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JPRS 82808

7 February 1983

# West Europe Report

No. 2098

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## PEACE ACTIVIST ON INF, U.S. NUCLEAR STRATEGY

Brussels KNACK in Dutch 22 Dec 82 pp 40-45

[Interview with Rik Coolsaet, peace activist, by correspondent F.V.: "European Nuclear Missiles Mean the Virtual End of NATO," date and place not indicated]

[Text] Recently Rik Coolsaet, publisher, journalist and promoter of the Peace Movement, participated in a semi-confidential colloquium in Brussels on the topic of Western defense policy together with Tindemans, Vreven, and representatives of the military and the diplomatic corps. The discussion was very heated, for Coolsaet attempted to give a new explanation of the incisive American call to install cruise and Pershing missiles in West Europe. Using American military documents and plans, he demonstrated that these nuclear weapons actually have nothing to do with the feared Soviet SS-20 missiles.

[Question] You often claim in your writings that our politicians and ad hoc strategies are ignoring the historical aspect of the arms problem.

[Coolsaet] Yes, the problems of peace confronting us today began back in 1967, when NATO embraced the doctrine of flexible response after 5 years of American pressure on its members. The doctrine states: if the Soviets attack, the United States will not immediately use its vast nuclear arsenal. The European allies must first defend themselves with what they have: conventional weapons against a conventional attack, then, if needed, a nuclear warning shot, and, if defeat impends, the use of the full American nuclear arsenal, on land, sea and in the air.

The aim, then, was a controlled escalation, for after each phase, there must be an opportunity for the Soviets to open negotiations. For just this reason--and not many people know this--McNamara in 1961 removed Moscow from the American list of targets. He also wanted by all means to keep open the lines of communication between the Warsaw-Pact countries: contact between East-European politicians and the Soviet military must be maintained under all circumstances. The West Germans agreed but asked for guarantees for their own territory. The United States and NATO thus promised that any

attacker from the east would be stopped at the border with East Germany. This "forward-most defense" was to extend to the Lech and Weser rivers. The major defense installations were placed there. Flexible response and forward-most defense became the two principal components of the official military doctrine of NATO beginning in 1967.

[Question] Was that a part of the policy of detente?

[Coolsaet] Pierre Harmel, the Belgium minister, integrated the military doctrine into detente thinking in the famous report that bears his name. The 1960's, with decolonization and the Gaulism of France, offered a favorable climate for review of the relations between East and West and for deliberations on the role of NATO.

[Question] That climate is gone, it seems. What has actually changed?

[Coolsaet] The 1970's and the Vietnam trauma of the American army (Europe felt little sympathy for this Asian adventure) forced the United States to reappraise its basic ideas concerning global strategy. In 1976 this process was not yet complete. Then there appeared the FIELD MANUAL 100-5, OPERATIONS, the official handbook that stated how the American officer was to wage war. The 1976 edition still emphasized defensive tactics and treated nuclear and chemical weapons totally distinct from the rest. The new technological inventions (long-range missiles, attack helicopters, etc.) were considered primarily as an improvement of American firepower, nothing more.

Immediately there was talk of the soft, defeatist character of the manual. The hawks waged a successful campaign against "the text on how to lose a war." Eventually a more offensive doctrine was worked out called Airland Battle. In the most recent edition of the FIELD MANUAL (January, 1982), the Airland Battle doctrine sets the tone. The new doctrine seems to be based on four ideas.

First of all, there are plans for the local commandant to take sharp attack initiatives. It is no longer merely a matter of counter attack, as before, but of taking advantage of any weaknesses of the enemy with light, maneuverable, high-technology units with triple the firepower. The first division will be ready by 1985.

The concept of penetration is now being employed. The war theater no longer lies along the Lech-Weser line, but to the rear of the attackers, and deeper yet. Due to a greater integration of air and land power, the enemy would be prevented from reinforcing its fighting units in the rear, as Israel's General Sharon did it in 1973 in crossing the Suez Canal. In the first days of the conflict, the air force will put the air fields of the Warsaw-Pact countries out of commission with a new arsenal of missiles and thus ensure NATO air superiority. For this purpose, new missiles are being provided, such as the [Axe] and the various cruise missiles (for both air and land forces) and the Pershing II for land forces. Western diplomats and the military quietly acknowledge among themselves that this is the true purpose of

cruise and Pershing missiles, and thus they have no relation to the threat of the SS-20. But plans for attacks into the interior, deep into the Soviet Union, have never been discussed within NATO.

