Frijda. Nellie Frijda originally was an interviewer, but her presentation was not always very discriminating. Originally her name was Nellie Wiegel; precisely the woman who acquired the name "red shrew in hell" with her interpretations of revolutionary texts by Jaap de Merwe, she turns out to be a distant relation of the liberal group leader [Hans Wiegel]; although it is not clear what the relationship is. Despite her revolutionary stamp, Nellie Frijda is not one-sidedly oriented. She read the Bible for the Ikor-television; she played the role of "Crazy Piet" in a movie of Pim de la Parra. In sharp contrast with socialist principles she once played a role in a prize-winning commercial movie by

Peter Stuyvesant. Divorced from her ex-husband Professor Nico Frijda, psychologist at the Free University of Amsterdam, she lives in the Artis neighborhood in the capital. Her earnings at "In the Red Rooster" (introduction, Red Rooster song and closing) are just about her only source of income. "One who works at this program is contaminated. Not only with other broadcasting stations, where they don't want me any longer because of the Red Rooster work, but also with the VARA itself."

Leonie van Bladel is the most important opposite pole of Wim de Bosboom. She shows herself as a mild type, is friendly but never desisting in an interview. She is former secretary of ex-journal chief-editor Simons. She wanted to go into journalism, but Simons did not consider it necessary. She works as a free-lancer for different programs with Ikon and NOS [expansion unknown]. With respect to politics she qualifies herself as pink. "I am a PvdA member. But I think one should try to separate one's party-political preference from journalism. "In the Red Rooster" is directed toward political consequences. It scores. But there are limits. I don't think one should break people. Some political tactics are behind that. I also think that at this moment one should certainly not make political underdogs. It is not good to make [Minister of Justice and leading CDA candidate] Van Agt an underdog now. He will get votes through that. I also believe that polarizing in itself does not start a thinking process. It scares many people away. I am still noticing that red in politics acts as a red flag on a bull. I thought that fear had disappeared, but it only seems that way. My contribution to this program confuses a lot of people."

One of Jan Nagel's show pieces is the social-geographer Maurice de Hond. This co-signer of the bureau of inquiry Cebeon (Center for policy-advising inquiry d'Ancona and De Hond) makes use of the figures of the weekly NIPO [Dutch Institute for Political Inquiry] election polls. He adds the NIPO figures and works with a monthly random sample of 4000 interviewees. The Hond pretends that his figures are more exact than the results of other bureaus, partly because not only the question "for what are you voting" but also the question "for what did you vote last time" appears in the poll.

The corrections then made by De Hond make the results "more exact." Until now, De Hond, soon re-baptized as "Rooie Hond" [Red Dog], was a rather unknown figure. Jan Nagel lifted him from anonymity. It is interesting that at the VARA the game is played by a limited number of players. They help each other. Jan Nagel is a good relation of parliamentary fraction chairman Ed van Thijn; the latter lives with Hedy d'Ancona, who runs the inquiry bureau with Maurice de Hond. Ed van Thijn bought a building in Amsterdam for half a million guilders and rented part of it to the firm Cebeon.

Maurice de Hond says: "I am sure of my case. I cannot afford a slip. It was thought: 'those polls of De Hond are a VARA trick to throw sand in the eyes of CDA. I challenge everyone to prove that I am playing false!'"

"In the Red Rooster," seen from the outside, is the VARA's radio program which is most in the foreground; representatively it certainly is not. There is no clear line. Rather moderate in tone of late is the Saturday information

program ZI. Final editor Wim Kayzer answers the question whether ZI is also drenched through with the VARA identity: "In the VARA there are easily 16 philosophies on socialism. We do not concern ourselves only with the problems of the workers, but also with the over-30-thousand [guilders] group. I don't find it so bad when the VARA doubts its own identity. I am not a man who swears by anything which will bring socialism. I even identify more easily with 19th century liberalism."

The current-events radio programs "Things of the Day" and "In the Red Circle" have a completely different spirit. A somewhat conservative VARA contributor says jokingly about: "Things of the Day:" "If it were up to the editors of "Things of the Day" the people's republic of the Netherlands would preferably be proclaimed already today. These days they have a so-called editors' garden. Dogs walk around in it. And virtually all the editors of "Things of the Day" wear camouflage suits. I believe they are ready for the revolution."

"In the Red Circle," a combined current-events program and news game, is on the wave length of "Things of the Day." Because of the somewhat dumb game --"Please bring along: a wind egg, a roasted banana and a socialist thought"-- the aggressive message is somewhat weakened. In "Things of the Day" that message usually comes through loud and clear. A specimen of reporting: conversation between a VARA reporter and a strike leader. The former: "So the strike will simply continue?" Strike leader: "Sure, as long as we have the boss where we want him." "And is that possible," resumes the reporter, "with the boys who the past 2 weeks continuously had to be at the front, or will new troops have to be brought in?" The strike leader reassures the reporter that no new troops have to be mobilized. The "Things of the Day" collaborator in his involvement became completely wrapped up in the strike slogan of the FNV, the union federation. A form of journalism bordering on pamphleteering.

The brains behind this approach is Dr Karel Roskam. He studied law at the Free University of Amsterdam. In 1959 he was in South Africa. In 1960 he was awarded his degree with the thesis: "Interracial relationships in the Union of South Africa and the International community." Roskam's intention to establish himself in South Africa was defeated by that country's government. After his publications, he was refused a visa. Roskam still wanted to go to Africa: he went to Nigeria and worked there as a history teacher. He wrote the column "Afrikaantjes" for VRIJ NEDERLAND. His opinion and popular front ideas are very dominant in the wording of "Things of the Day." Former editor, currently quiz-master Willem Ruis last week in the VARA guide on Roskam: "One had that influence through that VARA. One had that collectively to fall back upon. You had Karel Roskam to fall back upon and because you had him to fall back upon, you knew how you ought to think about South Africa." The "Boomerang" program has been shaped on a similarly pedantic last. The intent of the program is to critically follow the press. Only, one forgets any trace of self-criticism. Behind this program is the old VARA contributor Gabri de Wagt, for 31 years in service with the

broadcasting company, somewhat of a civilian Father Leopold Verhagen. In his boomerang team some sourly self-impressed people have the word: New Line editor Wim Klinkenberg, HP [HAAGSE POST] editor Aad Nuis and ex D'66 [Democracy '66] party chairman Ruby van der Scheer. The unshaded criticism of "Boomerang" adopts more than once an insulting character; not long ago the VARA had to offer excuses to the TROS because a VARA collaborator had launched the clause that the TROS, TROSCOMPAS, ACCENT and DE TELEGRAAF formed an extremely-right --not to say fascist-like -- block in Dutch information. The VARA had to quickly swallow that remark.

Within the VARA the Information (INFO) group forms a virtually autonomous radical element. The collaborators of the VARA TV-current events programs are much more conservatively oriented. Who are the progressive tastemakers in television? The line is roughly marked out by the figure of Hans Jacobs, chief final editor of "Behind the News." A program which in the late 60's elicited praise as well as indignation. When the then chief Herman Wigbold is called to Rotterdam in 1960 to save HET VRIJE VOLK, "Behind The News" remains moribund behind. At his entrance Hans Jacobs, who harbors an impressive fear of authorities, said that he hoped passionately that in the Netherlands at some time the period would start when he could call [former Prime Minister] Biesheuvel "Barend" and Lammers "Han." Jacobs had started his career in journalism at the CPN party-organ "DE WAARHEID." In January 1965 Jacobs came to "Behind the News" as director-producer, snatched from HET VRIJE VOLK by Herman Wigbold, after he had worked there for 17 years. Herman Wigbold never engaged anyone when there wasn't a healthy basis of 10 years of journalism behind it.

Despite an improvement in the presentation with the recruiting of W. L. Brugsma and Philip Freriks, the old level of "Behind the News" broadcasts was never reached again. The only stunt of "Behind the News" fresh in memory, was the time when it was "proven" that it is very simple for a saboteur to cause a catastrophic accident in the nuclear reactors of Dordrecht and Borssele. The broadcast had hardly gone on the air when editor Joop Daalmeyer was accused of having supplied "erroneous and misleading" information on safeguarding measures. For some time already, Daalmeyer -- thus determined the directions of the nuclear reactors -- had been aware of the fact that the stoppage of the cooling water supply did not mean that the nuclear reactor remained devoid of cooling. The fact that in the program the suggestion was evoked that sabotage to the cooling water buildings could lead to a serious accident had to be blamed on a modification which had turned out to be necessary in the mounting of the item, answered Joop Daalmeyer. . . . And thus the only conspicuous theme of "Behind the News" last year ended as a dud.

Joop Daalmeyer came from in-house; before his "Behind the News" time he was editor of "Things of the Day." Further, former PAROOL city editor Han Polak figures in the team; within the "Behind the News"-formula Amsterdam topics primarily are his share. At HET PAROOL he was sent into the inner city on quiet days with the announcement: "Look over some fences; maybe you'll find a topic." This tactic is still being followed by "Behind the News" in the case of Polak.



His colleague Philip Freriks has also worked at HET PAROOL; before that he did incidental work for the VPRO [expansion unknown] as Paris correspondent. In the same capacity he wrote featherlight pieces for AVENUE. In the spring of 1974 he was asked by the editors of "Behind the News" to come to the nerve center in Hilversum. But Philip Freriks also lacks the riches in ideas and the creative power to give "Behind the News" new momentum.

Hans Jacobs and adjunct-director television Ben Elkerbout, formerly Jacobs' prodigee but by-passing the master at full speed, entertained big expectations from Brugsma, former chief editor of the HAAGSE POST. Hubert Jussen at one time opened the book on Brugsma's "leftist" involvement. "Mr W. L. Brugsma was appointed by me at the time (as chief editor of the HAAGSE POST). During his interview, which took place at my home, I asked him in the presence of his wife and other witnesses whether it was true that he was rather leftist-oriented. Mr Brugsma emphatically answered in the negative to this, referring to his background, among other things. His father was a career officer with the Dutch Navy and his mother, who was still living in Aerdenhout, was an adequate guarantee for his conservative, right-of-center philosophy," according to Hubert Jussen.

Brugsma lives in a remodeled farmhouse just outside Vught in Brabant. He is married to a Polish princess, Basia, who breeds Shetland ponies and dogs. He owns 4½ hectares of land and, besides for the VARA, also worked for the AVRO, the NCRV and the NOS. When Brugsma was offered a post as commentator, he stipulated that he had to work only on Monday, the broadcast day of "Behind the News." Hans Jacobs and adjunct-director for television Ben Elkerbout, came to an agreement on the salary, which is between 60,000 and 70,000 guilders. This amount met with fierce opposition by two editors, but their opposition was in vain. Furthermore Brugsma is picked up at home by car with a chauffeur and is at night brought home again. Brugsma himself refuses to drive a car on grounds of the environmental pollution which results from the use of cars. Besides, Brugsma is connected with Elseviers Publishers as paid advisor and organizer of the symposiums to be organized by the concern. While Jan Nagel says about TROS current-events chief Wibo van de Linde: "That is the face of TROS and that is ultra-right," Brugsma judges Van de Linde as a "special TV personality." While DE TELEGRAAF is still taboo with VARA members of the old brand, Brugsma says: "DE TELEGRAAF is completely indispensable to me." Besides: "I always wanted to become socialist. I never succeeded. I see myself rather as leftist-liberal."

Brugsma and Freriks are also in the commentator team of the light program "The Hague Circles" which aims at being a counterpart to the successful "In the Red Rooster" once a month. But "The Hague Circles" suffers from anemia as does "Behind the News." The third commentator, VRIJ NEDERLAND editor Joop van Tijn cannot fill the gaps. Joop van Tijn is no more known as a dynamic socialist spirit than Freriks, Brugsma or the docile Den Uyl supporter Hans Jacobs. Before he landed in journalism, he studied history

for 4 years; he was a member of the editorial board of PROPRIA CURES. He was never a stranger to opportunism. Before the marriage of Crown Princess Beatrix and Claus he stuck anti-Claus posters on buildings, but after Beatrix and Claus had given a press conference, Joop was the first to direct a thank-you note to the couple. Joop was fiercely anti-TELEGRAAF for many years, in the VRIJ NEDERLAND tradition. Still, he had no scruples about taking on for his account, in exchange for a nice sum of money and in the deepest secrecy, the New Year's Eve supplement of DE TELEGRAAF -- all by himself. He also was often seen at parties of jet-set king and cigarette magnate Alex Orlov -- also a far from socialist-inspired company.

Neither on the radio nor in television can a clear political course be ascertained. The director of the radio section, Jo Smit, has no idea of what happens under his responsibility. Everyone can go his own way under that management. In the television section a similar situation dominates. Director Piet te Nuyl has succeeded in no longer making any decision of any importance since the late 50's. A committee of Good Services, which concentrated itself, in the dragging identity crisis, on the problems of the VARA, concluded that the body of directors of the VARA did not function. A recent report of the VARA chief administration supports that view. The directors lack clarity as to tasks, objectives and responsibilities. The VARA is not only struggling with an identity crisis, but also with an authority crisis. In that atmosphere the authority vacuum within the socialist broadcasting system takes on grotesque shapes.

On Saturday 9 April "The Red Rooster" will once again crow victory. Jan Nagel and his people do not lack a vision of the task of the socialist broadcasting system. But in the stiffly turning propaganda machine a single faultlessly functioning little wheel is wasted energy. There has been deliberation in the VARA and PvdA-top on a course of action to be followed in the election period. But it did not work. From sheer necessity it was agreed that in the VARA programs no damage will be done to the socialist ministers in the cabinet just resigned. A non-aggression pact of the most cowardly kind. In "King Client" for example, until 25 May it will not be asserted that the progressive government has never done anything about consumerism; in "Boomerang" it will not be asserted that Minister van Kemenade contradicts himself all the time. The VARA functions as a propaganda machine which doesn't dare take any initiative -- a stiff mechanism which will accompany Joop den Uyl on the way to the red dawn of the socialist welfare state. Even though possibly it will bother him more than comfort him.

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GOVERNMENT INCOMES POLICY CHAOTIC

Amsterdam ELSEVIERS MAGAZINE in Dutch 7 May 77 pp 43-46

[Article by Onno Reitsma: "Incomes Policy - (Minister of Social Affairs) Boersma Disqualifies Himself"]

[Text] The incomes policy in the Netherlands has become a chaos in 4 years time. This was diagnosed by the one most responsible for the incomes policy, Dr J. Boersma. Of course Minister Boersma used a somewhat more ministerial terminology in his speech for the International Economic Association in Noordwijk. He did not speak about "chaos" but about "lack of coordination."

It is a good thing when a -- resigned -- minister of social affairs, looking back on 3½ years of progressive incomes policy, dares admit the misses aloud. But then it does make a strange impression that he obviously had to learn about those misses in the press. Literally Boersma said in Noordwijk: "In recent publications, cases are described in which the marginal pressure which results from decreasing of rent subsidies, study allowance and the like rises to an excessive height, in some cases to over 100 percent." The minister thereby alludes to a study of the Tilburg fiscal expert Walenkamp, published in *ECONOMISCH-STATISTISCHE BERICHTEN* [Economic Statistical Reports] and later mentioned once again in *ELSEVIER*. Popularly translated, Walenkamp's study comes down to the fact that one extra guilder may come out being terribly expensive to one. And that through the uncoordinated interaction of income tax and (the falling away of) rent subsidy and study allowance. Whereas the income tax works via a sliding scale, rent subsidy and study allowance suddenly stop with absolute incomes amounts.

After that diagnosis Boersma made a plea for more coordination within the cabinet with reference to the incomes policy. The fine sentences in fact came down to: It's about time there were an end to the carrying-on of Secretaries of State [for Education and Housing] (Klein, study allowances and Van Dam, rent subsidy), who of their own accord are pursuing a bit of incomes policy. Not even mentioning all sorts of lower authorities, in particular municipalities, who also think they can give the leveling

additional shape through levies and subsidies. Example: the municipality of Haarlem, which relates the dog tax to the income of the dog owner. Thus numerous examples can be mentioned.

Of course it is terribly nice of Minister Boersma that at this (election) time he raises the admonishing finger to state secretaries and lower authorities, but simultaneously he disqualifies himself therewith. Ultimately he is and remains the one most responsible in that area.

In this light Boersma's coordination solution seems half-hearted. After diagnosing that the problem "can only be solved through a fundamental rejection of all elements which are of importance for incomes forming" he takes a step backward again: "What has to be first is that each minister must be responsible for his policy, also for the incomes-political aspect of it."

Speaking about this with Dr W. Drees of DS '70 [Democracy '70], the latter reacts straightforwardly: "I find that ridiculous. The incomes policy ought to be a matter for two ministers, those of Social Affairs and Finances, possibly supplemented by the one of Interior Affairs for the share of government personnel. And then the rest of the cabinet has to keep hands off that policy. Otherwise you end up again in the current situation in which each minister, on his own and according to his own views, formulates a little bit of incomes policy with the result that no expert, let alone an ordinary citizen, knows where he stands. That's where we are now. You can see it around you in practice."

"Take a family with studying children living away from home. The parents suddenly have extra rooms in their house and decide to rent them out. Then -- they think in their innocence -- they will be a little better off. But it is very well possible that because of that extra rent-income they lose their study allowance the first year and their rent subsidy the next year. Because, once again those allowance and subsidy regulations work with various criteria and amounts." Thus said Mr Drees.

Criticism of the DS '70 parliamentary fraction leader for that matter does not limit itself to this particular area. Drees, former top-man of Finances, condemns the whole jungle of regulations which ultimately were to lead to the "more just distribution of incomes." His opinion: "If one already has a progressive income tax, one can no longer find a single argument for other progressive levies, whether it applies to children, houses, ships or whatever. For there are two possibilities: either the progress in the incomes tax is sufficient to get rid of too large net incomes differences, or that progress is insufficient. If one comes to the latter conclusion, one has to increase the -- already very heavy -- marginal tariffs. And that's precisely where it hurts for the left side of the PvdA [Labor Party]. They either cannot or will not understand what Hofstra, [Minister of Finances] Duisenberg and other experts have already demonstrated repeatedly,

namely that the stretch has gone from the tariffs of the incomes tax. That there is no room for further increases. Thus those people think they can get out of it with the little dodge of negative levies (allowances, subsidies, coupled to income). Because those levies escape one's observation to a great extent. Even that of Parliament. For although regulations such as those of State Secretaries Klein and Van Dam are indeed submitted to the Chamber for approval, the Chamber does not really participate in the decision-making thereby, other than with a bill. A bill is discussed in the parliamentary fractions, afterward possibly amended. But with regulations such as study allowance and rent subsidy you can at most come forward with a motion. If the state secretary puts it down beside him, you can still bring out the big guns and submit a motion of no confidence, but it never goes that far in practice. Although it does concern extremely drastic items of incomes policy."

"An extremely confusing matter. For centuries there has been fighting over the tax levy, great discussions are being held on matters such as separate tax for the married woman and the rent value forfeiture, but with regulations which can have much more far-reaching consequences for individual incomes, State Secretaries such as Van Dam and Klein one afternoon just take a ride across all of the material." Thus said Mr Drees, whose party wrote down its own vision of an incomes policy under the title "Space and Income."

The subject "income" these weeks is very high on the agenda. The fact that the elections are on the threshold does not seem to be foreign to it.

Thus economist Professor Dr A. van Doorn gave a nice little number before the Rotterdam Erasmus University on "sawing planks from thick wood" [taking drastic action when needed]. That happened during a panel discussion with the entire social-economic triangle of the Den Uyl cabinet, Ministers Duisenberg, Lubbers [Economic Affairs] and Boersma. Van Doorn: "When the cabinet began, it named as a great economic objective the pushing back of inflation and the promotion of a more just incomes distribution. As the fight against inflation produced less and less success, the cabinet seemed to dig more and more into the objective of incomes leveling. In his book "The Stagnant Society" Michael Shanks proposed already in 1961 that the interest in income distribution in the United Kingdom had become an obsession. That obsession he considered the most important symptom of the disease of which the United Kingdom was suffering: so much time and attention was spent on distribution of the booty that the hunt was being neglected. In the United Kingdom the combination of leftist political force majeure and great union power -- the socialist-syndicalist complex -- has led to a serious stagnation of the economy: the British disease. In our country the progressive policy amounted to a typical "labor-like" character; it was directed toward increasing the power and the income of the labor factor at the expense of the capital factor. In this limited respect the policy perhaps has been too successful. Nowhere in the European Community are the labor costs of workers and employees in industry as high as in the Netherlands. That may be nice for leftist people, it is bad for employment opportunity and the investment climate and disastrous for the productiveness of enterprises."

"In leftist propaganda the conception 'just incomes distribution' is being narrowed in a more and more inadmissible manner to 'alienating justice.'" The exchange justice -- wage according to performance -- more and more disappears from the field of view. Jan Blokker (columnist of the VOLKSKRANT --ed.) remarked recently that in our country only one taboo remains: earning over 25,000 guilders a month."

Thus said Professor Van Doorn who hardly let himself be hampered by scientific nuances. Duisenberg in his reaction: "Mr Van Doorn dares permit himself more in a scientific argument than I myself in an election speech." Meanwhile Boersma, out of exasperation, showed the entire color spectrum from green to yellow. And he was unloading it on the poor, artificially hairy head of Dr Drees on the other side of the panel when the latter remarked: "Someone who likes horses, breeds horses. This cabinet likes weak groups. Thus this cabinet breeds . . . . . ." Right through the fun of several hundred students and scientific collaborators Jaap Boersma quipped: "Yes, I know a few like that too. Mr Drees was for a while in the Biesheuvel cabinet, and it collapsed. Mr Drees was for a while in the parliamentary fraction, thus that collapsed. Mr Drees was for a while at the university . . . . . well, . . . ." And as a reaction to the cutting work of Professor Van Doorn, Boersma gave the following "Gillette" treatment: "I value it in Mr Van Doorn that he did not even wish to create the /semblance/ [in italics] of a fair judgment of this cabinet policy."

Thus there's something to laugh about with respect to an incomes policy of which little by little no one can calculate the ultimate consequences any longer, but which in any event has madly decreased the incomes differences in our country. On the one hand by creaming off the top, on the other hand by hefty accelerations of the minimum wage and the minimum youth wage. In 1972 the relation between minimum wage earners of 23 years and older and the highest paid wage earners in industry and service institutions was still 1:4.8. In '76 that difference had decreased to 1:3.9. With the marginal note that in that relation the absolute salary top, which however only comprises  $\frac{1}{2}$  percent of the wage earners' pyramid, has not been included in it. The president-director of a multinational still receives something over 4 times the minimum wage. Boersma is not against that, however: "I am not concerned with getting rid of incomes differences. I am concerned with getting rid of /unacceptable/ [in italics] incomes differences."

The mayor of Amsterdam, André van der Louw -- annual salary around 200,000 guilders -- sat all the way in the back of the auditorium. He didn't say anything. For that matter, no one asked him anything.

8700  
CS0: 3105

## NORWAY

### LIBERAL PARTY HOLDS NATIONAL CONFERENCE

Also AFTENPOSTEN in Norwegian 25 Apr 77 p 24

[Article by AFTENPOSTEN's Correspondent Arild Isegg: "The Liberals Want To Protect Mountain Areas and Say No to the Energy Policy"]

[Text] The main elements in the Liberal's energy and resource policy, as they appear in the party's program for the next parliamentary period and in resolutions which have been made in the national meetings this weekend, can be summarized as follows: Termination of the agreement with the International Energy Agency, IEA. No to any preparation or starting of test drilling north of 62° latitude during the next session of parliament. No to giving out new blocks in the North Sea before the protective measures have been better developed. No to planning and development of nuclear power stations during the next five years. Protection of Hardangervidda with the Dagali and Veig water courses, as well as Jotunheimen, Finnmarksvidda and Saltfjellet. The Liberals also want to decentralize public and private oil activity and strengthen the tax authorities to make sure foreign oil companies do not escape without paying taxes.

In a letter to the government the Liberal's county teams in Finnmark, Troms, Nordland, Nord-Trøndelag, Sør-Trøndelag, and Møre and Romsdal say that the catastrophe at the drilling platform "Bravo" should make the government stop and think before test drilling or oil activity is started in new areas.

For the national meeting, which was concluded today, the North Sea accident was a pure injection of vitamins with the relevance it gave the treatment of the energy questions. It is especially in these questions that the Liberals line up as a green party, who want to create a society in equilibrium with sensible use of the resources. The glow was obvious from the moment when the news about the accident became known yesterday morning.

Many sceptical voices were raised against speaking up so fast about the government's parliamentary responsibility for the North Sea accident without the delegates having had an opportunity to get enough information about what had happened. The party chairman, who in a comment during the early morning hours went even further than the party's statement on this point, emphasized the seriousness and the great dimensions of the case and the government's responsibility to see that such catastrophes do not take place. The driving force behind this statement, Arne Haugestad, swept aside all talk about carefulness and exhorted the audience to pull themselves together. He asked, "If we are scared of shadows now, how will it be when we get into a seesaw position?" This, and a slight reformulation, turned the scales.

After this national meeting the Liberals appear as a more united, disciplined and self-conscious party than it has ever been since the split at Roeros. This is explained by the party chairman by saying that the party is in the process of finding its ideology, and it is recruiting on this basis, namely the equilibrium economy - "the glue" as Rossbach calls it. But still he could not hold out expectations for his friends in the party for anything but "blood, sweat and tears" for the party to be able to win in the election.

In spite of joint stands, the differences between the opinions during the debate could sometimes go quite deep, even in the question about the party's basic outlook. Traditional dividing lines showed up when the national meeting with 73 against 67 votes rejected the formulation by the national board in the program proposal that the Liberals are a radical, social-liberal party, which works with a point of departure in "a Christian value-base and in humanistic principles." The last few words were replaced with "Christian and humanistic values," thus an equality. In the argumentation on this it was cited that a Liberal party can not put an outlook on life down in its program, while representatives from southern and western parts of the country spoke up for a Liberal party built on the Christian value base, and about the chords which must not be touched because old Liberals honor them highly.

The Liberals stand by the Christian paragraph on goals for the nine-year school, but will give space for training in an alternative outlook on life. In the abortion question the national meeting voted against only one vote for the compromise to let the new abortion law stand until more experience has been obtained with how it works.

The national meeting unanimously passed a point in the program saying that the Liberals want to secure an equitable distribution of the income by reducing the income growth for those who earn considerably more than the average. In a statement sent to the party's Labor Committee, this was defined to mean that increases in real wages for incomes of more than 80,000 Norwegian kroner are not accepted and that any capital exceeding 250,000 must be taxed progressively.



In the program adopted the party also goes in for lowering the voting age to 18 years, increasing public grants to underdeveloped countries to at least 1.7 percent of the gross national product before 1981, support for the liberation movements in South Africa, Rhodesia and Namibia, and total trade boycott of these countries until they have introduced majority governments, under the assumption that industries which suffer because of the boycott be given compensation. The party's endorsement of continued NATO membership was approved with 90 against 33 votes.

8958  
CS0:3108

## NORWAY

### CP PAPER DISCUSSES NORTH SEA BLOWOUT

Oslo FRIHETEN in Norwegian 25-30 Apr 77 p 24

[Article: "The Information Committee Demands a Debate on Safety Principles. IEA Pressure May Give More Blowouts"]

[Text] The IEA secretariat is now in continuous negotiations with the Norwegian Government about increasing the oil production along the Norwegian coast. The negotiations are kept secret, but it is known that IEA shows special interest in starting oil production from specified oil fields south of 62° latitude as soon as possible, according to a statement from the Information Committee about IEA in connection with the oil catastrophe which is developing in the Ekofisk field.

The catastrophe which is now developing in the Ekofisk field shows with frightening clarity that Norwegian oil protection preparedness in no way satisfies necessary minimum requirements. We demand that a broad debate be carried out on the principles of safety in oil activities on the basis of what is required both from crews, organizations and equipment for handling an oil catastrophe effectively.

With regards to the Statfjord field, a free blowout may lead to a considerably larger oil spill than we are now experiencing from Ekofisk. The Oil Directorate believes that a free blowout from Statfjord may result in an oil spill of 1 million tonnes of oil.

The probability for the type of free blowout which has occurred now is of a considerably smaller order of magnitude than the probability for a free blowout during oil exploitation.

One consequence of the Ekofisk accident must be that the plans for starting production from the Statfjord field will be stopped. Of equally great importance is the fact that the exploration permits on the so-called "gold blocks" south-east of Statfjord will be revoked.

It must be clarified that in no way can Norway follow IEA's plans about increased oil production in the North Sea. IEA's recommendations about reduced environmental requirements in order to increase the energy production must be rejected most firmly.

## NORWAY

### NORWEGIANS CONSIDER RAISING TAXES OF SVALBARD SOVIETS

Oslo AFTENPOSTEN in Norwegian 28 Apr 77 p 12

[Article: "The Russians on Svalbard Live in a 'Tax Paradise'"]

[Text] The 2,300 Russian mineworkers living on Svalbard live in a "tax paradise," from a Norwegian point-of-view. Each individual pays 6 Norwegian kroner per month in tax to Norway, which is 72 Norwegian kroner per year. This rate has been unchanged since 1955, according to the information AFTENPOSTEN has received. In comparison, it can be mentioned that Norwegians pay 4% tax on their wages; when it is added to the social security tax, a total of 10% is deducted from the wages of a Norwegian mineworker. Nominally the Russians have considerably lower tax than Norwegians on Svalbard.

This is related to the fact that the wage system for Norwegians and Russians are widely different. Norwegians have mineworker wages as on the continent, while the Russians operate with a completely different wage system and with a bonus arrangement. The Russian mineworkers on Svalbard earn quite as much as their colleagues on the Soviet continent.

But they do not get the money paid out in the normal way: the mineworkers book what they "buy" in the two Russian mining villages on Svalbard, Barentsburg and Pyramiden, such as clothes, shoes, food, beverages and equipment for the family, etc. This is subtracted from the wages they are paid when they return to the Soviet continent after a two year period. A fair amount of money is waiting for them then.

According to the principle about equal treatment in the Svalbard agreement, negotiations have been carried out several times with the Russians about a tax arrangement for them too which would be similar to the Norwegian arrangement. But they maintain that this would involve "practical difficulties." Not until 1933 did one arrive at an arrangement with a tax of three Norwegian kroner per month per employee. The Russian mining company explains this. This amount was doubled in 1955.

The question about raising the Norwegian's Svalbard tax is continuously being considered by the Norwegian tax authorities. The last thing which

happened was that the tax council for Svalbard, which is being managed by the former supervisor in Oslo, Karl E. Torgersen, last fall took up two relationships:

First of all, the tax conditions for the Soviet airport personnel in Longyearbyen, so that this could be brought into line with the rest of the population in the area. Then the question was taken up about the evaluation of the coal shipping, the so-called "coal tax." The Russians and the Norwegians from Svalbard produce approximately the same amount of coal. The Soviet mining company Trust Artikugol in 1974 paid 237,275 Norwegian kroner in "coal tax," while the amount for Store Norske was approximately twice as high, 478,505 Norwegian kroner.

The Russians believe that the values of Norwegian and Soviet coal are not comparable because the price one gets for it is different. The tax council has not received any reply from Trust Artikugol.

The two companies also pay tax on capital and income. In 1974 Trust Artikugol paid 7,000 Norwegian kroner in tax on capital and 44,170 Norwegian kroner in tax on income. For a comparison it may be mentioned that Store Norske Spitsbergen Kulkompani paid 34,000 Norwegian kroner in tax on capital, but no income tax because the operation is running with a deficit.

The total tax from Svalbard last year was 3,237,538.52 Norwegian kroner. In accordance with the Svalbard agreements this money will not go to the continent, but must be used on Svalbard and is included in the so-called "Svalbard budget" which amounts to 18.5 million Norwegian kroner this year. The difference is listed in the books as a deficit and is covered by a contribution from the Norwegian treasury.

8958  
CS0: 3108

## PORTUGAL

### REVISED CODE OF MILITARY JUSTICE TAKES EFFECT

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Apr 77 pp 15, 17

[Article by D. A. P.]

[Text] In accordance with the stipulation in the Constitution of the Republic of Portugal, Article 293, No 2, the Revolutionary Council has completed the revision of the Code of Military Justice [CJM] and the Regulation of Military Discipline [RDM], with the express purpose of reconciling the documents regulating the application of justice in the military community with the principles contained in that constitution. In effect, it would be strange if various parts of the CJM and the RDM that have been replaced had survived, in total contradiction to the new law approved by the nation's representatives, thus creating an area of incomprehensible exception for one of the nation's institutions, namely the military community.

Both of the documents that were relegated to the realm of history last week had, with minor alterations, survived successive generations of the military and, more notably, successive political regimes. The CJM dated back to the time of King Dom Luis, or more precisely, 1875, when many changes were introduced in the Prussian rules bequeathed to the Portuguese Army by the Conde de Lip. As for the RDM, its roots dated from 1913, although, as had the CJM, it underwent substantial changes in 1925, especially in the chapter on minor [infractions]. But none of the eras that the old documents have passed through has been so turbulent as the last 3 years, at least from the standpoint that concerns us here.

Whether it was because the changes in regime that had occurred up to then had never involved the military so fully, or because all the ideologies that were involved in the various clashes had left the military institution intact and its social function undisputed, it is certain that only after 25 April were the hierarchy and its juridical supports challenged inside and outside the barracks, perhaps even by some who were protected by them. The famous RALIS [Artillery Regiment of Lisbon] pledge of allegiance illustrates what we have just said, not so much by what it was as, above all, by what it renounced. It could be said that the dispersion of

power thus provoked the indecisiveness at the top of the possible hierarchies, hence nullifying the force of any order, which, as the facts demonstrate, has always constituted the meaning of authority. The RDM that has now been approved expresses the same opinion, although in another context and in a different light, when it states: "The Armed Forces constitute a community within the society that contains them; thus it is inevitable that they will always be influenced by the social environment that surrounds them."

The two documents approved by the Revolutionary Council thus come to fill a void that has been observed in practice within the military judicial system, considering the difficulties that the implementation of the former documents have encountered in recent times. Further, the new texts do not entirely ignore the experience gained in 3 years of conflict, or the inadequacies of the ones they have replaced. But without any doubt, it is their reconciliation with the text of the constitution which is the most important characteristic of the articles they comprise. We would even say, of the principles on which those articles are built.

#### Nature of the Crime Determines the Court

The keynote of the new CJM is set by the radically different dimensions in which its text encompasses military justice, as determined by the constitution in force. In effect, according to Article 218 of the constitution, it is not the agent of the crime that determines the forum in which it shall be judged, but the nature of said crime. "Thus the military," the preamble to the CJM concludes, "will not answer for common crimes to their former special forum, but before the ordinary courts, like any other citizen. Hence also the civilian who violates the higher interests of the Armed Forces, as consecrated by the constitution, shall be subject to the jurisdiction of the latter."

The incompatibility of the constitution with the former CJM did not end with the definition of the scope of the various courts. It also happened that certain standards, like the prohibition of the death penalty in time of war, the limitation of detention to a period no greater than 48 hours, the jurisdictional nature of preventive arrest, the preparation of a suit as a judicial prerogative and "habeas corpus" were elements that were still unknown to the military system of justice, although some of them, namely, the death penalty, had long ago been banned [sic] from the general legislation of the country. The introduction into the military code has thus meant a complete change in the penal system in force in the armed forces. But there is more. As a result of the judicial character imposed on the preparation of charges, the rules for prosecution also had to be reformulated. Thus the action of the military judiciary authorities is restricted to the police investigation of the crime, and even in this case through specialized organs. For their part, and in the same spirit, the Military Judiciary Police are no longer under the Revolutionary Council, but have come to be directly under the chief of the Armed Forces General

Staff, functioning in conjunction with the traditionally competent echelons.

In sum, we could say that the most significant differences between the old and the new CJM as seen at the level of trial procedure, as the accused is granted possibilities of defense equivalent to those that are consecrated in international law today, notably in the countries of Western Europe, which tend to become the model for the Portuguese institutions. In this aspect, perhaps the most important addendum is Article 372, which states that "against illegal detention or imprisonment by order of the military authorities and tribunals, it is lawful to demand of the Supreme Military Tribunal the protection of "habeas corpus," a provision that may be demanded by the individual himself or by any citizen in possession of his political rights."

Respecting the definition of the nature of crimes, there is no change whatever, except for the revision or deletion of a paragraph or two. The code itself justifies this position, declaring in the preamble that "it would be useless to reformulate this definition in advance of the studies that are still in progress on the reform of common penal and trial law. When published, these codes will necessarily influence those of military justice."

Finally, the chapter on penalties, in addition to general reductions in their length, verifies the abolition of the penalties of death and of exile, which have remained in force up to now, although they are no longer practiced.

#### Few Changes in the RDM

More than the CJM, the RDM has been the target of the most varied protests, although many of them were merely emotional, or a circumstantial tactical resort. This is the only code known to the great mass of soldiers, which is why even a short while ago it was a rare barracks wall that did not bear the inscription: "Down with the fascist RDM." Unlike the unfamiliar CJM, it has paid the price for its unpopularity, and so it happens that, as explicitly stated in Article 3 of the new regulation, its scope is limited to "any breach of military duty that does not qualify as a crime, as defined by the CJM."

But in spite of all the contention, if we coolly read the regulation that is now approved and the "fascist RDM," the last version of which was issued at the time democrat Manuel Teixeira Gomes was president of the council, we verify that the differences between the two texts do not go much beyond the simple deletion of one or another standard that is more or less anachronistic.

"It was thought suitable," the preamble to the RDM confesses, "to observe certain practice rooted in the old tradition in which, humanized, the

principles of rank and authority stand out as prior assumptions for the dynamic and conscientious spirit of mission."

Here, too, what stands out is the intent to provide for "a broad and complete defense of the accused." And it will be perhaps from this standpoint that the most important change is introduced, to wit: "In matters of discipline, jurisdiction over punishable acts is vested in the Supreme Military Tribunal." In explanation, the RDM adds: "On one hand, this provides an organ that is constitutionally vested with sovereign power, that is objective, impartial and independent, whose composition guarantees a better technical preparation of the material, and on the other hand it prevents the normal sequence of military justice from being broken. Further, it would be contradictory to empower this organ to hear the most serious infractions of discipline in the criminal area and to deny it this competence in matters of an identical nature, but of a lesser degree."

In corroboration of the above-mentioned intention to "provide for a full and complete defense of the accused," the superior councils of discipline also emerge in somewhat altered form. They are now merely advisory organs, to aid in insuring the justice and security of the final decisions of the executive. At bottom, it is the councils' repressive character and judicial nature that have been abolished, a true "legal institution for the defense of the accused within the scope of the military administration" having been decreed in their place.

However, in contrast to this line taken by the new document, the penalties it provides are seen to be more numerous than those already in existence, introducing the penalties of compulsory reserve and compulsory retirement.

In the chapter on military duties, an innovation should be noted, which is actually based on circumstantial [ad hoc] rules that have sought to restrict elements of the armed forces for the last 3 years. It has reference to the political conduct of these elements, and has been worded in rather more precise terms than the corresponding article in the regulation that has now been replaced. While the previous regulation forbade the military to attend "rallies or any other public meetings involving matters of a political nature, except in the exercise of parliamentary functions," Article 4, Paragraph 13, of the new RDM begins by requiring that the military maintain, "in all circumstances, a rigorous nonpartisanship," and goes on to forbid members of the regular army to affiliate in groups or associations of a political nature, and to forbid those who are fulfilling their service obligation to engage in political activities with [sic] due authorization.

These are the most noteworthy lines of the two documents, whose accommodation, more or less, to the new era in Portuguese society will now be put to the test. As the RDM says of itself: "It will best be judged by its application in practice." For the moment, one thing is certain: it will not be easy to invoke the "historic circumstances" under which the



documents were drafted, as is occurring with respect to the constitution, in an attempt to revise their more innovative paragraphs. It remains for us, then, to await not only the adjustment of the new codes to military realities, but also the reverse, that is, the adjustment of the military to the new codes.

6362

CSO: 3101

## PORTUGAL

### PORT OF LISBON COSTS TOO HIGH OWING TO INEFFICIENCIES

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Apr 77 p 16

[Article by Jose Amaral]

[Text] Low productivity, poor organization and management of loading and unloading operations, the excessive use of manpower in each operation and structural deficiencies in the installations: these are at first glance the basic elements that explain how the Port of Lisbon can be one of the most expensive ports of Europe with respect to the cost of shipping per ton.

The present costs have been associated with the decline in the volume of traffic, which has been sharpening since 1972. According to shipping agents, they also justify the reduction or suspension of the stops in Lisbon on the part of the international maritime companies, which at the moment are not encountering the best technical conditions here for their operations either.

In our contacts with various individuals connected with the sector, some representing particular interests and others in opposition to them, we have heard some of the reasons for the present situation, always according to viewpoints that are determined by the spokesman's role in carrying out port activities.

Although they are contradictory in important aspects, the statements of official sources, the General Administration of the Port of Lisbon (AGPL) and various union groups associated with the sector will help the reader to familiarize himself with the complicated web of problems generated by the use of the country's major port.

In spite of everything, at least they are agreed on one point: it is essential and urgent to restructure the entire organization of port activities. The present administration is not economically sound, owing to the waste of resources and inflated costs. Incidentally, a task force was formed recently, with the participation of the government, the unions and the AGPL, to attempt this nationalization.

### Some Specific Data

According to a recent study elaborated by official agencies, the cost per ton moved hourly by a "turn" (a team usually comprising eight workers) is today higher than those registered at the ports of Hamburg, Rotterdam, Hull and Antwerp. It is estimated at 546.40 escudos for loading operations and 409.50 escudos for unloading operations, calculated on the basis of a cost breakdown of 30 percent for materials and 70 percent for labor.

It is also important to mention that in the foreign ports cited, where the general expenses (including wages) are much higher, the pace of the loading and unloading is much faster, almost double that observed in Lisbon. Just as an example, Commander Catanas, of the AGPL, told us that in loading and unloading containers, Lisbon uses 13 men to do the work that is performed by just one man in most European countries.

On the other hand, the official document declares that "the monthly wage levels for port workers were higher, on the average, than those paid in other professional categories, with wages registered above 40,000 escudos in some months. It also states that "the cost per ton handled by firms that work with national ship companies (SOCOMAR and SONATA) has more than tripled in the last 3 to 4 years," and this is partly explained by the annual cost of port labor, "today over 770,000 contos."

Each worker is paid 460 escudos for 8 hours' work between 0800 and 1700 hours, with an hour for lunch. After this hour, a new shift can be employed until midnight. There are also periods of extraordinary labor, from midnight to 0200 hours, and from 0200 to 0700 hours.

However, wages do not constitute the only expense in the use of the port. Ships entering Lisbon must pay anchoring and docking fees, and must also pay for the use of lifting equipment and warehouse space.

Although elements connected with the unions and the shipping agencies think these rates, which have been increased, are high, Commander Catanas assures us they are extremely low, very much lower than those in effect at European wharves.