Thirdly, Airland Battle places importance on combining firepower and mobility. There is no longer a single command post, but scattered posts with well-coordinated, jam-proof communications with one another. The last and maybe most important change in the FIELD MANUAL of 1982 calls for the local commandant to wage an integrated action; nuclear and chemical weapons are no longer considered separately, but as a normal part of the available weapons systems. Conventional and nuclear phases could occur in the same place and at the same time. This doctrine assumes that escalation is unavoidable (far from controlled) and signals the abrupt repudiation of the flexible response.

[Question] And what about the concept of forward defense?

[Coolsaet] That is no longer valid either. The Lech-Weser line or the German-German border is no longer relevant. The aim is no longer to restore Europe to pre-conflict status, but to defeat the enemy militarily. It is in black and white.

[Question] Has one come to believe then that a nuclear war can be won without self annihilation?

[Coolsaet] That idea went hand in hand all along with the revision of the FIELD MANUAL. In June 1977, President Carter commissioned a major study of an idea called Counterforce: in this plan, Soviet cities would not be the only targets, but primarily the military installations, command posts, weapons factories, troop concentrations, and such. The former deterrent (the threat to destroy the enemy's cities) soon gave way to the assumption that a nuclear war can be limited, that it would not mean the end of the world and is, thus, militarily reasonable. Under Reagan, this view gained strength. It has become the official doctrine, expressed in various memoranda and decisions. The key concept is now called decapitation. The power structure of the Soviet Union and the Warsaw Pact is to be destroyed.

Without any consultation within NATO, the radical departure from forward-most defense and the flexible response method took place. What was once controlled escalation is now guaranteed escalation.

[Question] Can a small country like Belgium resist such a change?

[Coolsaet] The logic of Airland Battle now, of course, calls for the nuclear missiles to be deployed in Europe. Minister Vreven does not need to fear that all this will be beyond the means of Belgium to pay. Naturally, it will be, but except for General Rogers, not a single American source is requesting it of us. The allocation of tasks is well under way, with American financing where needed. The only regrettable thing about it is that many West-European policy makers have no idea of the true range of the cruise and Pershing

missiles. A few years from now, they will make a show of regret over an accomplished fact. But for the time being, they do not see that the Americans have now adopted a strategy which the Soviet Union has always been accused of having: deep penetration attacks and disruption of enemy communication lines. This is called the Blitzkrieg method.

The two traditional doctrines that gave NATO a defensive character have been rendered obsolete by this and by technological advances. NATO continues to claim that it is by no means an offensive alliance and has no wish to become one, but the Soviets claim such as well, and yet we do not believe them. The perception is what is most important; if it is seen to be offensive, it is offensive. The Soviets can logically conclude from our armaments that NATO possesses the technical arsenal to give it first-strike capability. As soon as the Russians see such a thing as likely, whether on European terrain or on another continent, their situation will change in one way or another, and we will be in a much less stable situation in 1983.

[Question] Is, then, detente dead?

[Coolsaet] Yes, unless we undertake a critical review of the political and military doctrines of NATO, as we did in the 60's. Nothing but lip service is being paid to detente anymore, but that is causing displeasure in some countries such as France. Paris is making it very clear that NATO must not be allowed to be an instrument of tension or economic and political warfare. NATO must not extend its sphere south of the Tropic of Cancer and thus (again) militarize the North-South opposition. The Belgium Government, too, should count more on the support of the Peace Movement to seek a new place in the world for West Europe. The East-West obsession should be replaced with concern for the near future with growing poverty in the world, ecological disruption, and above all, the economic crisis. These threats are great enough as it is. We don't need to add new ones.