The cost of using the port facilities is usually charged to the ship owners by the shipping agencies that are responsible for the onshore enlistment and organization of all the loading and unloading services, including contracting for the labor force. The agencies thus act as "intermediaries" in port activities.

### Accusations Against Unions

Manpower is distributed for the duties that "come up" each day (stowage, transport and checking, basically), directly by the port unions, which are thus "managers" for their own members.

This arrangement, which is criticized in circles connected with the government and the shipping agencies, is now felt by the workers' organizations to be undesirable, according to statements made to us by Alexandre Goncalves and Jose Lino, of the Federation of Port Unions.

The workers are contracted for indivisible periods of 8 hours, regardless of the volume of labor or the time needed to perform it. Hence it is possible for a worker to be paid for an entire period when he has actually worked only 4 or 5 hours. According to shipping agents, these workers may later be contracted for further work (from 1700 to 2400 hours, for example), receiving another 635 escudos, once more without putting in the formal ("da praxe") 8 hours. This explains wages like 30,000 escudos, although the vast majority of workers would have great difficulty earning this amount.

According to individuals in the sector, the union leaders, who are also felt by some workers to be "antidemocratic" and "manipulative," make deals with some individuals, giving them preference, to the disadvantage of the "unprotected." Finally, the shipping agents make a point of stressing that the work of the port is performed at a very slow pace, "often to justify the need for overtime."

#### Accusations by the Unions

The constant fluctuation in the volume of work, which varies with the irregular ship arrivals and departures, is one of the aspects that seriously hampers the national management of the utilization of the labor force. This factor makes it possible for shipping agents to grumble about the scarcity of manpower during peak periods, while union and official sectors feel there are too many workmen per team.

Equally, the worker who goes every day to the Casa do Conto, abiding by rules that are more reminiscent of the slave trade, for many days of the month has no guarantee of work. He finds himself doing whatever comes up. To ensure a minimum wage for every member, the unions have demanded that the firms contribute an amount equal to 5 percent of the wages paid, to build a guaranteed wage fund, from which 10,400 escudos is to be paid to any member who appears 20 days in each month at the Casa do Conto. The unions would like to put an end to this situation of "uncertainty."

The individuals of the Federation of Port Workers with whom we spoke told us that as part of a plan for reorganizing the sector, provided the government guarantees full employment to their members, they will accept work by shifts, and they demand fixed hours and set wages, probably on the order of 13,800 escudos a month. On the other hand, they refuse to continue to manage the labor force.

According to the information we received, there is thought of creating a national agency to orient port activity. It would be directed by representatives of the government, management and the workers.

The directors of the federation also told us that there has been agreement to take more than 100 individuals into each union, which could solve the problems of some of the "street men": workers that were not admitted to the union, who are employed by the firms when manpower is short.

There is also a plan to study the possibility of the gradual retirement of workers who are elderly or in precarious health, who would give their place to other workers. The union elements, who call the accusations against them "lies" and "slander" ("Only at the top of the ranks could anyone be earning those 30 or 40 contos."), consider themselves politically independent. ("We have never gotten mixed up in things like 'Inter' or 'Open Charter'.") They are only interested in struggling strictly on behalf of the professional classes under their stewardship. ("Many of us are socialists, and this has not prevented us from fighting the government when necessary.")

While they point out the extreme harshness and risk in port work, the union leaders say that the shortcomings of the firms and the deficiencies of the Port of Lisbon, in the facilities and the regulations that govern them, contribute to the level of productivity, which they recognize as low.

The reduction in force, which they feel is not easily compatible with the admittance of the "street men" in the unions, the rationalization of the utilization of manpower, the introduction of new techniques: these are mentioned by the union elements as important points in overcoming the crisis that is occurring today.

Vivaldo Branco and Joaquim Martins, of the Workers' Commission of the AGPL, absolutely confirm the importance of the reorganization of labor for the reduction of general costs. Without denying the importance of this aspect, Vitor Costa, a member of the provisional directorate of the National Union of Workers of the Port Administration and Associations, calls attention to the present inefficient management of the port, and the outdated nature of the regulations (the organic law dates from 1947). At the same time, he approves of turning the AGPL into a public enterprise, after a thorough reorganization.

6362

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## SPAIN

### FORCES OF PUBLIC ORDER TO BE REORGANIZED

Madrid YA in Spanish 15 May 77 p 19

[Text] The expanded information from the Council of Ministers contains an important topic: the report by the interior minister on the studies performed pursuant to the agreement by the Council of Ministers on 26 January of this year concerning the bases for a possible reorganization of some aspects of the forces of public order. These studies will be delivered to the General Directorates of the Civil and Security Guard.

The main guidelines of this projected reorganization reflect the desire to improve and further develop the current personal, professional, technical, economic and social conditions of the forces of public order and their corresponding services, in accordance with the respect they deserve because of the important mission that has been entrusted to them in serving society and because of the services they render in defending the public peace and order, as an essential support for the normal development of the community.

#### Professional Training

The criteria behind the reform are based on the following principles:

- Assert the ongoing professional training of the forces of public order in service to the national community and the state, under the orders of the government.
- Stress the dedication of the General Police Corps to its specific missions by relieving it of all administrative functions.
- Reassess the income levels and study programs in the schools of the General Police Corps and the Armed Police, as well as everything connected with their **teaching** methods, adapting them to the new political situation.
- Create within the General Police Corps a technical branch of **officials** at the level of university graduates, preferably lawyers, reserving 75 percent of the spots for personnel from the corps itself; this will also include specialists in medicine, psychology, explosives, etc.

## Creation of a Policewomen's Division

--Creation of a policewomen's division

--Keep the systems of theoretical and practical professional and technical training up to date on an ongoing basis.

--Reconsider the current territorial and personal distribution of the forces of public order, in light of the country's new socioeconomic needs and the progressive concentration of the population in urban and industrial areas. The Armed Police will operate in cities with more than 20,000 inhabitants and in other areas of unrest or areas near crowded metropolitan districts.

--Devote special attention to the modernization of anti-riot equipment and material.

--Duly renovate the quarters of the Armed Police and especially of the Civil Guard by providing them with services and facilities that they deserve.

--Intensify social policy measures by providing the members of the forces of public order, especially among lower ranks, with easier access to state promoted housing, by furthering their access to all types of social security benefits, by establishing a policy of cooperation with the state in the education of the children of officials, with a view towards their joining police corps, and by encouraging access to rest and recreation facilities, the development of which should be promoted by the forces themselves.

## Neighborhood Police Stations

--Create neighborhood police stations and services in large cities and reestablish night watchman services, and maintain proper cooperation between the police of the local administration with the forces of public order.

--Guarantee, in any situation and under any circumstances, the provision of public services, with the possibility of cooperation, when needed, from military authorities.

--Reassess civil protection standards.

--Reassess current regulations for the prevention of holdups against banks and other savings and loan institutions in order to bolster the operational means for protecting the custody and transportation of funds, the installation of adequate security and warning devices, the establishment of protection controls and the steady reduction of private guards as these technical procedures so permit.

## Weapons Control

--Modernize the current arms and explosives regulations by eliminating several special permits now available; control hunting and sporting weapons; reassess the requirements and conditions for authorizing the possession of gunpowder and explosives deposits by assigning jurisdiction in this area to the General Directorate of the Civil Guard.

--Prevent the falsification of vehicle license plates through the establishment of a new and more effective system.

--Create a new system of issuing national identification papers that will be impossible or difficult to forge; the implementation of this is pending publication of the law that will establish the new charge for issuance.

--Reassess current legislation on issuing entrance and exit visas for aliens, with a view towards the problems of work permits and activities by aliens that could affect the public order.

--Modernize regulations concerning public spectacles by including within them sporting events, in view of the various incidents that have occurred during the same, especially soccer matches.

## Special Anti-Terrorist Squad

--Create a special anti-terrorist squad.

--Deal with the various economic and financial crimes in everything connected with the national economy (counterfeiting, capital flight, etc)

--Improve security conditions in public services, especially airports.

--Examine the modernization of regulations on the use of weapons by the forces of public order.

--Continue worldwide cooperative exchanges through periodic contacts, encouraged by meetings between the interior minister and his colleagues in other countries.

--Maintain the Ministry of the Army's current jurisdiction over the Civil Guard Corps.

## Mail and Telecommunications

The interior minister also reported on the studies that his ministry and the Finance Ministry have been doing on a possible new institutionalization of postal and telecommunications services, the needs of their personnel, which the electoral process has now intensified, and the need to steadily balance out postal and telecommunications services with new rates.



There was another report on the delicate economic situation of city governments, which will make a special credit operation advisable, aside from boosting the income possibilities of local corporations, in order to handle the deficits as of 31 December 1976 and the gaps between expenditures and revenue that could occur this year. City governments will also be provided a share in gambling tax revenue.

#### Electoral Credit

The resolutions of the Finance Ministry include a royal decree-law creating the registry of notifications mentioned in Article 44 of the royal decree-law on election regulations. The registry will list credit for electoral purposes granted to political groups by financial institutions so that the latter can obtain directly from the state the subsidies that can later go to the parties, pursuant to the electoral law.

A third decree by the Finance Ministry regulates the pay of personnel in institutional or autonomous administrative services. The basic pay of these officials will be established in accordance with their level of education, their administrative rank and length of active service. At the same time the various categories of complementary benefits are also set down.

#### Help for Farmers

The council approved a series of resolutions from the agriculture and labor ministries that are of particular importance for Spanish farming.

With regard to assistance to offset the effects of the frosts this past March and April, and aside from the aid being ordered and furnished by various organizations and ministries, it was decided yesterday to provide the Farm Loan Bank with supplementary credit and to authorize the signing of agreements with savings and rural banks so that they can grant loans to farmers, whose overall losses amount to some 10 billion pesetas.

These loans will be granted to farms that were severely hit, as determined by the Agriculture Ministry's technical services, in particularly damaged areas. The loans will be identical in conditions and amount to the loans that were granted because of the drought and hail damage last year; they will carry a 4 percent interest rate for the farmers, with a 4 year amortization period, the first year being exempt. The loans have maximum amounts based on number of hectares in order to assist family farms primarily.

#### Improvements in Agrarian Social Security

With regard to social security for farmers, the maximum amount of taxable income that qualifies a farmer as a self-employed worker has been raised from 25,000 to 50,000 pesetas, which means a decisive broadening of

the scope of social security to the point that practically all farmers who directly and personally work the land are incorporated into the system.

There was another decisive move to bring social security benefits for self-employed field workers more in line with those for employed workers, by improving two of the three areas in which the differences were most evident. One improvement is the leveling of family allowances paid once and paid periodically (monthly allotment for wife and children), and the other is a substantial drop in what farmers have to pay for pharmaceuticals, from 50 to 30 percent of their cost.

In regard to the olive growing industry, the council is familiar with the sector's delicate economic situation, especially in the provinces that depend on it most, which were hard hit by the smaller harvest and the recent frosts. Therefore, an extension was approved for the acquisition period by FORPPA [expansion unknown] of all types of olive oil. The new deadline is 31 October, and in line with this, it was agreed to delay the monthly price increase until October.

In addition, in order to encourage consumption and regulate competition among the various kinds of vegetable oils, it was agreed to carry out a promotion campaign for olive oil consumption, to be handled by FORPPA, and an inter-ministerial commission was likewise created to regulate and control domestic sales of soy oil and other foreign-bought oils. Moreover, the council considered the recent measures taken to streamline the purchase of domestic oil by FORPPA.

#### Tourist Traffic

The air minister's report on air traffic noted that in April there was a 2 percent rise in airplane movement, a 5 percent increase in passenger traffic and a 13 percent rise in merchandise traffic.

The number of tourists who entered Spain in April, according to the minister of information and tourism, rose 9.1 percent over April 1976. The number of persons entering Spain last April was 2,148,974, while 6,266,590 entered during the January-April period, a 12.7 percent increase over the same period in 1976.

The Housing Ministry has approved a measure for the special plan to renovate lands affected by the railroads in Cordoba and to modify the general urban zoning plan in that city.

The expanded report mentions the appointment of Carmen Diez de Rivera as special adviser to the government president, leaving her post as director of the president's cabinet, which will now be filled by Alberto Aza Arias.

SWEDEN

MEMBER OF RIKSDAG, PER AHLMARK DEBATE CODETERMINATION LAW

Government Criticized

Stockholm DAGENS NYHETER in Swedish 16 Apr 77 p 2

/Text/ The codetermination law is being mutilated and the ideas behind the old "Article 32" are making a comeback. There is no longer talk about labor by way of collective agreements being able to achieve a position equal to that of the capital interests in production. This is what Member of Parliament Carl Lidbom (Social Democrat) writes in a critical examination of the government's proposal for a "clarification" of the codetermination law.

This year's collective wage agreement negotiations seem to be conducted under an unlucky star. The wage negotiations were turned upside down by decisions of devaluation and the increase in value-added tax. At the same time, the foundation is pulled from under the negotiations about codetermination for company employees.

April Fool's Joke

As a grim April fool's joke, the Labor Market Minister at the turn of the month March-April announced a bill which in his own words means a "clarification" of the new codetermination law and a granting of the wishes of the employees' organizations. The truth is that he has rejected the demands by the employees and that the changes in the law proposed by the government would limit the possibilities for giving the employees influence in the companies.

That which was to be "clarified" was the relationship between the codetermination law and the corporations law, among others. But instead of proposing, as the LO /Swedish Federation of Trade Unions/ and the TCO /Central Organization of Salaried Employees/ have demanded, changes in the law which might be needed in order to make it totally clear that the corporations law does not signify any obstacles to codetermination agreements, in its bill the government emphatically lays down that the codetermination law will have

to yield when it conflicts with another law. The parties in the labor market are forced to choose solutions "which do not imply that the company/employer renounces the possibility of assuming the final economic responsibility for the activity."

This is not exactly the crystal clear manner in which to indicate the limits of the freedom to negotiate. One thing is clearly evident from the bill: Not even with the consent of the employers will the employees be able to get guaranteed influence -- for example in the form of the right to veto -- over such essential decisions as temporary layoffs and terminations due to the lack of work, closings or moving of production, new investments and so on. And neither will the employees be able to completely trust the codetermination agreements in other respects. Because the company management is able to intervene in order to protect vital ownership interests. In reading the argumentation in the legal text, obscure in itself, one finds that this is what is meant by the talk that "the final economic responsibility for the activity" must lie with the company/employer.

#### Protective Wall

Article 32 is said to have been abolished. But the law is still meant to form a protective wall around the power of the capital interests.

The labor market minister is trying to console the employees that there are so many things over which they can obtain influence other than the central questions of company management. As an example, the principles for new hiring, the layout of introduction programs, the procedure and formalities for leaving the company are mentioned. Within an agreed-upon framework the employees could possibly even obtain influence over certain decisions with direct economic consequences: decisions regarding recreational facilities, lunch rooms, medical care facilities and so on.

This pat on the shoulder -- this friendly "Good Luck!" -- is followed in the bill by the assertion that the wage-earners actually do not want more influence than what is contained in the government proposal. The union demands are said not to aim any higher.

Not unexpectedly, the wage-earners' organizations have protested.

In a joint letter to the labor market minister, in which the bill is sharply criticized, the LO and TCO jerk the government out of its delusion. The final words in the letter are laconically clear: "Limitations of the right to reach codetermination agreements are not supported by union opinion."

It remains to be explained how the labor market minister has managed to get hold of his negative line. Per Ahlmark and the Liberal Party ought to have felt committed to the attempts through the years to appear as the special champions of company democracy. We know that the Liberal Party has hesitated in the face of the thought of giving the wage-earners influence through the ownership of capital. But one of Per Ahlmark's big slogans has been that work should confer a basic right to codetermination in the companies.

## Legal Thinking

It is possible that the position of the labor market minister has to do with the fact that he has not been able to understand the inherent conservatism in the legal thinking. When the lawyers in his own department and in the legislative council have explained to him that it is not possible to go any further without a total revision of the corporations and business enterprise law, the law for economic associations and so on, he may perhaps have believed them. But that it is "impossible" in the language of the lawyers does not mean that there should be a constitutional barrier against resolving the problems of codetermination and corporate legislation in favor of the interests of the wage-earners. Our constitutional laws do not contain any regulations which constitute an obstruction to extensive influence by the employees of the companies.

To a lawyer it is natural to point to difficulties and inconveniences which can arise through new legislation. But it is the task of the politicians to determine which inconveniences they want to accept and which they do not want to accept. In this case the question can be formulated thus: What is most important? To protect the codetermination law and see to it that the wage-earners can trust the concluded codetermination agreements? Or to obtain guarantees that the wage-earners will not on occasion abuse their influence in the companies to the disadvantage of other interested parties?

The bill means that the government considers it more important that stockholders and creditors are protected against every imaginable risk of unpleasant surprises than that company democracy is allowed to grow freely through agreements between the parties in the labor market. It does not trust that the employers are strong enough to defend the capital interests by themselves.

### Has Ahlmark Capitulated?

There may, however, also exist other explanations for the negative attitude of the labor market minister to the viewpoints of the employees. Already during the parliamentary debate on the codetermination law last year the Center Party and the Moderates were negative to the thought that the employees would obtain influence in company management questions. Per Ahlmark has perhaps had to capitulate to more conservative colleagues in the government.

Or else the explanation is simply that the company-democratic ambitions of the Liberal Party after all do not extend beyond questions of comfort and similar matters. For ideological reasons one does not want to start nibbling on the economic power of the capital interests.

But whatever the true explanation may be, the result is discouraging. The codetermination law is being chopped up and the ideas behind the old Article 32 are revived. There is no longer talk of labor by way of negotiation being able to gradually achieve a position in production equal to that of the capital interests.

## Ahlmark's Rebuttal

Stockholm DAGENS NYHETER in Swedish 3 May 77 p 2

/Text/ "The necessity to show some consideration for, among other things, the valid corporation law does not imply taking a position in favor of the idea that legislation in the future should look like it does today." This is what Labor Market Minister Per Ahlmark writes in a rebuttal of Carl Lidbom's criticism of the government's view of the relationship between the codetermination law and the corporations law (DAGENS NYHETER, 16 April).

In a debate article in the DAGENS NYHETER on 16 April Carl Lidbom criticized the government's bill regarding the relationship between the codetermination law and the legislation for corporations.

The background for the current government bill is that Parliament, when the codetermination law was adopted last spring, demanded a clarification of the difficult legal problems which are caused if direct decisionmaking powers are transferred through codetermination agreements from the employer to representatives of the employees. The task has been to analyze how influence and power will be distributed and what is to be valid in the question concerning responsibility for the decisions which are made and the measures which are carried out.

It is now established in the government bill that "extensive and important codetermination agreements can be made without there being any doubt at all as to their position as fully binding agreements." In the bill the principal outlines are also indicated of how codetermination agreements can be constructed which are designed to provide effective influence for the employees and which simultaneously are manageable from the legal point of view.

It is this which Lidbom describes as the government's now having destroyed the foundations for the negotiations about the right of codetermination for the wage-earners. The truth is, Lidbom further says, that I have rejected the wishes of the wage-earners and that the government now proposes regulations which limit the opportunities for giving the employees influence in the companies.

### False Description

Lidbom gives a false description of what is written in the bill. By an amendment to the codetermination law the government, in line with wishes by the employees' organizations, wants to clarify that in collective agreements regarding codetermination it is possible to determine "that decisions which would otherwise be made by the employer are to be made by representatives of the employees or by a specially created body of partners."

Lidbom asserts that I have been deluded by lawyers in the legislative council and in the department into forcing the employees to try to seek influence over things other than the central questions of company management. But in a comment on the statement by the legislative council I say, on the contrary (p 108 of the bill):

"It is one thing that the corporations law and one other law contain regulations concerning the responsibility of the managing and acting company levels toward the company and its owner and that extensive codetermination for the employees must have a countereffect on the application of these regulations. Thereby is not said, however, that the regulations themselves must appear as an obstacle to the development of the right of codetermination for the employees. At the bottom of every discussion about codetermination in the company management area unavoidably lies the problem as to how the right to decide on issues of importance for the existence and development of the companies will be combined with responsibility for the decisions that are made. That codetermination in the end involves questions with this implication and of these proportions certainly does not mean that the road is temporarily closed for codetermination in the company management area, however. On the contrary, in this area one must believe that there is considerable room for agreements through which the company/employer assumes responsibilities of economic importance. This opinion was clearly expressed in the preliminary work on the codetermination law and should also be considered to be the foundation for the amendments to the law which are now proposed."

What I am saying here is in direct opposition to trying to prevent agreements in company management questions.

#### Stringent Regulations

Another thing is then that the corporation law, among others, contains stringent regulations which must be followed. This may concern the choice of managing director, economic responsibility, protection of the right to form associations and so on. The bill makes it clear that to the extent the employer intervenes in the decisionmaking of a body composed of partners or in decisions by employee representatives this can be done only in exceptional cases, and with the risk of damages for breach of the codetermination agreement. It is precisely the concept that the exact limits between the codetermination law and association legislation cannot now be defined but to a large extent, in Lidbom's words, "must develop" which causes the government to refrain from indicating the borderlines more precisely.

What Lidbom here criticizes or ridicules is in reality attitudes which the Social Democratic government also adopted when, with the responsibility of a lawmaker, it had to take a stand on the same issues. The labor market minister at that time stated (Bill 1975/76:105, supplement 1 p 529) that with the existing association legislation there are limits to codetermination and that "if the matter is brought to a head it may become necessary to ultimately calculate with a right for the delegating company levels to take back their right of decision" or that the right of decision for the

employee side can be determined "to be in effect within a certain framework established in advance." Ingemund Bengtsson's viewpoints at that time are now -- when they return in a bill from the present government -- described with the words that "stockholders and creditors are protected against every imaginable risk of unpleasant surprises" or as a pat on the shoulders of the employees.

#### Certain Consideration

That a certain amount of consideration must be given to, among other things, the valid corporation law does not mean taking a position in favor of future legislation looking the way it does today. As Lidbom observes, the Liberal Party has urged that labor should establish a right of codetermination at all levels of the companies. Therefore we have also for many years demanded that the corporation law should be rewritten from the bottom. It should regulate not only the role of the capital owners but be founded on equal positions for the employees and capital owners.

The former government and Carl Lidbom opposed such a thorough review of the association legislation. It is perhaps reasonable in the present situation to first gather a certain amount of experience regarding the implications of agreements based on the new codetermination law. But in the long run it is necessary and urgent that we get a corporation law in Sweden which fully takes into account the new role of the employees in the companies and which more clearly than today combines responsibility and codetermination.

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SWEDEN

#### AKP BUILDUP AFTER SPLIT WITH VPK

Lulea NORRSKENSFLAMMAN in Swedish 29 Apr 77 p 2

[Text] When the leaders of the Left-Wing Communist Party [VPK] through their irresponsible actions forced the split of the Leftist Party they had evidently talked themselves as well as the mass media into believing that they were dealing with a small, aging and dogmatic group which was a burden. The persons concerned have acted according to that standpoint since 28 February this year, when the initiative to reestablish the communist party was taken by responsible leaders in Gothenburg, Malmo and Eskilstuna.

During the two months which have passed since then, the picture which the VPK leadership has tried to create has been emphatically corrected.

NORRSKENSFLAMMAN could yesterday publish paid and signed greetings from around 5,000 people all over the country.

It is obvious to anybody that these people look upon NORRSKENSFLAMMAN as their paper and the Communist Labor Party [AKP] as their party. The overwhelming majority have not been afraid to publicly state where they stand, where their sympathies lie. Most of them, but by no means all, are party members. On the other hand, not all party members have sent greetings. A newly created party cannot control the organizational apparatus which makes it possible to reach every corner, each individual.

One may draw the conclusion that the AKP together with the Communist Youth League [KU], which is now in the process of being reestablished, has the potential to obtain 10,000 individually joining members before this fall's congress. The majority of these new members do not come from the VPK or the KU, but from the large part of the Swedish people who belong to no party and who have long been waiting to join a communist party and youth league. That trend of development is perfectly clear.

What kind of members does the Communist Party have, and what kind of people are attracted to the communist movement? Above all, they are workers of all ages. The number of women is high. A considerable number of young students have already shown interest, as have civil servants and men and women from

academic circles. Immigrants are also represented in almost every party organization.

All these people feel that they are joining a truly democratic party and youth league with firm leadership but no top dogs. Conscientious people who believe in equal rights, who feel that they can make their voices heard within their organizations and that the elected officials do not put on superior airs, have no problems with the so-called disciplinary questions.

Whenever there is a possibility for real discussion, they can all pull together to realize the decisions which have been made. And if the decisions are continuously put into practice, faults can be corrected quickly. It is in this spirit that the Communist Labor Party strives to apply democratic centralism.

The buildup of the AKP has happened with the speed of lightning. And it has so far worked better than anyone dared hope. The development has not been faultless, but the overall picture is decidedly positive.

Nobody has illusions that the road to further progress will be easy. The working class is exposed to terrible threats by those who control the economic life, the state apparatus and mass media, and it is quite natural that they will attempt to hit the communist party hard. They are making continued efforts to place obstacles in the way of the conscientious, organized and organizing vanguard of the working class. The said vanguard must feel a correspondingly great responsibility in order to be able to quickly develop the tools needed by the working class.

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SWEDEN

VPK 60TH ANNIVERSARY, ROLE IN POLITICS REVIEWED

Stockholm DAGENS NYHETER in Swedish 11 May 77 p 16

[Article by Ake Ekdahl: "Party Born During Times of Trouble and Hunger"]

[Text] The Left-Wing Communist Party [VPK] will be celebrating its 60th anniversary this weekend. Next to the Soviet party it is the oldest communist party in the world. Most of the European left wing parties were started around the same time, as a reaction to the Russian revolution of 1917.

The great anniversary meeting will be held in Folkets Hus in Stockholm next Sunday, where the party chairman, Lars Werner, will give a speech. But the anniversary joy will be curbed by the decline in number of voters. The party has not recovered after last winter's split. The new Communist Labor Party is also claiming to be the rightful carrier of communist traditions, and it will be celebrating the 60th anniversary with a commemorative speech in Medborgarhuset already on Thursday. There is little room for the expansion of revolutionary parties in today's Sweden. It was different in 1917.

Monday 14 May 1917 DAGENS NYHETER, in a short one-column article inside the paper, announced the founding of the Left-Wing Social Democratic Party. That was to mark the end of ten years' differences between the left wing and the right wing of Hjalmar Branting's social democratic party. It was simultaneously the beginning of the new communist party which was also destined to be torn by inner strife and splits up until today.

The previous afternoon 200 representatives from all parts of the country had assembled in Victoriasalen, Tunnelgatan 19 in Stockholm. They represented 35,000 members of newly founded leftist communities in the country, social democratic youth associations which had split with Branting, young socialists, syndicalists, anarchists, trade associations and Verdandi lodges. A very mixed company.

Many motives brought them together. Protests against the defense propaganda, dissatisfaction with Branting, hard times and hunger which were all fertile soil for the recently awakened revolutionary mood following the March revolution in Russia.

In C.H. Hermansson's book of interviews entitled 'Communists', published in time for VPK's 60th anniversary, a couple of communists who were members from the start say that "the military question and the minister socialism" determined their choice of party. Marxist theories were not discussed.

### Food Shortage

The war was raging in its third year. People were suffering from a shortage of food and money. The newspaper columns were filled with reports from the battlefields of Europe and news of food rationing and hunger riots.

The protests of the syndicalists in Vastervik soon spread across the country. Many have described the situation this red spring 60 years ago as being on the verge of an armed revolution.

In his book 'The Swedish Revolution' Sigurd Klockare likens the political forces to a Chinese box.

The outer box consisted of rightists and conservatives. Inside was a box of liberals and moderates. Then came the old social democratic party, and inside this the left wing social democrats and workers sympathizing with the actions of the syndicalists. Within the syndicalists existed a core of young socialists with partly anarchist and revolutionary ideas. These ideas warmed the closest layers, generated a lot of smoke but never exploded.

"The air was filled with revolt tendencies, a wave of liberated emotions was pouring forth," the liberal Arvid Grundel said.

### Fever Year

"The Swedish working class was living in a constant fever condition throughout 1917," Ragnar Casparsson said.

"We were almost walking on clouds, and even more so because the first Russian revolution was signalling the coming of a new world," Karl Kilbom wrote in his memoirs.

"If the whip of hunger is to lash out against us and our children we cannot in the long run be responsible for our actions." According to a report by DAGENS NYHETER the above quote is taken from a resolution made at a hunger meeting in Borlange.

The hunger demonstrations were spontaneous, and they were sometimes triggered by political initiatives.

The food export during the war emptied the Swedish storehouses. The profiteers and wholesale dealers made an enormous amount of money. The profits of the enterprises soared, the shares gave a dividend of 25 percent. It was a thorn in the flesh of the workers whose wages were frozen in a collective agreement

while prices were booming. The price per kilo of potatoes climbed from 29 ore to 87 ore in six months, until the government effected a price freeze. But without rationing. The result was that every single potato disappeared.

#### Mass Action

Mass actions made the rightist government and the landowners nervous. Many earnestly believed there would be a bloody revolution. In his memoirs Tage Erlander relates how a 1st May poster could create panic. "Bloody third May," the text read and was interpreted as meaning the day the revolution was to start. The purpose, however, was to remind people that this was the third May that the war was raging.

Hugo Hamilton, a non-socialist party boss, wrote in his diary 20 April: "An explosion may occur any time."

Branting's close friend Erik Palmstierna wrote at the same time: "A half-way mutiny is noted here and there among the military. Things have now gone too far for the masses to be repressed in the parliament building."

#### Protection

Non-socialist measures of protection were taken against the disturbances. The chief of police in Stockholm gave the black guard police protection and authority. The red workers' guard emerged as a countermove. Per Albin Hansson asked if they would also receive police protection. In parliament Branting forced the Swartz administration to discontinue the protection, and 1st May passed quietly.

Below are some notations from this turbulent spring:

10 March, the first Russian revolution

13 April, Lenin stops in Stockholm on his way home from exile in Switzerland to take care of the revolution. At hotel Regina in Drottninggatan he gave advice to the new leftist leaders Ture Nerman, Carl Lindhagen, Fredrik Strom, C.N. Carleson and Karl Kilbom.

"But Lenin knew that no proven, unitary and organized revolutionary force existed in Sweden, which could harness the spontaneous revolt of the masses and turn it into one decisive political action," Per-Olov Zennstrom, who recently died, writes in his anniversary book 'The Class Struggle'.

16 April all workers in Vastervik left their jobs. A resolution demanding that initiatives be taken to remedy the food shortage was delivered to the authorities. The syndicalists were behind this action. They took advantage of the political void which was created after the social democratic party split in February and lasted till the new party was formed. Karl Kilbom was busy with preparations for the congress. Z. Hoglund was imprisoned at

Langholmen for treason. He had started a peace congress with the purpose to counterattack the defense propaganda. The Vastervik strike soon spread throughout the country.

On 21 April, a Saturday, 10,000 workers assembled in front of the parliament building after work. The action had been planned in a hurry the previous night by the social democrats in each place of work. The Vastervik demand regarding the food shortage was read aloud. Branting spoke from the stairs.

The mass protests had to be absorbed, otherwise the social democracy would be overtaken by the new leftists. The occasion was given when Parliament that same day discussed the food situation.

16-28 April the hunger demonstrations were at a peak from Ystad to Adalen. On 24 April the Adal march gathered 7,000 people in the Nyland harbor area, in order to negotiate milk prices with the farmers. Band music and cheers for the revolution echoed through the air.

On 28 April the first forced purchases of bread were made at Seskaro. The demonstrations culminated in the Seskaro revolt one month later, where military forces were used on a starving public.

29 April the non-socialist protective privileges were repealed. A soldiers' and workers' council was formed during a meeting of the social democratic youth association the same day. That shook the government. "The difficulty in this situation is that we cannot trust the troops," the civil affairs minister whispered to a government colleague.

6 May Z. Hoglund is set free from Langholmen.

7 May the first workers' committee is formed with Branting as chairman. This is the social democrats' answer to the syndicalists' Vastervik committee and to the increased demonstrations activities of the new leftists.

13-15 May the new Left-Wing Social Democratic Party was founded.

The party was founded on the crest of a revolutionary wave, brought forth by a spontaneous mass movement against hunger and hard times. The driving force was the left-wing opposition among the social democrats, and with it almost the entire youth league.

#### Opposition

At the social democratic congress of 1914 the youth and Zeth Hoglund declared open opposition against the party leadership. Branting was accused of yielding to the rightist government, of coveting government positions with the liberals, of defense propaganda and of disregarding the ideas of the party program. In short: turning right.

The leftist opposition was revolutionary-minded and largely anti-militaristic. Hoglund and Ture Nerman had been indoctrinated directly by Lenin and Trotsky at the Zimmerwald conference in Switzerland in 1915. Against the will of the party and the Federation of Labor Unions, the leftists announced a peace conference the following year. The party answered with the so-called muzzle firmness, and Hoglund was jailed for treason.

After the fall of the Hammarskjold administration and its replacement by a new rightist government, Branting preferred to await the fall elections.

#### Agreement

At the party congress in February Branting had explained that the time had come to reach an agreement. The left-wing branch of the party must be stopped. One week later a leading left-wing group left parliament.

There was great enthusiasm among those who were assembled in Victoriasalen. But the political goals were one big mess. According to Sven Lindroth who was secretary at the new party's first congress, there was not a single Marxist in all of Sweden at that time. The ideological message was presented by a former liberal, the mayor Carl Lindhagen.

During a difficult time the workers' movement was split in three main branches: the reformists of the trade union movement who fought for the 8-hour workday, social democrats and social democratic leftists who fought for voting rights, the revolutionaries among the syndicalists and the young socialists.

[Sources: Mainly Sigurd Klockare's 'The Swedish Revolution 1917-18', Per-Olov Zennstrom's 'The Class Struggle' and the newspaper archives of DAGENS NYHETER]

#### Communists On Top 1944

The communists had an optimistic start in 1917. The party had 35,000 members. At that time the social democrats had 100,000 members, the majority of which had joined collectively. During the fall elections of 1917 the social democrats received 86 seats and the new leftists 11. During the 1921 elections the social democrats had 36 percent of the voters, the communists 5 percent. The communists reached the bottom in 1932 and 1968 with only 3 percent. The best results were obtained in 1944 with 10.3 percent. In the latest elections VPK received 4.7 percent.

Last winter the party was split after a 13-year long ideological struggle between a majority which wants an independent Swedish communism and a group which feels stronger ties with Moscow. The new Communist Labor Party, led by Rolf Hagel, will be constituted next fall.

The party has earlier suffered several splits and breakups; in 1921 in connection with joining Komintern and changing the name from the Left-Wing Social Democratic Party to the Swedish Communist Party.

One split occurred in 1924 when the Hoglund communists broke out, another in 1929 when the Kilbom communists went their own way and yet another in 1967 when the China communists broke free and formed the KFLM.

The change of name to Left-Wing Communist Party was made in connection with the political change of direction in 1964.

#### Gosta Bohman Refused VPK Discussion

Economy Minister Gosta Bohman [Moderate Coalition Party] refused to get involved in an exchange of words, first with VPK's Jorn Svensson, then with VPK's C.H. Hermansson during the parliamentary question time last Tuesday. Hermansson became enraged, and immediately after the question time was over he turned in a question to Prime Minister Thorbjorn Falldin, asking if Bohman is allowed to act like he did.

"Bohman has used this method several times before," Hermansson tells DAGENS NYHETER. "It is being nonchalant towards the government and the Swedish people. And it makes the institution of a question time meaningless. The questions are supposed to lead to an exchange of words, not be reduced to a mere recital of propositions and government explanations."

"I have therefore called a question to Thorbjorn Falldin's attention, asking to know the government's views on the question time," Hermansson says. "Among other things, I have referred to the constitutional background for the importance and purpose of the question time. Things like this did not happen in the former administration."

Jorn Svensson had asked a simple question about the devaluation of the Swedish krona, and C.H. Hermansson one about the sales tax increase. The economy minister read his written answers aloud, which were summaries of what the government had said earlier.

Jorn Svensson initiated a discussion, whereupon Bohman remained silent in his cabinet minister seat. The speaker had to declare the 'discussion closed'. The same thing happened when Hermansson's turn came. The usual procedure is that the cabinet minister exercises his right to speak at least once.

"The wage earners are paying for the devaluation," Jorn Svensson felt. The government instead favors the export capital which has made large profits over a long period of time, and which is besides state subsidized. As an alternative Svensson proposed import restrictions on luxury articles.



"What the government calls stabilizing policy is in reality initiatives that are aimed at the living standard of the major groups of wage earners," C.H. Hermansson said. By raising the sales tax the moderates have flagrantly broken the promises of tax reductions.

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SWEDEN

#### FALLDIN ADVOCATES TRIAL PERIOD FOR WAGE EARNER'S FUNDS

Stockholm SVENSKA DAGBLADET in Swedish 3 May 77 p 4

[Article by Margareta Artsman: "Falldin Wants Various Test Projects With Wage-Earner's Funds Up to 1980"]

[Text] Skara--Prime Minister Thorbjorn Falldin countered several Mayday speakers and again took up his proposal for wage-deducted savings in the companies in his speech to the Skaraborg Center Party in Skara on Monday night. Falldin proposed a trial period for 2 years up to 1980 when the final decision about wage-earner's funds and co-ownerships can be expected.

At an improvised press conference in the afternoon during a visit with farmer Gosta Carlsson in Kallby outside Lidkoping, Falldin declared that extraordinary circumstances are required for the government to intervene in the wage negotiations. At present, no intervention is being prepared, he said.

"The partners must be given time to arrive at a solution but I cannot deny that I am studying the development with a certain uneasiness and will breathe easily again when a settlement has been reached."

#### Different Types of Funds

In his speech in Skara in the evening, Falldin said that the establishment of a fund or wage-deducted savings in the companies is necessary if business and industry are to be able to expand.

The time up to 1980 ought to be used for experimental activity with various types of funds and more widespread wage-deducted savings. Society should participate in various ways in that activity, for example by fulfilling certain demands and thereby stimulating the savers. The demands can be stipulated in an individual contract with the employee and supplemented by union agreements.

The trial activity should also be shaped so that it can be applied both in the public and private sectors.

On the whole, Falldin took up the attitude of the entire government on different issues and countered with sharpness several Mayday speakers who maintain that the confrontation policy is taking place because of concern about the principles of parliamentarism and democracy.

This policy of pure dissatisfaction and confrontation does not correspond with the best traditions of the Social Democratic Party, Falldin said, and the change of course by the opposition occurs at a time when unity and agreement are needed in order to, among other things, solve the problems inherited from Social Democracy.

It is not possible to say no to an increase in the value-added tax and simultaneously emphasize the need for tightening the economy. The increase in the value-added tax has been chosen because it hits the imports, not the exports. It would have been worse to increase the tax surcharges on the employers. Such an increase, which the Social Democrats are still insisting on, would have a more adverse effect on the low-income groups than an increase of the value-added tax.

#### The Foreign Loans

Falldin also said that the foreign loans are the price we pay for being able to retain our high level of employment, but the Social Democrats do not want to hear about it when the government is criticized for an excessively passive employment policy and for the foreign loans. Two things which do not go together.

He pointed to other measures which are included in the government's so-called package, among others the 15 percent surcharge for construction without priority. It will have the same shape as in 1970-71 and since in most parts of the country there is extremely fierce competition for construction labor the exceptions will not be many.

#### Ranstad?

Earlier in the day Falldin met with provincial councilmen and municipal district representatives at the provincial executive board in Mariestad. Several questions were then put to him, among others regarding the municipal plan monopoly and the uranium mining at Ranstad. On 15 May the LKAB /Luos-savaara-Kiirunavaara AB/ will submit its application for a reduced project which includes research and development for 10 years and which will also result in the mining of 200 tons of uranium from 1 million tons of slate annually, according to information.

"I cannot comment on LKAB's proposal in advance," Falldin said. "We reject mining along old-fashioned lines but view with interest what may be the result of the test project with regard to the extraction of other minerals."

There is also a certain uneasiness in the province after the visit by Housing Minister Elvy Olsson, since she had hinted that the government

would be able to correct the municipal plan monopoly if the municipal districts make use of too much farm land for construction.

"We do not benefit from issuing prohibitions against building on farm land and then being forced to grant a great many exemptions," Falldin replied.

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COALITION GOVERNMENT NEEDED TO SOLVE ECONOMIC CRISIS

Stockholm SVENSKA DAGBLADET in Swedish 6 May 77 p 17

[Article by Fabian af Petersens: "Only a Coalition Government Can Solve Economic Crisis"]

[Text] "Sweden must get a coalition government, if we are to solve the economic crisis!" This was stated on Thursday by the "company doctor" Ulf af Trolle.

"The government is backing the concept that a boom is on its way, but instead it runs the risk of seriously damaging the economy," according to Ulf af Trolle.

It was harsh words and no jokes which Ulf af Trolle delivered at the annual meeting of the Engineering Industry Association on Thursday.

The Opera Terrace in Stockholm was filled to the last seat. Two hundred managers (of which two were women) of Swedish engineering enterprises listened fascinated to the doctor's prescription.

Trolle completely rejected the government's policy of tightening the economy. "It is the same medicine which Gunnar Strang prescribed as early as 1971 and 1972. At that time, the cure was able to achieve a balanced foreign trade and a greater foreign exchange balance, to be sure at the price of high unemployment."

"But the situation is completely different today," af Trolle determined. Sweden has lost its lead in technology and quality over the foreign countries, we have an enormous cost gap due to the collective wage agreements for 1975 and 1976 and we have tied the Swedish crown to the D-mark.

It is thus impossible to solve the problems of today with Strang's old patent medicine. On the contrary, we risk destroying that which kept Sweden going during the year of trouble, 1976: a sound domestic market with buying power.

"What Sweden needs is not ordinary economic policy shaped during "political slugging matches," af Trolle warned.

"What is needed is on the contrary a planned policy for business and industry!"

The professor predicted that the present economic policy will not last beyond the turn of the year.

"It is my sincere hope that we will then realize that we can only solve the problems through a long-range policy in close unity," Ulf af Trolle said and pleaded for a coalition government.

He pointed out that today we lack fundamental instruments for the economic policies, among others correct statistics on the export development (in which the high proportion of imports today is not reported).

Calculations of the national income also contain serious sources of errors, af Trolle established and made a mental experiment. Suppose we close down ASEA [General Swedish Electricity Corp.] and let the employees get positions as department heads in the public sector.

That would then be registered as an increase in the GNP (gross national product), af Trolle said and cast a knowing glance at ASEA's managing director Curt Nicolin.

The engineering industry will be the flagship of Swedish industry in the future as well, even though the Japanese right now are making great inroads, in, among other fields, numerical machine-tools, in which Sweden was at the top just a few years ago.

But we cannot only back a high level of technology and superior quality, af Trolle noted. In that, other nations have already caught up with our lead. If we are to maintain full employment we must also make simpler products at the right price.

"We must adjust so that we can continue to live with the overwhelming majority of our employed people in ordinary, technologically simpler industries, with isolated excursions into more advanced technology."