9992

CSO: 3614/34

## GUNS SEIZED ON TRAIN FROM GERMANY

Athens ETHNOS in Greek 10 Jan 83 p 5

[Text] Greek investigative authorities are on the trail of a large ring of arms smugglers, Greek and foreign, according to exclusive reports received by ETHNOS.

The first blow to the group, which smuggled weapons from abroad, was delivered Friday noon in Customs at Larisa Railroad Station in Athens. Police authorities had a tip that the freight train due to arrive from Gevgeli was carrying a cargo of arms which had arrived at the border on German freight cars.

Therefore, detectives in civilian clothes were deployed on the platforms of the arriving freight trains. They pretended to be passengers and were on the lookout for those who would come to await the valuable cargo coming from abroad.

At 1:08 p.m., train 80931 entered the station. Among the cars there were special cars for the transport of automobiles. They were used automobiles which were being imported into Greece by a Greek importer whose identity has not been made known because the investigative authorities have treated the matter with great secrecy. It appears that the tip received by the police mentioned that the smuggled weapons were hidden in the automobiles.

After the arrival of the train was announced, the police found out who was involved in receiving the cargo. They approached him and arrested him. A careful search of the automobiles followed. According to our sources, the weapons were found in the fourth automobile on the train.

Thirty pistols and revolvers were found under the seats.

The cargo handlers at the station were surprised to see the importer--known to them as well as to the Customs officials because of his business activities--surrounded by policemen who had handcuffed him.

No information was given to the reporters nor did the officials of OSE [Railways Organization of Greece] confirm the matter. In any case, the rumor at Larisa Station had it that it involved...plastic pistols.

9731

CSO: 3521/152

## PEKDEMIR OFFERS DEFENSE IN DEV-YOL TRIAL

Istanbul CUMHURIYET in Turkish 23,28 Dec 82

[23 Dec 82 p 7]

[Text] Ankara--In the Dev-Yol [Revolutionary Path] trial, in which the death penalty has been asked for 184 of the defendants and where 4 defendants have so far been acquitted, defendant Melik Pekdemir said during his questioning: "If history will find us guilty, it will do so because we have not been able to organize against fascism and not because we have organized against it. Our real crime is our inability to organize against fascism." Pekdemir's questioning began after the police testimony of defendant Akin Dirik was read at the hearing held at the First Military Court of the Ankara Martial Law Command. Expressing disapproval of news items and articles written against him in some press organs, Pekdemir said: "The importance of this trial has increased as a result of the way this trial is being reported to the public and the deliberate and biased propaganda campaign waged by certain slanderers." Stating that the trial is of historical importance, Pekdemir continued: "It is a period that is being tried in our persons; it is wished to blame us for all the sins of that period." Pekdemir said:

"If here we are being tried for certain acts, that is because we were in the position of targets rather than being perpetrators of the said acts. Every defendant here has in the past been the target of fascist terror. I am charged with being involved in ideological work and with organizing and directing an armed gang. I did do ideological work. I am a Marxist-Leninist revolutionary. In other words, I believe that revolution is the only path toward socialism."

The defendant expressed his belief that the description of "armed gang" cannot always be used as a criminal charge. Pekdemir expressed the following views on the armed gang charge:

"Had the events in Turkey developed further and had the atmosphere of civil war --which we came very close to--deteriorated further, that is, had we actually had a civil war, I would have taken my place alongside the armed people's gangs fighting against fascism. The fact that I am not charged with any act of armed violence is purely coincidental. I have occasionally carried arms. I believe that that was necessary. If I were assaulted I would have used my weapon."

Stating that "an assailant and a defender cannot be described by the same terms," Pekdemir said that he cannot accept the description in the indictment, "an armed gang aimed at panicking and subduing the people."

Referring to Judge Ekrem Celenk's words in a previous hearing, "Is there anyone who will say that 'I did this and that for a cause I believe in'?" Pekdemir said: "To say that does not mean that we have to admit to all the charges in the indictment."

Alleging that their rejection of some of the charges proves the inconsistency of the indictment, Pekdemir said that "they are not denying what they have done" and that "they were struggling against fascism." He added: "We are all people who have committed ourselves to a cause we believe in."