"We must stop deluding ourselves with the nonsense, which ordinary people make the most of, that we Swedes have special, innate preconditions for advanced technology," Ulf af Trolle said caustically.

"Today, we must put the question to ourselves what it may be that entitles us to maintain a higher standard of living than for example the Germans, with their far better preconditions in almost every instance, except that they are not Swedes."

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SWEDEN

## LOWER LIVING STANDARD FORECAST UNAVOIDABLE IN 77/78

Stockholm SVENSKA DAGBLADET in Swedish 6 May 77 p 5

[Article by Bo Ostlund]

[Text] It is today difficult to see how the average Swede will be able to avoid a lower standard of living in 1977-78.

When Economy Minister Gosta Bohman last Wednesday, together with Budget Minister Ingemar Mundebo, introduced the supplementary proposition he had hopes of keeping the general standard of living intact. But without having access to the unknown X of this calculation, which is the settlement, things look gloomy despite that hope.

Now as so often before those who do best are the 'ascetics', meaning those who neither smoke, drink nor drive a car and therefore feel the impact of the hard times to a lesser degree.

Families with children receive various forms of compensation, but in cases where the parents smoke and keep a big family car it is very doubtful if they can maintain an unchanged standard.

Despite reduced income tax on the positive side, the negative side with all its items is still much longer, at least in the account which SVENSKA DAG-BLADET is presenting today.

### Positive

The following items are strengthening our economy at present:

#### Reduced Income Tax

This means a lot. Last fall's tax settlement gives the average wage earner (50,000 kronor annual income) 2,050 kronor more to spend. The person who makes 70,000 kronor gets 2,350 kronor and he who makes 35,000 kronor gets 1,000 kronor.

### Increased Child Support

The child support will increase from January 1978 with 300 kronor annually per child to a total of 2,100 kronor. To a family with two children this means 600 kronor more per year, a total of 4,200 kronor.

On the positive side must also be counted the fifth week of vacation and the tax scales which will be protected from inflation from the beginning of next year.

The pensions have already been adjusted and will be increased halfway through this year.

Certain housing subsidies will be increased on a level with the consumer price index (the state as well as the township one).

### Negative

The below items are weakening our buying power:

#### Higher Sales Tax

The sales tax will be increased by 3 percent 1 June. This will hit us all.

#### Higher Township Taxes

It has not yet been determined, but most economists have earlier this year predicted an average of 1 krona (SAF, among others, predicted this).

#### Price Increases

The inflation rate has been 6 percent so far this year, but it is expected to reach 10 percent before the end of the year. The present price freeze may give a more favorable effect, but this cannot yet be registered.

#### Higher Insurance Rates

A heavy item on the household budget which has become even heavier. Home owners' policies have risen by an average of 40 percent, and car insurance policies are in some cases shockingly high. An extreme example is fast sports cars, for which the annual premium is 9,600 kronor without bonus! Car insurance premiums are very variable. They depend on the insurance company, on how much the car is being used, on geography (where the owner lives) and on the type of car. There are certain discounts for teetotallers which regular non-drinkers may not enjoy etc.

#### Higher Automobile Tax

It is presently increasing by 75 percent. The percentage rate is the same for all cars, but the biggest ones will be the most expensive.



### Higher Point Taxes

This item includes for instance wine, spirits and beer. Beverage taxes increased by 18 percent 1 May. Even tobacco has been levied with 20 percent more.

### Higher Rent

The sums and pay periods vary, but the average increase is 13 percent.

### Increased Oil Prices

This item is included because it influences the housing expenses for everyone who owns a home. The oil prices will soon be increased again; if not before then at least after the oil countries' price meeting which will be held in Saltsjobaden this summer.

### Higher Rate for TV License

80 kronor for color TV, 60 kronor for black and white.

### Agreement

It is impossible to make estimates based on the discussions which have taken place so far. The mediator indicators in the LO-PTK-SAF struggle cannot serve as a reliable basis for further estimates because experience proves that the end results after local negotiations and possible individual restrictions may turn out to be very different. The best way to find the answer to the results of an agreement is to study the ensuing growth of the tax rate.

### Food Prices

The agriculture negotiations this summer may lead to considerably higher food prices, and how much state subsidy the consumer will receive remains an open question.

### Higher Fees

State and township fees and charges are increasing. The townships are in trouble, so one must count on noticeable increases. 25 kronor will be the maximum pharmacy fee, as compared to the previous 20 kronor.

It is very difficult to make comparisons between different families and different life styles in order to decide who 'gains' or 'loses' economically under the present living conditions in Sweden. The personal consumer pattern is decisive.

The family which drives its own big car to its own summer place is naturally contracting overhead expenses which the family that drives a rented car to

a rented summer house during vacation does not have. (Although the rent for both car and house is higher now than it was last year.)

But the house owner can also be said to protect his capital against inflation while the tenant's rent is climbing more rapidly. At the same time it is getting more and more expensive to keep the house warmed up and in good condition.

There is always a complicated interplay between taxes, subsidies, prices and settlements which determines whether the household budget stays on the positive or negative side.

The car may become an economic burden on the Swedish household. According to estimates made by SVENSKA DAGBLADET in cooperation with the National Automobile Association (in January 1977), the average car costs 1,000 kronor more this year than it did last year.

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VOLVO-SAAB MERGER, EFFECTS ON ECONOMY EXAMINED

Background to Merger

Stockholm DAGENS NYHETER in Swedish 7 May 77 p 2

[Article: "Three -- Two -- One"]

[Text] Ten years ago, Sweden had three automobile manufacturers: Volvo, Saab, and Scania-Vabis. In 1969 Saab and Scania-Vabis merged to form Saab-Scania. With the report of Friday on the merger of Volvo and Saab-Scania, that process came to an end. To be sure, only the boards of directors have thus far made the decision; the positions of the employees, the government, and the stockholders are still unknown. However, to judge by the reactions of the trade unions and the government, there is no reason to believe that the merger will not go through, i.e., the two enterprises will be joined into one: Volvo-Saab-Scania AB.

Volvo is even today Sweden's largest industrial enterprise. The new concern will be Sweden's largest in all categories. At a broad margin, it will surpass Volvo's only "competitor" as concerns annual sales, namely the KF [Swedish Ballbearing Plant]. Volvo-Saab-Scania will have 100,000 employees and annual sales of 25 billion kronor. What this involves in giant size is illustrated by the fact that the sales figure of KF is 16 billion, of State Enterprises 10 billion, and of Asea 8 billion.

According to the announcement, Volvo and Saab-Scania products are to be "marketed in competition as heretofore, with existing sales channels and brands retained." This will probably only be the case during a transition stage, until it has been possible to coordinate research and development, production techniques, marketing, and administration so that the two enterprises will function as one with a unified production program. It is just these advantages of large operations that are strived for. By means of making the production series longer and avoiding duplication of investments and product development it is hoped that billions will be saved over the long range.

The two enterprises, large on the Swedish scale, have been small on the international level, and have in recent years become ever smaller relatively,

because large automotive enterprises in other countries have also been merged. What is now happening is that Volvo and Saab-Scania are adjusting to an international development forced by stagnating demand in the vehicle market and more severe competition, with Japan in the lead.

The main argument for the amalgamation advanced by the two boards of directors is that in this situation it is a prerequisite to the preservation of a profitable Swedish automobile industry and a more stable employment base. In their comments, the leaderships of the Swedish Federation of Metal Workers and the Federation of Industrial Clerical Workers accept this reasoning.

They are aware that the amalgamation may create employment problems over the short range, but see it as necessary over the long range. Bert Lundin, chairman of the Metal Workers, calls attention to the fact that Metal has previously questioned the rationality and good sense of having two competing Swedish auto plants. Through the amalgamation, he thinks, more Swedish metal workers may be employed in making automobiles.

The government, in particular the center parties, has a little more difficulty as concerns its principles. Both the Center Party and the People's Party have been critical of mergers and large operations. Comments on yesterday's announcement by Minister of Industry Asling and Labor Market Minister Ahlmark are also a touch hesitant.

They take comfort in the fact that the amalgamation of Swedish auto makers can be accepted from the point of view of competition because the Swedish auto industry finds itself in hard international competition even in the Swedish market, with the alternative--that the two companies would have gone together with foreign partners--being more unpalatable. Ahlmark points out, however, that decisions made by the new giant enterprise will affect large parts of Sweden's economy and draws the conclusion that the public must obtain insight into its leadership. This seems very reasonable, and we await with interest information about what he has in mind.

It is difficult, however, to find reasons for criticizing the merger of Volvo and Saab-Scania, and it is likely that the affected parties, the employees, the stockholders, and society, will pose no objections as concerns the overall conditions, even though coming negotiations may, in accordance with the right of codetermination, reveal some conflict of interest in some areas.

The negotiations between the enterprise leaderships have been perfectly guarded so that nothing leaked in advance, creating speculation in Volvo or Saab stock. Nevertheless, the decision was not totally unexpected. The reasons for the decision now cited are not new; it has rather caused surprise that the step was not taken sooner.

One factor that may have caused the delay is the frosty feeling between Marcus Wallenberg and Gunnar Engellau, Volvo's former executive manager and chairman of the board. When Wallenberg asked for Volvo stock in payment of Volvo's purchase of Oloftstrom, he was refused; no Wallenberg money in Volvo, but payment in cash.

But Engellau now says he has been the one who has urged the merger with Wallenberg resisting. Thus merger with the "Wallenberg side" in the minority has been obtained, with Volvo's Pehr Gyllenhammar as the executive director of the new concern, with 60 percent of the votes among Volvo's old stockholders; a merger under the leadership of Volvo.

#### Effects of the Consolidation

Stockholm DAGENS NYHETER in Swedish 7 May 77 p 28

[Article: "The Largest Enterprise of the Times"]

[Text] A new giant enterprise, Volvo-Saab-Scania AB, will be the result if the employees and the stockholders accept the proposal on amalgamation of Volvo and Saab-Scania presented on Friday by the boards of the two enterprises. With combined annual sales of over 25 billion kronor and more than 100,000 employees, the new concern will be by far Sweden's largest enterprise.

Thus Sweden's all-time largest enterprise is well on the way to becoming a reality. After many years of speculation about this coming to pass, the two Swedish auto makers Volvo and Saab-Scania have found the time ripe for a merger.

Now the two enterprises will first negotiate with their employees. Later, the boards of directors will formally take positions on whether they will recommend to the stockholders acceptance of the proposal. The stockholders will have the last word. At least 90 percent of them must accept the proposal to make it a reality.

The proposal that during the past few months has matured in a small circle around the two executive directors Pehr Gyllenhammar and Curt Mileikowsky involves the formation of a completely new company, Volvo-Saab-Scania AB. The stockholders of the present companies Volvo and Scania-Saab will exchange their stock for shares in the new company.

For each Volvo share, a new share will be given in the new company. For the stockholders in Saab-Scania the exchange will be a little more complicated. For each two Saab-Scania shares they will receive three Volvo-Saab-Scania shares plus 40 kronor and a 10-percent stock certificate. The value of this offer corresponds exactly to Friday's quotation for Saab-Scania shares on the stock exchange. Thus for neither Volvo nor Saab-Scania stockholders does the merger mean any drastic re-evaluation of the stock. Nor will there be any change in the dividend they can hope to get next year.

After the merger Volvo and Saab will continue to sell their automobiles under their present names, and they will retain their present sales organizations. Thus both passenger cars and trucks will be sold in competition within the concern.

Last year, Volvo sold passenger cars to the value of 8.5 billion kronor and Saab-Scania 2.9 billion.

Volvo's truck sales amounted to 3.6 billion, and Saab-Scania's to 3.4 billion.

The reason for the merger proposal's coming now is the changes that have taken place in the international automobile market. The Western European automobile industry is suffering from surplus capacity due to the economic recession and Japanese competition. In many ways, the state has supported the auto industry. The developing countries wish to build up their own auto industries.

In addition to the more severe international competition there are the rising costs in Sweden, which reduces the ability of Swedish export industries to compete.

Both Volvo and Saab have received invitations to cooperation from foreign auto makers. In this situation the two companies have found it more advantageous to cooperate mutually in Sweden. Together, the two have the possibility of surviving and developing as a Swedish auto industry. Thereby, the boards of directors point out, a more stable employment basis is provided.

The merger should make savings in the billions possible over the long range, the companies assert. Components can be produced in longer series. Overcapacity in one sector can be utilized by the other company, which thereby avoids otherwise necessary investments.

Production streamlining will mean the same production being handled by a smaller number of employees. But no discharges of workers should be necessary, says Volvo chief Pehr Gyllenhammar. Surplus personnel will be absorbed by increased production, in his opinion.

The greatest saving will come in avoidance of duplicated development work. Today, the cost of developing a new passenger car is 1 billion kronor. Now, Volvo-Saab will in united effort work on a new model. This new car will be ready no earlier than 5 years from now. There are also other points of contact than automobiles between the two concerns. For example, Volvo produces the motors for Saab's military aircraft. These activities thus complement each other well.

Will the new company be mostly a Volvo or a Saab-Scania enterprise? After the exchange of stock, Volvo stock owners will hold two-thirds of the stock in the new company and Saab-Scania stock owners one-third. The head office will be in Goteborg.

Volvo's Pehr Gyllenhammar will head the concern.

Chairman of the Board of Saab-Scania Marcus Wallenberg and Gunnar Engellau of Volvo are both slated to be honorary chairmen of the board of the new concern.

Functioning as vice-chairmen will be shipowner Per Carlsson and Saab-Scania's present executive director Curt Mileikowsky. Mileikowsky will be an on duty member of the board, a function not described in detail.

It is being said that Gyllenhammar and Mileikowsky together will prepare activity plans for the concern, present organization plans, and distribute the head positions.

Who will be chairman of the board has not yet been decided, that decision being left to the new board.

At a press conference in the Grand Hotel in Stockholm, Marcus Wallenberg asserted that it was not at all a question of any further concentration of power.

"On the contrary," he said, "we lose power over Saab-Scania."

The settlement must be regarded as a victory in the first round for Gunnar Engellau, chairman of the board of Volvo. Later, he confirmed to DAGENS NYHETER that he had in recent years made direct advances to Wallenberg, who on at least two occasions had said no.

"We have had several talks, but they always stranded on something," says Engellau.

Four persons have handled the negotiations, Marcus Wallenberg of Saab-Scania and Gunnar Engellau of Volvo, and their administrative directors Curt Mileikowsky and Pehr G. Gyllenhammar. At their side they have had two mathematicians to aid them in handling the financial calculations.

"The two administrative directors took the initiative," said Wallenberg. "Negotiations began a couple of months ago. At first they were very irregular. It took time to analyze the advantages. Later, our views ripened and it became increasingly clear that cooperation was the right road. Later, things proceeded rapidly during the last weeks."

Not until this week was information disseminated to the members of the leaderships of the two enterprises. Volvo's PR manager Hans Blenner was informed only a couple of days ago, for example.

Things became more uneasy on Thursday (from the secrecy point of view.) Five cabinet ministers were informed: Falldin, Asling, Ahlmark, Mundebo, and Bohman.

How did those react who during the election campaign had so strongly stressed decentralization and power concentration?

Marcus Wallenberg replied: "They were very much interested; they even thought it exciting. We explained our problems and they naturally wished them to be resolved."

Were there no negative reactions?

"They had their points of view, of course, but they were positive rather than negative. For this is not a question of concentration of power." A little over 5 years ago Marcus Wallenberg held a similar press conference, at which he began by saying: "We have decided to start a new bank (the S-E Bank.)"

This time he was even more brief at first:

"Director Gyllenhammar has an announcement to make."

Then came the information about the country's thus far largest industrial merger, at 1500 hours, half an hour after the Stockholm stock exchange had closed. No abnormal stock fluctuations or large turnovers had taken place, which showed that the secret had been well kept. The LO [National Federation of Labor Unions] had been visited in the morning, and next the men set off for the respective enterprise boards for a formal decision.

Wallenberg was asked what limits he thought there were to his power in the Swedish economy. This caused him to tell something of his childhood:

"At home, I was brought up with discussions about industrial problems even when I was very young. At that time the Enskilda Bank was engaged in many distressed enterprises. It is difficult today to imagine that in 1903 Asea, for example, was close to bankruptcy. The bank lent 8 million kroner, however. From this coup large enterprises have subsequently grown. Norsk Hydro is an example, today Norway's largest enterprise."

"Our family sees it in a completely different way from the general public. We have a responsibility to handle, and we have attempted to do what is industrially right.

"I have never had power in mind. Many times we have interfered and saved companies and later they have been let roll along on their own.

"The goal has always been to do what is healthy and useful for the country. One example is when the American General Electric in the early 1930s attempted to buy up Asea. In that case we defended the country's interests."

Volvo and Saab are distressed then?

"No, not now, but they could have become distressed without the merger."

What is the time schedule for the merger?

"Discussing it with the employees will take some months. Next, we shall go back to the two boards of directors. The formal decisions may be taken in the fall and thereupon everything will be ready by New Years."



### Clerical Workers Will Be Hit First If Personnel Is Reduced

A total of at least 100,000 persons all over Sweden will be directly affected by the planned merger of Volvo and Saab. They are employed either by the about 25 plants of the two enterprises or by independent suppliers and dealers. It is still too early to say what will happen to their jobs when the two firms merge. But if it becomes a question of reductions in personnel it is regarded as probable that they will affect clerical workers more than unionized workers.

At the same time, however, the merger will be a process which is expected to take considerable time. And if personnel changes become a question of the moment it may be assumed that they will be planned in close cooperation with the labor market authorities and the trade union organizations.

Today, Volvo and Saab have installations in about 20 localities in Sweden, from Lulea in the north to Malmo in the south.

Some of these installations, Saab's plant in Lulea, for example, were set up with local development funds. At all of Volvo's plants in Sweden, 45,217 persons are employed, at Saab, 35,576.

In addition there are the employees of independent suppliers and dealers. Volvo once estimated their number at 15,000 and 10,000 respectively. Adding all these figures together one finds that Volvo and Saab are responsible for the employment in Sweden alone of at least 100,000 persons. To this must be added the foreign plants of the two companies.

For Volvo's part they are distributed as concerns countries and number of employees as follows:

The Netherlands	5,660
Belgium	3,908
West Germany	1,000
USA	842
France	834
Peru	830
Australia	825
Great Britain	557
Finland	481
Malaysia	404
Other countries	<u>1,874</u>
Total foreign	17,224

Saab's foreign engagements are as follows:

Brazil	2,652
The Netherlands	847
Argentina	369
West Germany	357
USA	342
Denmark	303
Great Britain	250
Norway	185
Austria	140
Australia	91
Other countries	<u>274</u>
Total Foreign Countries	5,810

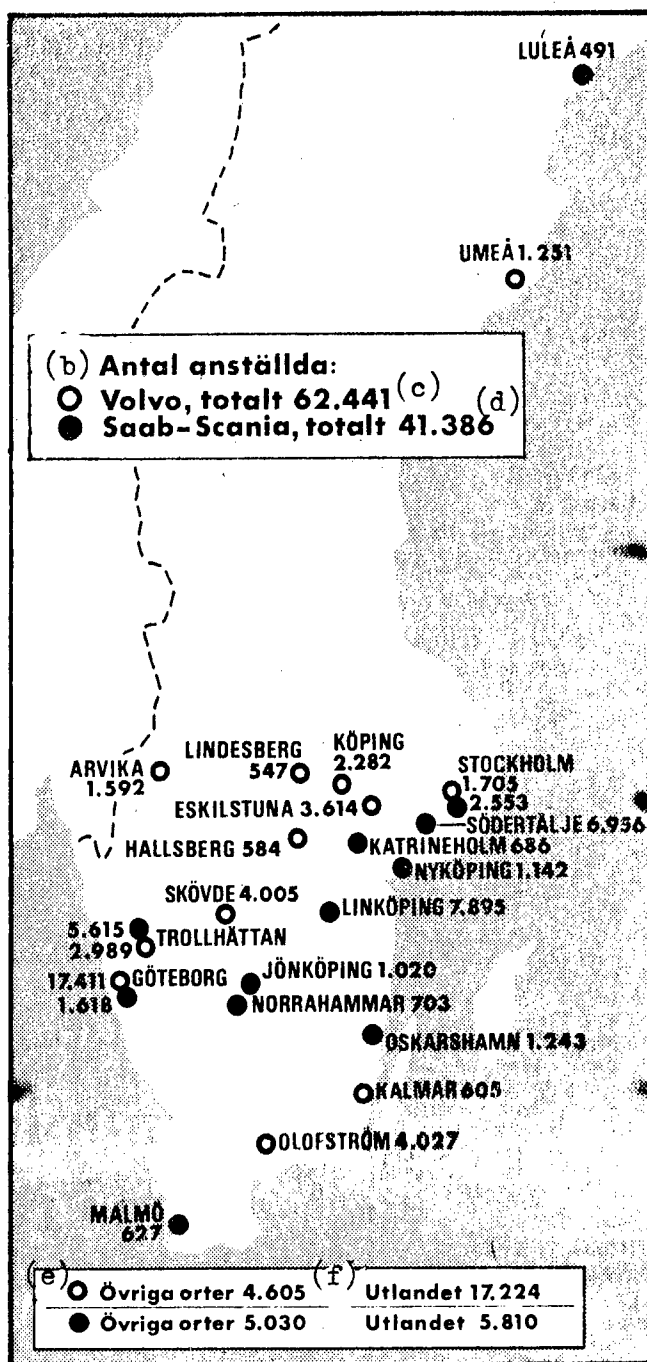
The four centers of Volvo and Saab plants in Sweden are located in Soedertalje, Linkoping, Trollhattan, and Goeteborg.

As concerns Stockholm Province, Saab-Scania in Soedertalje is the main industry in the southern part of the province.

"For the time being it is not known what the consequences of the merger will be to the workers," says Emil Hellstrom, provincial labor director.

"Naturally, I hope that reductions in personnel will be avoided. This province cannot today afford to lose any jobs in the manufacturing industry." Both Hellstrom and union officials thought on Friday that if reductions in personnel became necessary it would mostly affect the administration, i.e. the clerical workers.

# (a) **Platserna som berörs**



[Key to map]

- a) Localities Affected
- b) Number of Employees
- c) Volvo total
- d) Saab-Scania total
- e) Other localities
- f) Foreign Countries

In December 1976 Volvo's various plants in Sweden employed a little over 45,000 persons. Following is the distribution among the various localities:

Goeteborg	17,411
Olofstrom	4,027
Skovde	4,005
Eskilstune	3,614
Trollhaettan	2,080
Koping	2,282
Stockholm	1,705
Arvika	1,592
Umea	1,251
Kalmar	605
Hallsberg	584
Lindesberg	547
Rest of Sweden	4,605
Total Sweden	45,217

The distribution of Saab's little over 35,000 employees is as follows (number of employees is average figure for 1976)

Linkoping	7,895
Sodertalje	6,956
Trollhaettan	5,615
Greater Stockholm	2,553
Goeteborg	1,618
Oskarshamn	1,243
Nykoping	1,142
Jonkoping	1,020
Norrhammar	703
Katrineholm	686
Malmo	627
Lulea	491
Rest of Sweden	5,630
Total Sweden	35,576

## One Hundred Thousand Jobs

The new automobile concern will have over 100,000 employees, and total sales for last year amounted to 25 billion kronor.

A giant company in Swedish conditions. The sales in 1976 of KF, number two, with all its industries, amounted to 16 billion, and it had about 70,000 employees.

Internationally, however, the Swedish giant is a pigmy. The world's largest auto manufacturer, the American GM, has over 700,000 employees and sales amount to over 150 billion kronor annually.

However, the threat to Swedish auto making no longer comes from the United States but, among others, from Japan. Last year, 25,600 cars of four Japanese makes were sold in Sweden, and that figure is this year expected to increase by at least 3,000.

All through the 1970s Volvo and Saab lost market shares in Sweden, and it is the Japanese who have taken over. From having had 43 percent of sales in Sweden in 1971, the two Swedish makers last year dropped to a total of 34 percent.

Following is a quick sketch of Volvo and Saab:

- Last year Volvo produced 296,800 passenger cars, 25,300 trucks, and 2,900 buses.
- Saab-Scania produced 95,000 passenger cars, 20,800 trucks and buses and airplanes, all to a total of a little over 1 billion kronor.
- Volvo's total sales amounted to 15.74 billion kronor, of which about one-third was in Sweden.
- Saab-Scania sales amounted to 9.6 billion kronor, of which 66 percent was in Sweden.
- At the beginning of the year Volvo had 62,400 employees, of which about 16,000 were in foreign countries.
- Saab-Scania has 41,380 employees, of which 5,800 are abroad.
- Volvo has 124,300 stockholders, of whom almost 100,000 hold at most 100 shares.
- Saab-Scania has 53,000 stockholders, also with a large number of holders of a small number of shares.

## Corporation's Sales to Air Force

Stockholm DAGENS NYHETER in Swedish 8 May 77 p 37

[Article by Henric Borgstrom: "Big Seller to the Air Force"]

[Text] The new concern Volvo-Saab will become the dominant supplier to the Swedish Air Force. Together, they account for about 73 percent of all aircraft materiel today.

"But this does not involve opportunities to apply pressure. On the contrary, a large concern is better able to manage replacements in the event the aircraft industry is cut down in the future," says State Secretary Gunnar Nordbeck of the Defense Department and analyzer of the future of the Swedish aircraft industry.

Nordbeck stresses, however, that employment considerations will not govern the decision on whether the country is to start developing a new type of fighter plane to succeed the Viggen.

"Operative desires (usefulness in combat), security points of view, and financial and social economics points of view will be decisive," Nordbeck says.

Today Saab is the main supplier of the Viggen series to the Defense Department. However, the company has about 20 joint suppliers, in turn with a number of subsidiary suppliers.

Vovo Aircraft Motors, which produces foreign motors on license, is the largest joint supplier, with about 1,800 employees in Trollhattan.

"There is even now fully satisfactory cooperation between Saab and Volvo, but it is obvious that they will now be drawn somewhat closer together," says State Secretary Nordbeck.

Will it not now be more difficult for the Defense Department to negotiate for a new aircraft and the price of it?

"The new concern will assume a greater undertaking than the two enterprises had separately and this is accompanied by greater responsibility. I do not believe, however, that prices will be affected. Today we have a greater opportunity to come in wherever we wish and check on various estimates." The question of a new fighter plane to succeed the Viggen last spring became a hot potato to the new government. The problem therefore broke away from the defense decision the Riksdag is to take at the end of May. A preparatory committee, headed by Gunnar Nordbeck of the Defense Department, and with representatives of the department of the budget and industry, as well as Falldin's committee, are working with the question, and will be finished in the middle of October.

They will evaluate the various alternatives of arms financing, the tenability of various estimates for development of new aircraft, and which possibilities there are for Sweden to retain its own aircraft industry.

Sweden is today the only country, together with the United States, England, and France, that have their own aircraft industries capable of developing new fighter aircraft. Large countries such as West Germany and... [source illegible] are partners in various cooperative efforts, but have the capacity to develop only parts of new aircraft.

Everything points toward development and production of a third version of the Viggen, an attack plane for combat against invasion fleets in the Baltic. Thereby employment in the Saab shops in Linköping and Volvo in Trollhättan will be assured some time into the 1980's.

The development work is a different matter, for the engineers. A great new project is found in sketch form, the so-called B3LA. However, the development work alone will cost about 1.5 billion kronor. It is a light pursuit plane, intended for defense of the coastal region.

The alternative Gunnar Nordbeck is analyzing, on the other hand, is that of utilizing the available trainer aircraft, the Saab SK 60 (105). It can be improved to serve as a less qualified light pursuit plane. But in that case the following will take place, according to the two companies:

Of Saab's about 1,800 engineers and technicians, at least 200 will lose their jobs annually during the next 5 years. Of Volvo Aircraft Motors 450 employees in the development department, 200 jobs will be lost, and thereby the company will be below the minimum level required to handle skilled tasks.

The government's toughest question will consequently be: How many billions of kronor are we ready to invest to retain an aircraft industry?

Last year the sales of Saab's aircraft division amounted to close to 1.1 billion kronor, of which exports accounted for 150 million. Volvo Aircraft Motors' sales amounted to a little over 300 million kronor, of which exports accounted for some tens of millions of kronor.

In the Saab-Scania concern aircraft accounted for a good 9 percent of sales; the corresponding figure for Volvo was about 2 percent.

The number of employees in Saab's aircraft division (total of development and production) was in Linköping 400, in Jönköping 500, in Goeteborg 25, in Malmö 50, and in Norrköping 35. Volvo Aircraft Motor's plants are all in Trollhättan, with a total of 1,800 employees.

## Not Motor Vehicles Alone

Stockholm DAGENS NYHETER in Swedish 8 May 77 p 37

[Article by Lars Ramklint: "Not Cars Alone"]

[Text] Volvo-Saab-Scania, the new giant concern, is not only a maker of motor vehicles, although that branch accounts for 19 of 25 billion in sales. In addition to such known products as computers, aircraft, and tractors, the big new concern also manufactures boilers, railroad brakes, sports equipment, and other things.

However, vehicle production is of preponderant importance to the new concern.

Passenger cars account for the larger part of sales; 11.3 billion kronor, of which Volvo contributes 8.4 billion kronor.

Trucks and buses are not far behind, with 7.4 billion kronor, of which 4 billion kronor comes from Volvo.

As concerns profitableness, trucks are essential to both enterprises. In this activity invested capital produced a yield of 14.5 percent in Saab-Scania and 11 percent in Volvo. (The figures are figured by the concerns in somewhat different ways.)

By comparison, Volvo's passenger cars yielded only 2 percent, and Saab had a loss. The average for the whole Volvo concern was 6 percent and for Saab-Scania 6.3 percent.

In addition to its own passenger cars, Saab-Scania has a quite important sales agent business, primarily of Volkswagen-Audi of Sweden, with annual sales of 1.2 billion kronor, and for some time the Italian makes Autobianchi and Lancia. The Saab-Scania also represents the American Chrysler in Sweden.

In another area as well, Saab-Scania has agencies which compete with manufacturing in the Volvo concern. This is a matter mostly of tractors and construction machines from Massey-Ferguson. The same products are made by Volvo BM, which, however, with sales amounting to 1.7 billion kronor, is a good five times the size of the competitor in the large new family.

The merged Saab aircraft division and Volvo Aircraft Motors have annual sales reaching 1.5 billion kronor. (See more about this above.)

What the Volvo concern brings in addition to the new enterprise, aside from the Volvo-Penta marine and industrial motors with sales of about 750 million kronor annually, is the disastrous engagement in the sports equipment industry. As to size, this, with its 155 million in annual sales, is drowned out completely in the new, safe picture.



The Saab-Scania concern includes a considerably more variegated number of daughter companies in completely different branches of industry from auto making.

Datasaab and the 50-percent owned companies Saab Univac and Stans-Saab together have annual sales of about 1 billion kronor. Negotiations are under way regarding the state's increasing its engagement in the Swedish computer industry, which may mean that this is an area in which Volvo-Saab-Scania for the long term may be able to retrench its positions.

The annual sales of Nordarmatur, ASJ, with Maskinverken and Parca-Noorrahammar, total about 650 million kronor, mostly consisting of pipe, boilers, valves, measuring instruments, and railroad car brakes. These concerns ended up in Saab-Scania in recent years, during the tidying-up that took place in the Wallenberg group, with concentration into larger units. They do not have much to do with the other activities of the concern.

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# ESSENTIALS OF DEFENSE POLICY EXAMINED

Stockholm SVENSKA DAGBLADET in Swedish 23 Apr 77 pp 3, 16

[Article by Nils Andren: "Playing Strip Poker With Security"]

[Text] Parliamentary democracy is based on confrontation between the government and the opposition. The system requires both conflict and mutual esteem. This forces both parties to emphasize the contrast on different issues. Differences of opinion must be understood as an alternative choice among the parties, voters, mass media, "opinion." But they must not be so great as to break the political system apart. The ongoing debate concerning defense is an example of deciding between mutual esteem and efforts to underscore the differences.

The formal notice, in form of a motion by the Social Democratic Party, looks like a call to battle. The government is said to have abandoned common attitudes toward security goals in its first defense recommendation, which was just concluded (1976). The bourgeois proposal is thought to mean "a substantial increase in military defense costs."

At the most, the social democrats want to appropriate a scant 3 percent less than the government does for military defense. While criticizing the proposal for being lukewarm toward other areas of the total defense structure, they have not come up with a counterproposal that would provide additional means for civil and economic defense.

## Question of Procurement

The controversial question concerning the Swedish plane industry's future is both important and obvious. It is the object of conflict, both between the government and the opposition and within the government. All these parties are of the opinion that the Swedish air force needs a new, combination training-fighter plane. The question has gained fundamental importance. The manner in which we procure such a plane may decide whether we, indeed, have the ability to develop a new and advanced plane within Sweden by the middle of the 1980's. The battle over "B3LA," despite stubborn assertions to the contrary by the most interested persons, concerns a far more important question than what the next generation's light fighter plane should look like.

Generally speaking, there is political agreement about the fact that--in the words of the Social Democratic motion--domestic planning and manufacture of planes and other kinds of weapons is preferable. Designers of this motion, however, are seeking to circumvent this argument by stating that about 40 percent of the Viggen system "is of foreign origin, either through direct purchases from without or through manufacture based on foreign licenses. Transferring this method to the plane as well should only involve a degree of skill based on today's situation."

This sounds satisfactory, indeed. However, the motion makes no distinction between import and license manufacture, or the different kinds of license manufacture, from sheer copying to an independent development of a foreign design. The kind last mentioned, which indeed presupposes extensive domestic knowledge, constitutes a substantial part of Viggen's "foreign" share.

#### Choices For Next Generation

The decision concerning B3LA must be influenced by both security policies and by socioeconomic considerations. The former can be illustrated by the following questions:

Is the project big enough to provide real freedom of action to develop planes succeeding the B3LA?

Will we have any use for freedom of action if we buy it through the manufacture of B3LA? Or will technical and economic developments have escaped Sweden's ability to develop a plane of improved quality?

What will be the importance of an advanced fighter plane for the next generation if we, by our own industrial experiences, no longer will be able to buy or cannot decide on our own development, in the event the purchase terms are not suitable?

How will a decision, one way or the other, influence the world's opinion of Sweden's ability or its will to play the stabilizing role, which she has done up to now, in Northern Europe?

#### Indignant Dialogue

The shouting during the defense debate primarily concerned the B3LA. A loud and indignant dialog was also heard in connection with the savings proposal which was submitted by the Social Democrats. The government does not think that the improved service conditions will affect the number of recruits that was stipulated in the 1972 defense resolution. Yet, the differences are so small that the two principal positions in the matter denote much agreement between the government and the opposition. They probably fall within the margin of miscalculation. The great differences are to be found between this totally predominant agreement and the other extreme alternative in the defense policy.

## Nostalgic Reverie

The other extreme alternative has been formulated by the Social Democrat, Maj-Britt Theorin. Supposedly, it is so powerful that it cannot be dismissed as a meaningless absurdity on the political periphery. She skillfully utilizes apparent or real ambiguities in the prevailing defense doctrines. She dismisses the reason for defense against an invasion as "nostalgic reverie." However, she is not unfamiliar with the dangers which the government and the majority of the opposition think is real, stating that Sweden is not a likely target in the opening phase of a large war "as long as we, by making ourselves totally defenseless, do not invite such an attack."

However, there are many indications that Theorin's ideas are shared by many within her own party. In spite of favoring the main line in Swedish defense policy, the Social Democratic motion contains completely audible whispers of concert with the fearless opponents. Even if the hand still is Bengt Gustafsson's, the voice is often Maj-Britt Theorin's. Two items in the party motion makes this particularly evident. One is that greater attention must be paid to the North-South problem--conflicts caused by the difference between the rich and the poor. The other is that a strong Swedish defense reduces Sweden's credibility--in disarmament politics! Thus, the much paraphrased credibility has gotten a new and surprising application in the discussion concerning security policy.

## Criticism Overlooks

Our foreign policy under Olof Palme was stamped by great optimism with respect to Sweden's ability to influence international developments. This same view is coming back, in the party motion's fundamental criticism of the fact that the government is not paying enough attention to the nonmilitary aspects of our security policy. The criticism overlooks the fact that questions of current interest concern appropriations for the total defense, not for foreign aid or diplomacy.

## Principle Forgotten?

The motion's "deep concern" that the government is suggesting "a substantial increase in the outlay for military defense" is, to say the least, a strange reaction to a defense policy which in reality means a continued, if not--perhaps--a somewhat slowed disarmament. Have the creators of this motion forgotten the principle about which there has been much agreement: that the peace-keeping role of our defense is best filled by being so strong that no one is interested in attacking us, and that short-sighted speculations concerning relaxation and risks of war should not be allowed to influence long-range defense planning? "Reducing expenditures for military purposes should primarily be the concern of great powers," was the opinion of the present opposition when it was in office.

The reaction is not inexplicable. Within the Swedish Social Democratic Party there has always been tension between genuine friends of defense and opponents thereof, antimilitarists and pacifists. When the party is in office, pro defense is the more dominant influence as a rule.

## Moral Imperative

Up to now, there has been considerable agreement within all the parties concerning the importance of long-range measures to promote global relaxation, concerning problems both between East and West and between North and South. However, for a long time, there has also been widespread agreement about the fact that trying to influence the international environment, long-range, in a more peaceful direction cannot compensate for measures aimed at promoting the national security on a shorter range. Moreover, everybody is not at all sure that the long-range measures will be successful. Perhaps, to many they seem more like a moral imperative than a practical element in a national security policy.

## A Sign of Strength

He who is convinced that an effective Swedish defense still is necessary to our political security must see a sign of strength in the agreement about party limits, which we cannot do without. A small country cannot afford to play strip poker with its security. This is a fundamental principle, concerning both defense policies and foreign policies. If the social democratic motion means that the opposition party is going to the Swedish people with the message that the government is engaged in an irresponsible armament policy, this signals that the party's need for confrontation with respect to defense questions is so great that a larger, common world must be sacrificed. If so, the party has forgotten its own repeated declarations while in office.

## Without Renunciation

But the parties in office also have a responsibility to see that the level of confrontation regarding defense questions is not stepped up. In today's situation they might respond to this responsibility by requesting their spokesmen for defense to emphasize similarities more than differences, without having to renounce their own goals. All parties ought to agree on some points: the neutrality policy continually demands an effective defense; defense is not a goal in and of itself. The difficult question is not how much money we can squeeze for defense, but how little defense is enough and how it should be shaped, taking into consideration the world in which we live and in which we always want to carry out a credible policy of neutrality.

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RELATIONSHIP BETWEEN DEFENSE, LARGE COMPANIES REPORTED

Stockholm SVENSKA DAGBLADET in Swedish 23 Apr 77 pp 3, 16

[Article by Fabian af Petersens: "Government Board of Auditors: Defense Department Gives Millions to Big Swedish Industries"]

[Text] Bofors, Volvo, Saab-Scania and L M Ericsson are some of the Swedish industries that receive unjust economic benefits from the Defense Department. This is the content of a report from the Government Board of Auditors (RRV).

RRV has examined how the Department for Defense Supplies (FMV) buys equipment for the Swedish army. This is one of the last sentences in their report: The government makes advance payments which give the defense industry unjust economic advantages.

The government auditors also criticize the fact that FMV favors Swedish manufacturers. Foreign businesses should, to a greater extent, be allowed to bid on Swedish defense orders, says RRV.

Five Share Most

The five largest suppliers for the Swedish army receive the greatest share of the government's advance payments.

In 1975, Bofors, Forenade manufacturers (included in the government enterprise group), Volvo, Telub (half government), and Norma Projektilfabrik received a good 80 percent of the advance payments, but they only held 65 of the outstanding orders.

Based on FMV's calculations, however, Swedish defense enterprises can count on important gratis subsidies in the form of interest on advance payments, says RRV.

Gets 8 Million

RRV gives this sample calculation: In reality, an advance of 50 million kronor means a gratis benefit to the manufacturer of 8 million kronor.

In 1975, FMB's outstanding advances within the defense industry totalled 1 billion kronor. RRV, in a previous letter to the government, suggested that interest be levied on these government advances.

We think it is debatable to levy interest on an advance, because we will also pay for it in the unit price which the manufacturer charges, says Hans Edborg, the head planner at FMV.

#### No Problem This Year

Hans Edborg is of the opinion that the government advances no longer are a big problem:

This year, we have held down the advances since we are short of money. The manufacturers will not be able to count on any advantages with respect to interest this year.

Government auditors also feel that FMV should allow foreign manufacturers to compete for Swedish defense contracts. As it is now, foreign businesses only get confidential inquiries from FMV:

Bids are not often requested from foreign suppliers in connection with big defense orders, according to the report.

#### Squeezing Swedish Prices

International competition should be utilized more so as to squeeze the prices on Swedish defense equipment, RRV thinks.

Hans Edborg: Naturally, we would rather support Swedish manufacturers but, according to instructions, we are not allowed to reason that way. In some instances we can place an order directly with a Swedish manufacturer. This is when they want to continue to manufacture a certain product of interest to defense in Sweden.

But an occasional order is always given abroad in order to maintain competition.

#### Above Normal Profits

RRV also demands that the relationship between FMV and Bofors be regulated by means of a written agreement--probably to uncover what RRV considers above normal profits within Bofors' defense division.

We are well aware that the defense aspect of the business has been the most stable profitwise, Bofors' chief of economics, Bertil Robertsson comments.

But we are not working in a "protected shop" which provides greater than normal profits.

Bertil Robertsson says that Bofors' defense division can, at best, attain a 10 percent profit margin on sales, since the profit level is regulated within the purchase agreement.

He thinks it will be impossible to give an account of the profits that were made on capital investments in the defense division. It is impossible to single out the profit structure of the defense division:

I have tried, but have not been successful. I believe the yield is quite normal, says Bertil Robertsson.

RRV also wants FMV to give direct subsidies for product developments in the future, instead of including them in the price of the order.

We shall consider that further. RRV says that we support the defense industry. But we say it is fair for a business to govern its own effectiveness and development, says Hans Edborg.

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### THREE REGIMENTS AFFECTED BY DEFENSE CUTS

Stockholm SVENSKA DAGBLADET in Swedish 3 May 77 p 4

[Article by Eric Liden: "Proposal Suggests: Removal of Three Regiments--But No Advantage Till 1990"]

[Text] Twenty-five million kronor can be saved on defense annually after 1985, based on the cuts that were announced on Monday. The Peace Organization's reported shuffling of regiments will not provide any real advantage until about 1990.

Director General Gunnar Gustafson, who presented the report, said at the press conference:

We are aware that 25 million kronor annually is a small amount, compared with a defense budget of 11-12 billion. We also acknowledge that it may cause problems for the 650 persons who will have to be moved during the 1980's. Especially if bad economic conditions prevail and families are asked to leave work and schools simultaneously. But we have only followed the directives that were issued by the government, the old as well as the new.

#### Moves Speeded Up

In the proposal which will be issued 31 May, we suggest that the government speed up the moves. According to our schedule, everything can be completed by 1984.