Of the defendants asked to be acquitted at yesterday's hearing, Abdulhamit Karadavut, Umit Korkmaz, Muharrem Celik and Hasim Ali Arikan were acquitted on grounds that they are too young and that they have already served the sentences asked for them. Charges concerning Melih Pekdemir's words about the 12 September 1980 operation were also read at yesterday's hearing.

[28 Dec 82 p 7]

[Text] Ankara--At the Dev-Yol trial involving 572 defendants, defendant Melih Pekdemir said during his questioning: "The indictment has, for some reason, been unable to determine the time and manner of establishment of the organization called THKP-C [Turkish People's Liberation Party-Front] Dev-Yol."

At the hearing held at the First Military Court of the Ankara Martial Law Command on 22 December, Melih Pekdemir said that they are not denying what they have done and added: "We struggled against fascism. Our goal was to eliminate fascism, but we could not attain our goal. We are all people who have committed ourselves to a cause we believe in." He continued:

"Our position with respect to charges of organization is as follows: If history will find us guilty, it will do so because we have not been able to organize against fascism and not because we have organized against it. Yes, our real crime is our inability to organize, not that we have formed an organization."

Stating that his police testimony was taken under pressure, Pekdemir said that he has not been able to prepare his defense because of the conditions in the prison. He said: "I have been kept in a bare cell for the past two years. Four of us are kept 24 hours a day in a 4-square-meter cell which has only two bunks. When one of us stands up the others have to sit down." Speaking about the general charges in the indictment, Pekdemir said:

"In order to defend ourselves properly we must at least know why, how and for which of our views we are being tried. Are we going to defend ourselves against prejudice or against legal charges? There are some very serious doubts about this issue. Furthermore, the concepts used must be explained in detail historically, objectively and, most importantly in this case, legally. It appears that the general conclusions given at the beginning of the indictment were included solely for the purpose mentioning them.

"More importantly, the indictment has turned a blind eye to Turkey's social, political and economic conditions before and after 12 September 1980. Not a single word has been said about fascism and bloody fascist attacks against the working masses. The reasons for our trial cannot clearly be seen if these matters are not mentioned.

"In areas where the revolutionaries were not dominant armed assaults by fascist gangs on the people turned from terrorism into massacres. The Kahramanmaras massacre is an unforgettable example. The revolutionaries, on the other hand, have worked in the light of the scientific revolutionary theory they proposed to bring about social change with less pain and in a shorter period of time. It was always the bourgeoisie that gave an armed character to political struggle as opposed to democratic means. The revolutionaries, on the other hand, have always been careful not to overstep the bounds of legal defense despite all these bourgeois provocations and fascist terror acts. It is this measure that separates revolutionaries believing in Marxism from terrorists. However, despite these facts we have been charged with being anarchists and terrorists. The indictment repeatedly and inappropriately accuses us of inciting revolution by intimidating the people and causing panic among the populace. Being a revolutionary does not mean treason. Being a revolutionary means above all supporting the independence of our country and the freedom of our working people and opposing imperialism and fascism."

Claiming that they did not cause the 12 September events, Pekdemir said the following about organization--as contained in court records:

"The masses who endorsed the views expressed in DEVRIMCI YOL [Revolutionary Path] magazine were naturally part of an organization. The first reason for this was that anybody involved in revolutionary work in various walks of life while struggling against fascism cannot do anything on his own. In this context, a revolutionary must establish links with certain individuals around him. The second reason, in my opinion, is that the process of revolutionary organization was caused by a process of political grouping of revolutionaries who endorsed the views of the DEVRIMCI YOL magazine.

"The revolutionaries and the working people have acted in unity in their struggle against fascism in the streets, factories and schools. If necessary, examples of cooperation in propaganda activities can also be shown."

Defendants Umit Muharrem Celik, Rasit Parlak and Abdulhamit Karadavut were acquitted and set free at the end of the hearing.