DAGENS NYHETER gave an account of the units involved earlier. Lv 4 in Malmo will be discontinued and the training moved to P 7 in Ystad. The armoured training at Ystad will be moved to Revingehejd, outside Lund. Lv 5 in Sundsvoll will be discontinued and military recruits will be trained at Lv 7 in Lulea, Lv 3 in Norrtalje and P 7 in Ystad. T 1 in Linkoping will be combined with I 4 and A 1 there. Some recruits will be trained at T 4 in Hassleholm. The Army Service Corps will be moved to Skovde.

A 6 in Jonkoping will be discontinued if the target range at Skillingaryd cannot be expanded. The county administration there will submit a tentative compromise on 15 June. P 18 in Visby is in serious trouble if the target

range problem at Gotland cannot be solved. If so, the armoured training must be moved to the mainland. The report further suggests that the units in Visby be combined. Lv 6 in Goteborg and I 16 in Halmstad are to be retained, and a target range must be provided in Halland.

#### 650 Must Move

The five coast artillery regiments will stay, even though the report recognizes that this method of training will create an unnecessarily heavy demand for moving personnel. The moves must be made successively, beginning in 1981-82. A proposal will be submitted this fall.

One hundred seventy jobs will disappear and 650 persons must move, 250 from Malmo, 200 from Ystad, 150 from Sundsvoll and a scant 50 from Linkoping.

If the proposal is carried out, savings will be no more than 25 million kronor annually. Furthermore, an additional 130 million kronor will be needed for investments. In order to save more money, we would have to reduce the training organization, i.e., have fewer recruits each year. The proposal does not contain this information, says Gunnar Gustafson.

Proposed reductions in the navy and the air force will be submitted in the spring 1978. The reported proposal is in complete agreement with this idea.

#### Army Chief Waiting

Chief of the Army Nils Skold has not yet taken a position on the reorganizational plan which was presented by the Defense for Peace Organization.

The chief of the army says that his position must be based on a careful evaluation of the complete proposal, which is expected 31 May this year. Changes within both the army and the coast artillery will be submitted at that time.

The chief of the army accepts certain organizational changes within the army, based on the economic situation and to provide the organization with the peace it needs to do its work.

However, the changes should meet these requirements: They must provide the least possible disadvantage to army personnel, lead to stability and peaceful working conditions, and grant favorable conditions for future growth.

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BUDGET MINISTER COMMENTS ON LONG-TERM ECONOMY MEASURES

Stockholm EXPRESSEN in Swedish 4 May 77 p 9

[Article by Olle Palmborg: "Mundebo Will Cut 700 Million--And Save the Economy"]

[Text] Defense will be cut by 150 million, according to the final budget proposal for 1977-78 which the government is presenting today. Although 700 million will be cut, the minister of budget, Ingemar Mundebo, warns that today's cuts are just a beginning. Expect even stronger measures to combat the rising governmental costs under the Chancery's budget mangling this fall. A new long-range budget, which will be presented today, points to growing deficits in the national budget if severe cutbacks are not made.

Defense cuts will be distributed among materials by 90 million, reduced construction by 45 million, and reduced testing by 10 million. Furthermore, civil defense will be cut by 10 million.

Delayed government construction constitutes a large part of the proposed savings. The planned Chancery quarters in lower Norrmalm in Stockholm ("Falldin City") will be hit, among others.

Government hospital construction will be cut by 50 million to 1.250 billion.

Aid to construction of schools will be reduced by 60 million to 600 million.

Some groups have occasion to be happy about the otherwise gloomy report on cutbacks:

Noncombat recruits will not have to serve 75,000 days, a saving of 4 million.

The criminals. Prisons in this country will have 300-500 less spaces. "Let the prisoners loose; we have a budget deficit!"

All cabinet ministers have been asked to comply with the budget cuts. The minister of energy, Olof Johansson, is suggesting one of the greatest cuts. He will reduce the Vattenfalls investments by 100 million. We are now beginning to see the development of nuclear energy in purely monetary terms.

Minister of Commerce Staffan Burenstam Linder is cutting grants to the National Price and Cartel Board (SKP) and the Consumer Department by 1 million, among other things. SKP must cut its projects, and the Consumer Department must cut its production of informational materials and charge for some of its services.

Minister of Housing Elvy Olsson is cutting grants to municipalities for land purchase by 10 million to 210 million.

The Minister of Health Ingegerd Troedson, is raising the maximum charge on medicinal purchases from 20 to 25 kronor.

This, together with some other rate adjustments in connection with drug purchases, will put 75 million in the national treasury.

The Minister of Economy, Gosta Bohman, is forcing the Central Bureau of Statistics to finance its polling of voters. The polling is done once every quarter. Its fate now rests with the will of the parties and the mass media to pay for the costs. Up to now, the government has been the contributor.

Satisfied

The Minister of Budget Ingemar Mundebo, is satisfied with having been able to reduce the budget deficit. It will be 13.89 billion instead of the feared 15.89, according to the January budget proposal. Mundebo's budget is almost down to that of his predecessor, Gunnar Strang's last budget, which was 13.684 billion in the red.

On the other hand, Mundebo is very worried about the situation for the fiscal 1978-79, when the budget overrun will jump to 18 billion if extraordinary savings are not initiated. Large deficits of 14.5, 12.3 and 12 billion are also anticipated for the following years. From now till 1981-82, we might need to borrow a total of about 70 billion.

Government services in the future will not increase at the speedy rate they have been for the last few years, says Mundebo in a commentary on today's budget proposal. Services for the fiscal 1978-79 must be very greatly restricted.

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## TURKEY

### REPORT ON ARMENIAN ACTIVIST EVENTS IN EUROPE

Nicosia BOZKURT in Turkish 10 May 77 p 2

[Text] Zurich -- Armenian terrorists assassinated our envoys in Paris and Vienna in 1975.

Three of the four Armenian terrorists who assassinated our Paris and Vienna ambassadors within 3 days of each other in 1975 were taken alive by German and Swiss police. The other was killed in a shoot-out with German police near the town of Lorrach. Thus the German and Swiss police have completed their task.

On 22 October 1975 our Vienna Ambassador Danis Tunaligil, and 3 days later, our Paris Ambassador Ismail Erez were assassinated by unknown persons.

Following an investigation, Swiss police, acting on a tip, just recently captured an Armenian named Antranik Tulumbaciyani in Geneva, along with evidence of the assassination of our ambassadors.

After evaluating the evidence, Swiss police arrested, in addition to Tulumbaciyani, another Armenian whose name they have not released, but whose initials are known to be N. S.

#### One Dead in Shoot-Out

As a result of a tip, the Swiss and German police conducting the search, were able to place two of the Armenian terrorists still at large in the vicinity of Lorrach in Germany. The terrorists chose to shoot it out with German police rather than surrender. One was killed, the other escaped. The one who escaped was arrested 4 days later in St. Gallen.

#### Armenian Priests Exert Pressure

Police officials have made no announcements about the Armenians. Swiss police have released neither the identities nor photographs of the Armenians and say that the earliest the terrorists can go to trial is October. Armenian societies in Switzerland have begun a pressure campaign for the release of our envoy's assassins. Heading the campaign is the leader of the Swiss-Armenian Friendship Society, a priest named Gunter Stern, who along with

some friends, has approached federal prosecution authorities in Bern and Zurich about releasing the Armenian terrorists on bail. According to information obtained, the Swiss prosecution authorities have not to date agreed to the priests' proposal.

#### Armenians in Marseilles Restive

In addition, fanatic Armenians in Marseilles have stepped up their anti-Turkish propaganda. About 2,000 Armenians joined in a march in Marseilles two weeks ago in which they claimed that they had lands in Turkey and shouted, "We want our land."

Armenian demonstrators have run-ins with the French police from time to time. Some have been picked up by the police. In fact, about 20 Armenian youths who decided to march on our consulate in Marseilles at the end of the demonstration were prevented from doing so by French police.

The Armenians also distributed pamphlets and newspapers during this demonstration, which was financed with money received from wealthy Armenians in America. Marseilles and Socialist Federation officials also attended the parade.

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## PROBLEMS OF TURKISH TAX SYSTEM DISCUSSED

Istanbul MILLIYET in Turkish 10 May 77 p 2

[Article by Prof Dr Akif Erginay, member of the teaching staff of the Ankara Law Faculty: "The Turkish Tax System Needs Reform"]

[Text] When we talk of a country's tax system, we are talking of the tax, duty, and fee laws in effect in that country at a given time. Tax laws are changed frequently to keep them in step with social and economic developments.

Tax laws, unlike a country's constitution, civil, or penal laws, are meant to be changed. Otherwise, they become inconsistent, complicated, even improper; so much so that they upset the harmony of the tax system. That is why, disorganized provisions of tax laws must be rewritten from time to time in the light of changing economic and social conditions; in other words, there are times when tax reform becomes unavoidable.

Turkey's tax system has been subjected to extensive changes since the War of Liberation, culminating in the 1949 tax reform, in which the German system, the most modern tax system of its time, was used as a model. Although further changes and several new tax laws were introduced subsequently--in 1960 and 1970--conditions in the country necessitate another review now. There will have to be renovations within the framework of the concept referred to as "social tax." The German tax system, which served as a model for our original tax system, the German income tax system, and the French and British tax systems, which adopted amendments similar to the German system's, are very much up to date now. A review of several outdated provisions of the Turkish income tax law will underline the problem and also give us an opportunity for a comparative look at the tax systems in question.

According to the West

### 1. Allowance for Minimum Subsistence Level

Under the income tax law, minimum subsistence level deductions are determined according to the rates established in 1968. They are 5 liras per day,

150 liras per month, and 1,800 liras per year for the taxpayer; 3 liras per day, 90 liras per month, and 1,080 liras per year for the spouse, and 2 liras per day, 60 liras per month, and 720 liras per year for each child. On the basis of these figures, 3,600 liras of the annual income of a husband and wife with one child are exempted from tax as allowance for minimum subsistence. That makes 350 liras a month.

A draft law, prepared by the government, placed on the agenda of the Grand National Assembly, but never enacted into law, proposed to triple the amounts for the minimum subsistence level. Under a provisional article attached to the draft law, the increase in the subsistence allowance would have taken effect step by step. The rate was expected to go from 5 to 7.5 liras [per day] in 1977, up to 10 liras in 1978, to 12.5 liras in 1979, and finally to 15 liras in 1980. Under the same draft law, annual incomes between 144,000 and 216,000 liras were to benefit from the minimum subsistence level allowance only at a rate of 80 to 20 percent, and taxpayers with a gross annual income of 216,000 liras were to be excluded from the scope of the allowance rule altogether.

Annual deduction figures for a taxpayer in other countries are 1,680 marks in West Germany, 6,125 francs in France, and 1,010 pounds in Britain. Converted into Turkish liras at the current conversion rate, they come to 13,000 liras in West Germany, 18,000 liras in France, and 27,000 liras in Britain. Furthermore, in those foreign countries, spouses and children are allowed deductions much higher than Turkey's. Moreover, in West Germany, taxpayers over 50 years of age are granted additional deductions.

#### Expenditure and Base

#### 2. Separation Rule

In the assessment of tax on income, a clear distinction is made between capital income (such as rent, interest, and profit) and earned income (such as wages, salary, bonus, and old age benefits), and a higher tax rate is applied to capital income, or unearned income. This is referred to as the separation rule. It was adopted in Turkey in 1960 and written in the Income Tax Law No 193 of the same year. As to income from wages and salaries, under the current rule, the tax for 5 liras per day, 150 liras per month, or 1,800 liras per year is deducted from the tax on total wages or salaries. No such deduction applies to unearned income or income from business and professional operations. An important point that should be underlined in the case of income from wages is that expenses cannot be deducted from wages. When the source of income is commercial activity, agriculture, or professional operations, expenses that a taxpayer has to make in order to earn money are deductible, but, as we have mentioned, such expenses are not deductible if the earnings are from wages. To calculate net earnings in wages, a taxpayer is allowed to deduct only retirement or social insurance dues. In other countries, in France for example, construction workers, taxi drivers, artists, pilots, journalists, and business agents are allowed to deduct from their earnings expenses in amounts ranging from 10 to 30 percent.



## Who Has the Advantage?

Tax on income from wages and salaries is deducted at the source, but tax on income from commercial or professional activity is collected during the following calendar year in three installments. This is a significant point in terms of justice in taxation. Think of the monetary advantages to a tradesman or a professional man of using his earnings all year through without having to deduct taxes. A wage or salary earner, on the other hand, is deprived of a similar advantage. Only a wage earner who receives wages from more than one source is granted a tax break of sorts, in that he does not have to combine his earnings from different sources.

When it comes to deterring tax evasion, our tax technique is inefficient. Paying taxes in times of social turbulence, insecurity, or economic disorder is considered naive, and tax evasion an accomplishment. The feelings of regret, or disappointment, a taxpayer may feel when he passes the chance of avoiding taxes may be contributing to the determination of a certain group in society to be more alert the next time. That is how things look in many countries, Turkey among them. A major contributing factor in this situation is the inequality and injustice in taxation. The difficulties that the tax department is encountering in the enforcement of tax laws are not going unnoticed either.

## Problems of the Head of the Family

### 3. Declaration Method

A major complaint concerning the current income tax system concerns the method of declaration by taxpayers with full obligation. If a taxpayer's spouse and children also have taxable incomes, all these incomes must be declared on a single form, and the tax must be computed on the combined income. The only exemptions to this rule are wages, lump-sum earnings, and agricultural income that come under lump-sum expenditure. The head-of-the-household declaration rule has been criticized frequently because the amount of tax on combined earnings is much higher than the amount on separate earnings. Suppose a businessman had an annual income of 200,000 liras, and his wife had 150,000 liras in taxable income. If these two incomes are taxed separately, the husband pays roughly 89,000 and the wife 62,000 liras--a total of 151,000 liras. However, the tax on their combined income of 350,000 liras comes to 176,000 liras--a difference of 26,000 liras. Another situation that has come under criticism involves earnings in wages. If a taxpayer's gross income outside his wages goes over 10,000 liras, he has to file a form, and he may end up using his entire earnings outside his wages to pay his tax bill.

These situations lead taxpayers to look for justifications--to satisfy themselves psychologically--to avoid or evade taxes. When a person finds himself in a situation where he is faced with a gross inequality, it is only human that he turns against the public and resorts to devious ways and means, and he feels he is justified to do so. The only way to avoid a situation like

that is to review the inequalities, injustices, and the economic and social disorders in the context of taxes, and then, to improve the tax laws. Another reason why we must reform the income tax law is that the steepest steps in the current progressive tax rate schedule are at the low-income level. Then, there is also the case of taxpayers who are wage and salary earners beset by inflation and the declining value of the Turkish lira. Finally, taxpayers must be granted a break, taxwise, for old age, illness, and family responsibilities.

Taxation, which is a basic economic and social event, must be studied in detail in the perspective of current conditions just like any other social institution, and it must be updated accordingly. The Turkish tax system requires renovations in the chapters of income tax, expenditure tax, duties, notary fees, and particularly tax assessment and tax technique. Turkey is suffering from a financial malady, there is a financial unrest in the country. A commission of experts must study the problems and draw up recommendations. A report by a scientific commission will help warn, enlighten, and awaken the consciousness of both the public and the political forces in power. Such a study will be objective, unbiased, and convincing.

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## TURKEY

### FOREIGN EXCHANGE SHORTAGE, STATE OF ECONOMY DISCUSSED

Istanbul CUMHURIYET in Turkish 14 May 77 pp 1, 11

[Article: "Union of Chambers Recommends Elimination of Convertible Accounts; Effects of Foreign Exchange Shortage Felt"]

[Excerpt] CUMHURIYET News Center--The Turkish Union of Chambers, in a recent economic report, recommends abandoning convertible lira accounts.

Meanwhile, business and academic circles generally agreed that Turkey is facing a severe foreign exchange shortage. They called for a full disclosure by the Ministry of Finance of all the credit agreements it has made with international financial organizations in the last 2 months, and said that only such a disclosure can clarify the situation. They maintained that the ministry, in keeping with the open policy principle, should also put before the public all the facts on the negotiations carried out with visiting groups [of economic experts] who came to Turkey for discussions on loans.

Authorities who gave us their views of the situation say that the foreign exchange shortage will not bring about an economic collapse, but they go on to warn that, under the current conditions, each additional loan we take out puts another drain on our resources and demands another concession from us. Prof Dr Gulden Kazgan, for example, says Turkey is already heavily obligated to international monetary organizations. Prof Dr Erdogan Alkin maintains, "International circles are planning to stretch Turkey on an operating table and force their own terms on it."

Feyyaz Berker, chairman of the Turkish Industrialists and Businessmen's Association (TUSIAD), points out that international conditions will be the same regardless of who comes to power in Turkey. He says, given the possibilities that exist in a free market system, there cannot be much of a variation in the policies of Turkey's political parties. Prof Dr Kivanc Ertop believes devaluation is unavoidable under current conditions.

Prof Dr Gulden Kazgan of the Istanbul University's Economics Faculty called the ongoing crisis "far worse" than any that Turkey experienced in the past.

Dr Kazgan said:

"The size of the deficit, the Nationalist Front coalition's reluctance to take serious measures on the eve of elections, and its inability to honor its short-term commitments have eroded Turkey's credibility in foreign financial circles. At the moment, Turkey has large wheat and tobacco stocks which are worth \$700 to \$800 million at current prices. It is sad to say but foreign circles will take advantage of Turkey's critical position and buy up those stocks for nothing.

"What we have today is the inevitable result of an economic policy made up of a series of stopgap measures aimed at obtaining a temporary relief from external payments problems which date back to 1974. This wasteful economic policy encouraged speculative imports, and in the meanwhile, the situation was further aggravated by political pressures, such as the U.S. military embargo, and economic pressures, such as the EEC's restrictions on cotton fibres. Finally, Turkey found itself trapped in the vise of international monetary organizations."

#### Decisive Action Needed

Prof Dr. Erdogan Alkin, a member of the Economics Faculty teaching staff, would like to see Turkey take steps before international financial circles stretch out Turkey on an operating table. He said:

"We must ensure that certain measures aimed at bringing stability to the country are put into effect. Concurrent to that, we must convince international financial circles by our decisive actions that we are working on our problems. These circles have never appreciated the seriousness of problems experienced by developing nations. Therefore, what we have to accomplish is a very difficult task.

"The balance of payments situation is not surprising. All the calculations and projections in the past years pointed at it. Nevertheless, some people did not believe in those predictions, or found it in their interest not to believe in them. Meanwhile, the objective of international circles was not a secret either. They've all along, wanted to stretch out Turkey on an operating table, and then pressure the country to agree to certain stability measures, like the ones they forced on us in 1958, thereby preparing certain prospects for themselves."

#### Unattended Economy

Prof Dr Yuksel Ulken, chairman of the Economic Faculty Alumnia Society, offered the following evaluation on the situation:

"Turkey is in one of its most critical periods. Unfortunately, the economic crisis is compounded by a political crisis. The four-leader coalition government ceased to function as elections got closer, leaving the country virtually without a government, and the economy with no one to look after it.

"In this day and age, you cannot separate economic issues from the political ones. Our external and internal problems, in essence, are rooted in economic factors. Once we acknowledge this as a fact, it will be possible to make a realistic assessment of the situation. The measures we took in an effort to delay the withdrawal of short-term loans (convertible lira deposits), and all other opportunities of foreign borrowing appear to have reached their limits. It might be possible to stretch them a little more and to agree to a higher cost, but a higher cost would mean to Turkey a virtual loss of freedom of movement in its external political relations."

#### Berker's View

Feyyaz Berker, head of the TUSIAD, commenting on a news report in this newspaper 2 days ago to the effect that TUSIAD members were not able to get the foreign exchange they needed, said:

"The Ministry of Finance did not impose any limitations on us, did not so much as imply anything of that sort. We requested \$5,000 per person and our request was granted."

Berker continued:

"Now everyone has turned his eyes on Turkey. They are looking forward to the elections and the aftermath. International financial institutions and organizations want to find out how Turkey plans to pay back the money it borrowed; in other words, they want to see how much of a risk is involved in the loans they made to Turkey. Each bank is weighing its own risk. In our case, the important thing is the size of the bill which has been deferred to the postelection period. We hope it will not be a large one and that its size will be within our means."

"To be frank about it, we are unable to find credit even for our feasible projects because of the uncertainty in the country. It is a bad situation. On top of it all we have the U.S. embargo which, definitely, has been a harmful factor."

Mr Berker summed up his view as follows:

"The foreign exchange shortage is not a new problem. International conditions will be what they are whether we have the RPP or the Justice Party in power. In terms of the free market regime, there isn't too much of a difference among the policies of our political parties."

"As long as the government follows the democratic line, medium- and long-term borrowing will continue to be a necessity and also justifiable. The important thing now is to make it clear to foreign financial groups that we need financing for the fourth [development] plan."

## Devaluation Necessary

Prof Dr Kivanc Ertop agrees that the current shortage of foreign exchange is very critical. Prof Kivanc accused the Central Bank of trying to keep the severity of the situation from the public by withholding the publication of its position statements. He maintained that banking and business circles shared this opinion. According to Ertop, under the current circumstances, a devaluation is inescapable. He also said that stockpiling has already begun on the market.

## What Does Ertan Say?

Mr Sinasi Ertan, assembly chairman of the Aegean Region Chamber of Industry and vice chairman of the TUSIAD, told the Anatolian News Agency reporter that efforts were underway to reduce the attractiveness of imports in order to cut down the outflow of foreign exchange. Mr Ertan believes that devaluation would be the surest way to discourage imports. He said, "After each election, the postelection economic policy creates problems in the economy. Our only hope is for these problems not to reach alarming proportions. I do not even want to say the word, but I am afraid, the way things are going, predictions of a devaluation after the elections will come true."