9588  
CSO: 3554/95



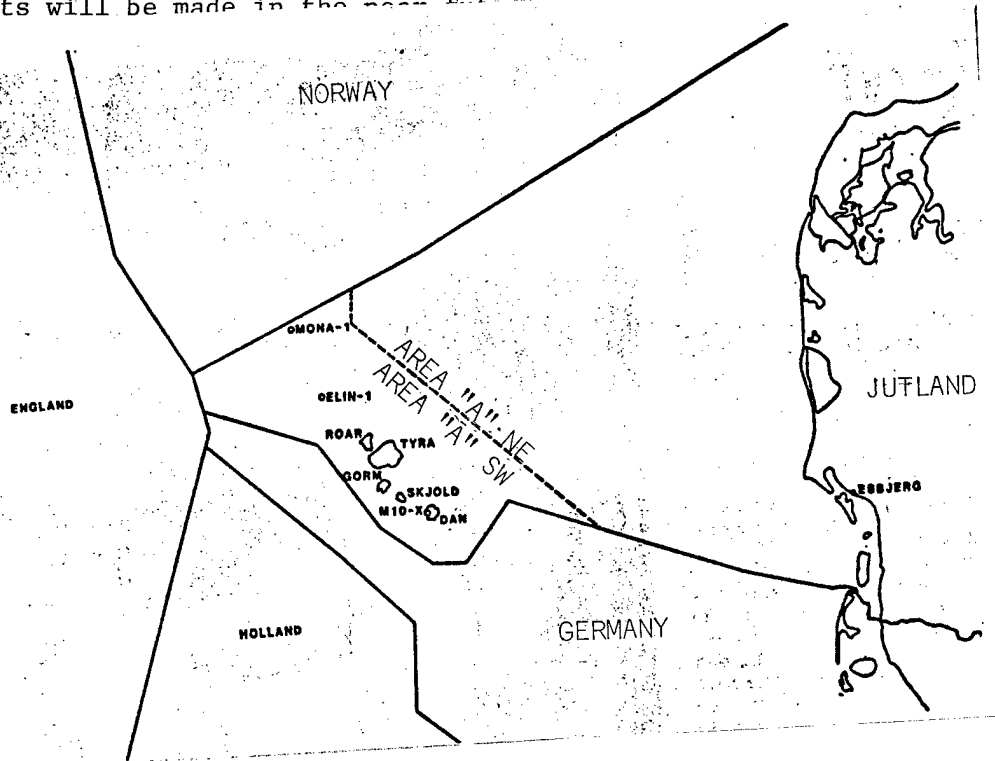
DANISH CONSORTIUM MAKES PROMISING NORTH SEA OIL FIND

Copenhagen BERLINGSKE TIDENDE 5 Jan 83 Sect III p 3

[Article by Erik Bendt Rasmussen]

[Text] Production tests in 2 or 3 weeks will determine the amount and quality of the oil.

The Danish Underground Consortium has made an oil find close to the Norwegian area which contains the big Ekofisk field. A.P. Møller, who is spokesman for the consortium, says that the drilling rig Dyvi Beta in the Mona field has struck a stratum where there are indications of the presence of hydrocarbons. A series of production tests will be made in the near future.



Danish Underground Consortium's activities in the North Sea with three exploratory wells in the Mona and Elin Fields and M 10-X in the Dan Field and with production wells in the Tyra field.

The idea of the production tests is to reach certainty about how much oil and/or gas there is in the field and the quality. In addition the production tests will show whether it is possible to extract what is there. There is a good deal to indicate that the Mona field can be exciting. High expectations can reasonably be held for Mona, because the field lies close to the areas where the Norwegians have found rich oil fields. Right at the boundary between the Norwegian and Danish parts of the continental shelf the Norwegians recently started closer explorations of the Hod field, which they describe as a very interesting find.

In a few days the Danish Underground Consortium will also start the exploratory well Elin I about 50 km northwest of the Gorm field and not that far from Mona. Altogether the consortium has five drilling rigs in operation in the Danish North Sea. Mærsk Endeavour and Dan Earl are drilling production wells in the Thyra gas field, while the other three--Mærsk Explorer, Dyvi Beta, and Dyvi Epsilon--are drilling exploratory wells.

A number of exploratory wells were drilled in 1982, but none of them paid off. As for the Mona structure, the consortium has known about it for several years from geological studies. But it was not until the fall of 1982 that an exploratory well was scheduled. That happened on 3 October.

A.P. Møller does not say at what depth the drilling was stopped, or where oil or gas was found. But it is certain that it is not just a little find. Oil and/or gas deposits have been found in several underground strata. A.P. Møller estimates that the production tests at Mona will be carried out in about 3 weeks, after which there will be more certainty about the size of the find.

8815  
CSO: 3613/45

## OFF-SHORE OIL TO FILL 10 PERCENT OF COUNTRY'S NEEDS BY 1986

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 3 Dec 82 p 15

[Article by Joern Freyenhagen: "Fourteen Boreholes; Production Near the Vacation Beach"]

[Excerpts] The FRG is well on the way to becoming an oil-producing country in the off-shore region, too. It is true that the volume under consideration is relatively modest, above all compared with the country's total demand. But what is involved is the first off-shore exploitation of an oil field off the German coasts: the Schwedeneck-See deposit, which the Deutsche Texaco AG/Wintershall AG consortium wants to tap during the next few years, is located only 2 1/2 km from the Schleswig-Holstein Baltic coast, between Kiel and Eckenfoerd bays. Primarily the northern part of the 15 km-long oil deposit is economically exploitable with an expected total of about 2.5 million tons of oil reserves.

The FRG, in contrast to its neighbors, for a long time remained unsuccessful in its search for off-shore oil despite increased efforts in its North Sea maritime shelf, the smallest among all the countries bordering the North Sea. Meanwhile it made a spectacular discovery--the Mittelplate 1 deposit off Schleswig-Holstein's west coast--but this deposit has not yielded a single drop of production. Moreover, no change can be expected in the next few years because the oil found is not of the best quality and increased costs are likely because of its location in the Wattenmeer, completely apart from the environmental protection problems. However, the first natural gas production has started near Emshoern as an off-shore project.

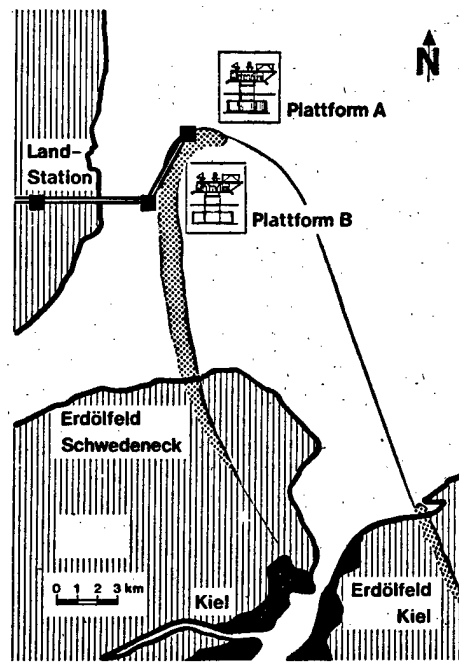
According to the timetable now submitted, two stationary drilling and production platforms, each consisting of a concrete block with steel superstructures, are to be completed by the end of 1983. They will be placed on the ocean floor at a water depth of 15 and 25 meters, respectively. From here a total of 14 production boreholes are planned which must be sunk at an angle of 55 degrees into the about approximately 1,500-meter deep oilbearing sandstone stratum. The drilling phase will probably take 1-1/2 years. By the end of 1984 the first Baltic Sea oil is to flow from the platform, via a pipeline system with a land station, to the Heide/Holstein refinery and from there to the consumers.

Within 2 years thereafter the peak production of 400,000 tons a year will be reached, a quantity surpassing the current Schleswig-Holstein production and representing about 10 percent of the present total German output. The FRG's own contribution to the reduction of its dependence on imports is of course small, for the FRG with an annual consumption of 122 million tons continues to be regarded as the continent's biggest "oil guzzler" despite considerable economizing measures.

Investments totaling DM 370 million have been estimated for the establishment of the new Schwedeneck off-shore facilities, about twice as much as the cost of developing normal North Sea oil fields. The platforms in the Baltic must be laid out for maximum loads because of ice drift, the force of the waves and other external forces. Furthermore, safety and environmental protection demands have further grown in recent years. The construction of concrete foundations in place of the usual steel structures also adds to the cost.