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## TURKEY

### BULGARIANS SAID TO SEEK JOINT INDUSTRIES WITH TURKEY

Istanbul CUMHURIYET in Turkish 30 Apr 77 pp 1, 7

[Article by Kenan Mortan: "Bulgaria Wants To Set Up Joint Industries With Turkey"]

[Text] In addition to the recently expanded commercial ties, Bulgaria took formal action to set up joint industrial operations with Turkey. It was announced that, as a first step in this initiative, Bulgaria will open an industrial exhibition in Istanbul on 8 June. The exhibition is expected to include a display of cigarettes manufactured in Bulgaria under a U.S. license.

According to G. Dobrev, secretary general of the Bulgarian Chamber of Industry and Trade, "the shape of the cooperation will be determined by an agreement." In a statement to CUMHURIYET, Dobrev also said that Bulgaria would like to see the cooperation that began in the energy field extended into the field of finishing industries. Dobrev singled out cooperatives, electrical equipment manufacturing, and shipbuilding as the most suitable fields for an active cooperation between the two countries.

Reviewing his country's recently established relations with the world nations, the Bulgarian official disclosed that Bulgaria entered into many patent agreements which cover most of the items imported from abroad. He added that each year patents were issued for close to 1,000 products, 60 to 70 percent of which involved the capitalist nations of the West.

He also said:

"We do not believe that the difference in our systems would hamper cooperation and trade relations. In our opinion this is the beginning of a new era in the cooperation that began in the trade field. Cooperation is possible under any condition, and this is what we want. Details of the proposed agreement will be worked out during the discussions we plan to have. On the question of payments, the clearing method is a possibility, and so is a long-term payment plan. I also would like to touch upon the cigarette issue. I do not agree with the argument that the contraband cigarettes brought into

Turkey originate in Bulgaria. We want to sell cigarettes to Turkey through legal channels, and at the Istanbul exhibition we will display the cigarettes we manufacture under a patent agreement."

Meanwhile, another Bulgarian official, Evtimov, head of the Relations with Developing Countries Department of the Ministry of Foreign Trade, maintained that jointly manufactured products can be sold at world markets by both countries. Evtimov said, after the signing of the 1974 cooperation agreement, Turkey and Bulgaria began assembly operations in the fields of electric forklifts, metal-cutting equipment, and metallurgy, and active mutual cooperation got underway in the electric power field.

#### Private Sector

Evtimov said that Bulgaria believes "seeing and touching" Bulgarian products will be the decisive factor in the envisaged relations with Turkey. That is why, he added, Bulgaria considers the upcoming Istanbul exhibition a unique opportunity.

The Bulgarian official stressed that Bulgaria was not interested in drawing a line between private and public sectors in its future relations but, he added, they "sometimes preferred the private sector because its operations are more profitable."

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WEST GERMANY

TERRORISTS SUSPECTED OF BUBACK MURDER ARRESTED

Terrorists Arrested After Shoot-Out

Vienna DIE PRESSE in German 4 May 77 pp 1, 12

[Text] Bonn--After a chase over several kilometers and a violent shoot-out, the German police arrested two terrorists near Singen close to the Swiss border at Schaffhausen last Tuesday. The terrorists are a man and a woman. The man, who was shot in the head and critically injured, is assumed to be Knut Folkerts, his accomplice, who was slightly injured in the leg, is Verena Becker. Folkerts is suspected of having been the chauffeur of the two assassins in their escape after the murder of Chief Prosecutor Siegfried Buback.

The arrest was made possible by a hint from the population. The two terrorists, who later on were found to possess a whole arsenal--including a machine gun--were checked in a coffee-house at Singen by two policemen. They escaped, however, and fired at the officers, one of whom was seriously injured, the other one slightly, they stopped the driver of a car and forced him to get out.

The offenders used this car to escape in the direction of Donaueschingen, but missed the main road and ended up in a dirt road. There, they were arrested by police officers. In another shoot-out, the escaping man was shot in the head.

The arrest of Folkerts--if his identity is confirmed--would be the first success in the investigation by German authorities after the assassination of Buback on Maundy Thursday. Still wanted are the 22-year old Guenter Sonnenberg and the 24-year old Christian Klar, who are the suspected assassins.

First Success in Hunt for Buback's Assassins

Vienna DIE PRESSE in German 4 May 77 pp 1, 12

[Text] A vague hint from the population led to the first big success of the German police in their search for the assassins of Chief Prosecutor Siegfried Buback, who was shot and killed in a street in Karlsruhe, last

Tuesday. After a wild chase and an exchange of fire, a man, who presumably is the driver of the Buback assassins, Knut Folkerts, and the 25-year old anarchist Verena Becker were arrested near Donaueschingen in Baden-Wuerttemberg. In the chase, one police officer was seriously injured, and another one slightly. The suspect could not yet be clearly identified, because he suffered a gun-shot wound in his head, and had to be taken to a hospital. Verena Becker suffered a bullet wound in her leg.

Tuesday morning, police authorities at Singen, a small town close to the Swiss-German border near Schaffhausen, were tipped off by a private source that two suspects were having breakfast in a coffee-house. Two local police officers followed the hint, found the suspect couple, and asked them for identification. Without any hesitation, the two suspects declared that they had left their papers in a car nearby, but would be happy to get them.

The officers accompanied the couple. But the moment they were outside, the suspects ran away, the policemen fired at them, and the fleeing suspects returned the fire. One officer suffered serious injuries and collapsed in the street, his partner, who was also injured, called for support.

In the meantime, the fleeing couple had stopped the driver of a car and explained that they urgently needed a car. "We are criminal investigators pursuing suspected terrorists," Folkerts and his companion declared. When the driver asked them for their badges, Folkerts and Verena Becker showed the startled motorists a pistol and forced him to get out of the car. The driver called the police, while the couple raced the vehicle in the direction of Donaueschingen.

Near the city hall, the escapees missed the route to Donaueschingen and got into a dirt road, which stopped in the middle of nowhere.

Folkerts and his companion continued their flight on foot, but the crews of three patrol cars caught up with them. Immediately, a violent exchange of fire develop between the police officers and the escapees. Folkerts was hit in the head by a bullet, Verena Becker surrendered.

Folkerts was immediately taken to a hospital, where his injury was found to be critical. For this reason, the identification could not yet be completed. After medical attention, Verena Becker was transferred to Stuttgart. One machine-gun, two revolvers, three pistols, and a stiletto were secured from the suspects.

#### Identification Problems

The Stuttgart Ministry of the Interior was busy on Tuesday trying to complete the identification of the two arrested persons. Verena Becker kept silent, Folkerts could not be heard.

Police are also investigating the assumption that Verena Becker was actively involved in the Maundy Thursday assassination of Buback. Originally it was assumed that two men had been involved in the assault in the city of Karlsruhe. But recently, there have been allegations in the interrogations of witness that a man and a woman had been on the motorcycle from which the lethal shots had been fired at the Chief Prosecutor, his chauffeur, and a law enforcement officer.

Knut Folkerts is suspected of having driven the red car, in which the Buback assassins continued their flight. The car was found 3 days after the murder in the surroundings of Stuttgart.

Folkerts was involved in at least some crimes that presumably served the preparation of the crime committed against Buback, as an accomplice to the alleged murderers of the German chief prosecutor, Guenter Sonnenberg and Christian Klar. The trio had been involved in a shoot-out in early January at the German-Swiss border near Loerrach, and in the assault on the district gendarmery at Landeck, Tyrol.

Originally, it had been assumed that the arrested woman was Juliane Plambeck, who had escaped last July from the women's penitentiary Berlin-Moabit. After a fingerprint examination, it was found that Verena Becker--who also is part of the German terrorist scene--had been arrested. Of Juliane Plambeck the police believes that she was involved in several recent bank robberies in the Rhineland.

Juliane Plambeck, too, has a respectable police record. The now 25-year old woman had escaped from the women's penitentiary Berlin in early July last year, together with Inge Viett, Monika Berberich (who, in the meantime, was apprehended) and Gabriele Rollnick. Since then, Juliane Plambeck had been involved in several serious bank robberies in the FRG. "The woman does not at all hesitate to use her fire-arm," is the police judgment on her.

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WEST GERMANY

EMPLOYER ORGANIZATIONS TO SUE ON CONSTITUTIONALITY OF CODETERMINATION LAW

Hamburg DER SPIEGEL in German 2 May 77 pp 55, 57

[Text] Employer organization president Hanns Martin Schleyer, Daimler-Benz personnel manager of many years, intends to save West Germany's enterprises from leftist personnel directors.

BDI and BDA chief Schleyer recently obtained the support of the employer organizations, which are organized regionally and according to specialties, for his plan to file a constitutional complaint against the figure of the work director as invented by the SPD/FDP coalition in Bonn.

By 30 June of this year, the legal advisers in Schleyer's Confederation of German Employers Associations [BDA] will file a writ of complaint with the Federal Constitutional Court in Karlsruhe claiming that especially the new type of work director endangers the legally established autonomy of employers and employees in collective bargaining, thus affecting their independence and self-reliance.

According to the report of the Bundestag committee for labor and social structure of 10 March 1976, the new type should be such that between him "and the employees there exists a relationship of confidence."

DGB chief Heinz Oskar Vetter interprets this to mean that the work director "needs the special confidence of the employees and their representatives for his daily work."

This is precisely what the employers wish to contest. Because if the member of the board responsible for personnel and collective bargaining, out of all people, depends on the good will of works council members and labor unionists, the lawyers of the association argue, the balance of forces will be upset: The same party would be on both sides of the negotiation table.

The employers' fears were stirred up even more by the initial over-zeal of the trade union cadres. Some works council members for instance derived

the claim from the expression "relationship of confidence," to fill the new position quickly with people of their own convictions, i.e. themselves, as already had been the case in the position of the work directors in those enterprises that are subject to the Montan [mining industries] codetermination.

But the work director of the new codetermination law is designed differently from the work director of the Montan model introduced in 1951. While the Montan work director cannot be elected against the majority of the employee representatives on the board, the work director of the SPD/FDP codetermination compromise needs the vote of the majority of all members of the board -- that means at least of some representatives of the capital side.

Wherever the capital representatives are closely knit together on the board, the new personnel manager cannot be enthroned without their consent. The employers, backed by Schleyer's direction, soon took advantage of this starting point, which was favorable for them.

Before the seats on the board could be assigned in accordance with a distribution key more favorable to the employees as also prescribed in the new codetermination law, the employers quickly moved their own people into the chairs of the personnel board members in half of the 600 enterprises subject to codetermination.

Only in very few cases, as for example with the DED Dillinger Stahlbau GmbH in Saarlouis, did the labor unions succeed in preventing the premature appointments to the positions by the employers. In most cases, they could only voice a formal protest -- like the chemical concern BASF, where the representatives of the employees had inserted in the minutes that the nomination of a work director, to which they did not agree, in their view was only of a temporary nature, and that after the new election of the supervisory board a reappointment would have to take place.

If the labor unions will do better with a new board, however, is uncertain. For their attempts for conquests e.g. in municipal enterprises, where the capital side often also was represented by SPD comrades or even DGB colleagues, initiated hastily after the promulgation of the law, soon got stuck.

So, for instance, the works council bosses of the federally owned Holding Viag, of the power concerns Bayernwerk AG and Nordwestdeutsche Kraftwerke (NWK) as well as of the mechanical engineering company Diag tried for the well paid position. But only NWK council member Alfred Soltwich made it up to the board level. The rest failed, for the time being, due to the veto of SPD Minister of Finance Apel, who is responsible for the federal corporations.

Before -- after a reshuffle of supervisory board mandates -- the war over the work director really starts, Schleyer wants to block it by his

complaint. In the meantime, he wants to raise the qualification requirements for a work director to a level that could only be met in very exceptional cases by labor union members.

For this purpose, he had a special so-called requirement profile worked out, a catalog which meticulously lists the capabilities that a personnel board member must possess, which meanwhile was mailed to all enterprises.

According to this catalog, the personnel man must be a graduate in economics, law, or social sciences. In addition, he should have 10 to 12 years of practical experience in the operation, 6 to 8 of which should have been in a leading position. Knowledge in the fields of industrial psychology and industrial medicine is expected, anyhow.

Such requirements are not even met by the member of the board for personnel affairs of the VW concern, who once also was presented by the employee side. At least the functionaries in Eugen Loderer's main office IG-Metall have already lost their ambition to wage war actively for the work director position.

Although officially the IG-Metall members still maintain their claim to the personnel position, they passed the parole internally to do without their own candidate rather than go for "hollow compromises."

But since everything went so well for Hanns Martin Schleyer, nobody really knows what benefit the constitutional complaint could bring for the president of the employers' organization, unless a general roll-back of codetermination is what he has in mind.

This is not altogether impossible: For if the judges in Karlsruhe should concede that a work director dependent on the labor unions would be a danger for the autonomy in collective bargaining, at the same time -- the DGB people fear -- the constitutionality of the time-honored Montan codetermination would be put into doubt.

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## WEST GERMANY

### STRUCTURAL PROBLEMS IN MARKET ECONOMY ANALYSED

Duesseldorf HANDELSBLATT in German 25 Apr 77 p 2

[Text] A new slogan is passing around in the Federal Republic: the structural crisis. Weaknesses in the upward trend of the business cycle and unemployment are no longer explained by cyclical business development patterns, but by alleged faults in the economic structure. This thesis is used for a double purpose: If there were really structural instead of cyclical problems, employers and employees would not necessarily be exhorted to good conduct in income policy matters, since structural policy is beyond their responsibility. And on the other hand, on the basis of this thesis, it could be claimed that the mechanism of the market economy failed in solving structural problems, that the economic system had to be restructured into a government controlled economy.

Such arguments overlook the fact that since 1945 the market economy has coped with much more serious structural problems than are assumed to exist today, and almost completely without investment control and completely without the demand for a new order. Just let us recall:

--In his report on the British-American zone to the U.S. President, Herbert Hoover wrote in 1947 that the housing situation in West Germany was the worst ever faced by a modern civilization. In the two zones there was still a shortage of 5.3 million units in 1948 as a consequence of the population flight from the East into the Western zones. According to the census of 1946, the population of the three Western zones had increased by 3.2 million as compared to 1939. At the end of 1949 the share of expellees in the total population was 17 percent, in the unemployment rate it was 36 percent. This migration had to be dealt with by the West Germans in spite of the enormous destruction in the German cities. And they did manage. The market economy increased the number of housing units from 10.27 million in 1950 to 23.61 in 1975, the government support under EStG [revenue code] Section 7 b and by other subsidies certainly being compensated for by rent controls.

--In 1945, 70 percent of all railroad bridges crossing inland waterways were destroyed, thus rendering rail and water transport impossible. The Rhine River was unnavigable in its total length, due to the destruction of more than 50 percent of its bridges and the sinking of more than 1,700 boats. There was only 50 percent of the prewar stock of locomotives left. Almost all major cities and many smaller cities were destroyed to an extent unimaginable to today's Juso [Young Socialists] generation. Industrial installations had been largely destroyed by the air war, or they were dismantled after the war. The entire reconstruction of the German economy was achieved without central planning by the market economy, an event that was wrongly termed "German miracle." It was basically nothing else but the natural success of the control mechanisms of a free system, in which the government does not presume to be smarter than the markets.

--The number of self-employed persons and their family members decreased from 6.41 million or 31.5 percent of the total work force in 1950, to 3.93 million or 15.5 percent in 1975. The number of employed persons rose accordingly from 68.5 to 84.5 percent. Also this drastic change of the sociological structure was handled automatically by the market economy.

--In agriculture and forestry there were still 5.02 million employees in 1950, in 1975 only 1.82 million. In 1950, agriculture still accounted for 10 percent of the GNP, in 1975 only for 2.7 percent. In coal-mining, there were still 571,000 people employed in 1950, even 668,000 in 1956, in 1976 only 247,000. In 1960, 60.7 percent of the primary energy consumption was hard coal, 13.8 percent brown coal, 21 percent petroleum. The respective values for 1975: hard coal 19.2 percent, brown coal 9.9 percent, petroleum 52.3 percent, natural gas 13.8 percent. Also this change in the power industry certainly has the same dimensions with regard to structural policy as expected at present by the introduction of nuclear energy.

--In 1950, the unemployment rate was 11 percent with 1.87 million unemployed, and the number of job openings was 118,000. In 1975, the unemployment rate was "only" 4.7 percent, but the number of job openings was 236,000. Also, the present unemployment problem is infinitely milder than the unemployment problem 25 years ago, when the process of integrating the unemployed in the market economy was initiated. It is also a fact that at that time the social benefits for the unemployed were far less than today, thus making unemployment much more tragic for those concerned.

--Incidentally, the number of foreign workers rose from 80,000 in 1955 to 2.071 million in September 1975, equaling 10.3 percent of all employees (1950: 0.4 percent). The German market economy has thus been able to ease the unemployment problems of other countries by the import of labor.

Dozens more of such comparisons could be made to prove that the mechanism of the market economy has solved greater structural problems than we encounter today without the government asking for authority in the structural policy. Insofar, the presently widespread skepticism with regard to



the regulating principles of the market economy is hard to understand. If the market economy could cope with the chaos of 1945, why should we trust government control more in 1975 than the free market, since we know from experience that government bureaucracy fails when asked to perform more than routine functions?

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## WEST GERMANY

### EFFECT OF ENERGY PROGRAM SUBSIDIES QUESTIONED

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 26 Apr 77 p 11

[Text] Saving energy is being capitalized. The price increase for energy during the past years is welcomed insofar as high prices promote the economical use of energy. It is all the more surprising, to what extent and by what methods the power industry is subsidized. In its first main report, the monopoly commission calculated that receiving yearly support payments from the treasury amounting to DM 2.5 to 3 billion, the power industry ranks among the most subsidized branches of the economy. The result, says the report, is a lowering of the energy price level, which is a contradiction to the principle of the most economical use of energy. In order to maintain the incentive to save energy in spite of the depressed energy price level, government rewards for energy savers, it has to be added, are under consideration. Subsidies are supposed to undo the detrimental results of earlier subsidies.

Subsidy practices in the power industry really make one think. It is hardly possible to see through the jungle of subsidies. All forms of energy in one form or another are furnished with payments of varying amounts or by income waivers by the treasury, without any market reciprocity business. The subsidy reports of the Federal Government give a rather incomplete picture of this. Consciously excluded, for instance, are, almost without exception, research subsidies which are "granted on account of higher factors" and concern "unmarketable areas." Other subsidies are not always correctly computed.

If all those who offer energy are favored by the government, even though to a varying degree, the award of subsidies, indeed, largely loses its meaning. The fears of the monopoly commission cannot be denied: The practice of subsidies hinders the achievement of the goal of economical use of energy.

Nevertheless, it would be a mistake to object to energy program subsidies as a whole. The Federal Republic depends to a large degree on energy imports, which in the case of international tension may paralyze production. It seems imperative and urgently necessary, according to previous

experience, to use and open up domestic energy sources, even if they are comparatively expensive. We have to pay for the security of at least a portion of the energy supply. A large percentage of the population will agree on this.

The fact that basic research in nuclear power production has to be subsidized by the government, because the cost involved by far exceeds the financial potential even of large corporations, is certainly true. But in the subsidizing of practical research and advanced technology for energy production, Federal and Land governments should hold back in future. As a result, energy prices will probably rise. Expenses that up to now were borne by the public budget, in future would have to be covered by the profits from the sale of energy. This would, however, also contribute to energy saving.

A large portion of energy program subsidies concerns new technologies for the production of energy, such as solar technology, the utilization of the heat of the earth or wind power, etc. Here also, we have to ask if the present practice of subsidies serves a meaningful purpose, and guarantees the full development of entrepreneurial initiative, which we need so urgently, especially in this field. The present practice is that the administration examines, selects and sponsors projects it deems promising. Technical solutions which -- for whatever reasons -- do not become the subject of a request for a subsidy, or which are rejected, are thus discriminated against. The competition of ideas is impaired.

It is by no means guaranteed that the officials who decide on the requests for subsidies -- in spite of their subjective efforts for appropriate decisions -- really select the most promising solutions. Since the promotion of some projects diminishes the chances of other possible solutions, the research activities are diverted. Competition between research corporations is falsified in favor of those who know the cleverest way of getting access to the government research promotion fund. Much is to be said in favor of having the entrepreneur decide for himself which projects he wants to pursue under his own limited research funds within the general tax benefits for innovations. The advantage of general rewards (or tax reductions) as proposed by the council of experts in its last annual report consists mainly in the fact that the selection of promising research projects has not to be made by the government, and is not dependent on the discretion of a few officials.

The present practices of subsidization should be revised for yet another reason. It is the objective of the subsidy reports to subject this financial aid from public means to continuous control and to "limit it to a level that is economically necessary and justifiable from the point of view of the budget." The reason for the fact that this objective is not being met is obviously linked to the fact that the practice of subsidizing and reporting does not provide a motivation for the reduction of subsidies, and that the legislator does not evaluate critically enough whether the

introduction of new and the increase of old subsidies is really required. If -- as in the present case -- new subsidies shall serve to combat the consequences of previous subsidies, it is about time to have some thoughts about cutting subsidies with undesirable side-effects. In the case of coal-mining, ever new subsidy rounds and delivery obligations for some coal consumers apparently suppress the necessity for an extensive effort towards a cost and subsidy reduction.

Continuous status checks should be a matter of course for all subsidies, and in the case of negative results should lead to immediate consequences. It would also be useful if not only the Federal Government but also the Lander had to submit subsidy reports. A more careful use of tax money, which could be effected by an extended obligation to report and by regular efficiency checks, seems to be overdue in the field of power industry.

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