The oil is a "medium-heavy oil comparable to the 'Arab medium,' with a high paraffin content and a sulfur content of about 1 percent," as Wolfgang Sohn of Deutsche Texaco in Hamburg describes the Baltic Sea discovery.

It is still not certain how the environmental protection people and the vacationers on the Baltic Sea coast will react to the Baltic Sea platform project. The operators give the assurance that the two platforms "with their small dimensions" will hardly be noticeable from the beach. However, possible effects in the form of oil spills are a nightmare hovering over the project as regards the vacation beaches. Such fears are being expressed above all with regard to the "Dampf 2000" tourist center between Eckernfoerde and Kappeln, which is only a few kilometers away. The responsible persons of the production consortium are convinced that no oil spills can occur. The extensive technology of the oil production system, which has redundant safety features and which even pumps the drilling water on land, takes care of that.



*Vom Meer aus angebohrt: Das Feld Schwedeneck-See zwischen Kieler und Eckernförder Bucht  
Zeichnung: Texaco*

[Caption:] Borehole drilled from the sea: The Schwedeneck-See field between Kiel and Eckernfoerd Bays

12356  
CSO: 3620/144

## NEW PEAT PRODUCTION AREA TO BEGIN OPERATIONS

Helsinki HELSINGIN SANOMAT in Finnish 4 Jan 83 p 24

[Article: "Kajaani Oy Goes After Peat"]

[Text] Kajaani Oy has begun peat production on its own bogs. Peat digging will begin next June. The production goal is to dig from 400,000 to 500,000 cubic meters of peat a year by the end of the decade. This corresponds to about two-thirds of the peat Kajaani Oy's Kajaani plants can use.

All told, Kajaani Oy has 3,000 hectares of peat bogs. The goal is to get 1,000 hectares of the bog area into shape between 1983 and 1985.

Studies and plans for starting these preparatory operations have been made with eight bogs in Kajaani, Paltamo, Ristijarvi and Sotkamo.

Putting the bogs into operational shape will employ an average of from 15 to 20 men for a 3-year period. Peat production, loading and hauling will seasonally employ about 300 men after mid-decade.

Kajaani Oy says that the harmful effects of peat production on the surrounding waterways will be prevented by building drainage basins.

At the present time, according to plans that have been completed, Saynajasuo and Marjosuo [suo = bog] at Kajaani, Etaisensuo, Laattaansuo, Likasuo and Vasikkasuo at Paltamo, Lokkisuo at Ristijarvi and Naurissuo, Veneheitto and Kurkisuo at Sotkamo are to be put into operation.

Local and Northern Finnish contractors will handle the preparation of the bogs and the peat digging. Among others, the preparatory operations will include the clearing of trees, the organizing of means of communication and the preparation of stacking areas.

11,466

CSO: 3617/47

## ENERGY POLICY REPORT FAILS TO CLARIFY DIRECTION

Helsinki HELSINGIN SANOMAT in Finnish 4 Jan 83 p 2

[Editorial: "Energy Policy Line Still Uncertain"]

[Text] In March 1979 the Council of State approved an energy policy program for Finland which it at the same time decided to review at 3-year intervals. The Energy Policy Board has now prepared its proposal. It has achieved unanimity by making its report a very approximate one and not analyzing the setting of goals. As such, it does not offer much help at all to a practical energy policy. The adoption of a final position on the nuclear power plant alternative has also been avoided, even though it has been proven that it is more economical than a coal-fueled power plant.

The Energy Policy Board admits that the energy situation has changed more than it was expected to since the approval of the present energy policy program. The development of fuel price relations as well as of fuel production, consumption volume and structuring has come as a surprise. A very abundant amount of new information has also been obtained which must be taken into account in an energy policy. This involves domestic energy sources to a greater extent than that which the board wanted to take note of in its striving for unanimity.

The board, for example, is still aiming at sharply increasing peat production, although in practice it has been demonstrated that there will be a lot of problems and bottlenecks in the future. Long-range conclusions on these will also have to be reached. The construction of water-powered plants is not as commendable as the board seems to suppose either. Wood, especially waste wood and the growing of trees of particular value for energy, offers greater opportunities for increasing domestic energy. However, increasing the level of domestic energy production should not be an end in itself that ignores all other alternatives.

Changing VAPO [expansion unknown] into a joint-stock company, which is suggested by the board, would not in itself guarantee the flexible functioning of fuel production and marketing for the common good. It is above all a matter of adapting operations to the changing opportunities that are in practice afforded and of realistically setting goals. There is certainly also a need for increasing our contribution to research and development activity and the results obtained from it should be used to advantage.

The effort contained in the draft of the energy policy program to reduce energy subsidies and in the long run free energy investments from government support is a correct approach. For this reason it must also be assumed that the taxation of energy will be so organized that taxes are not duplicated. The current tax on electricity is, for example, a tax produced by such duplication.

Solutions that would damage our ability to compete in terms of production must, of course, be avoided. A fluctuating pricing policy and the economically pointless subordination of alternatives to some other objective must no longer be considered. This is also in the interest of the individual consumer.

Despite the preparation of the report, many practical energy policy decisions and policies are still waiting their turn to be made. Fortunately, the energy supply is still years ahead of the demand, nevertheless, we cannot afford to postpone decisions for very long. The span of an energy policy is a long one.

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CSO: 3617/47



## BRIEFS

POWER PLANTS AT FULL OPERATION—Teollisuuden Voima Oy's [Industrial Power Company] Olkiluoto and Imatran Voima Oy's [Imatra Power Company] Lovisa nuclear power plants achieved high use coefficients last year. The Olkiluoto number-one plant's use coefficient was 87.4 percent and the number-two plant's 79.7 percent. As for the Lovisa number-one plant, its use coefficient was 84.2 percent and the number-two plant's 77.7 percent. The companies say that the number-two plants' lower use coefficients stem from the fact that thorough, more prolonged annual maintenance was performed at the number-two plants. Both the Olkiluoto and Lovisa power plants are now operating at roughly full capacity. The Lovisa number-two plant reached full capacity by the end of last year after the annual maintenance operation. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 4 Jan 83 p 24] 11466

CSO: 3617/47

BRIEFS

ELF IN TRAENABANKEN--Elf Aquitaine will hold 20 percent of bloc 6610/7 in the Traenabanken region in the Norwegian area of the North Sea, beyond the 62nd parallel. The partners of the French group are: Statoil, 50 percent, the operator; and AGIP, with 10 percent. The balance had been awarded to Shell, which in the end rejected it. Drilling is to begin next spring.  
[Text] [Paris LES ECHOS in French 10 Dec 82 p 6] 7679

CSO: 3519/232

## GOVERNMENT REPORT LOWERS ESTIMATES OF FUTURE POWER NEEDS

Oslo AFTENPOSTEN in Norwegian 14 Jan 83 p 4

[Article by Georg Parmann]

[Text] The consumption of electrical power in 1990 will be considerably less than the government assumed in the energy report, according to new predictions of energy consumption made by the Central Bureau of Statistics. According to the new prognoses the stationary power consumption in 1990 will be 101 billion kilowatt-hours, or 3 billion kilowatt-hours less than assumed in the energy report.

According to the new prognoses the consumption of electrical power for public service will rise to 69 billion kilowatt-hours as against the prognosis of 70 in the energy report.

A number of the assumptions on which the new prognoses are based can change. For one thing, the same assumptions on economic growth are used as were used by the forecasting committee of the Ministry of Oil and Energy. They presented new material on 12 November 1982, but that did not lead to changes in the ministry's official energy forecasts. In the report by the Central Bureau of Statistics on key figures for natural resources in 1982 it is stated that against the background of the present economic situation the forecasts of economic growth seem somewhat optimistic, especially as concerns this industry.

Other assumptions, too, are subject to a greater or lesser degree of uncertainty. This applies among other things to the development of oil prices and the increase in use of electricity in energy-intensive industry. The consumption of electrical power in energy-intensive industry in 1982 was 26.5 billion kilowatt-hours. On the assumption of the same production in these industries in 1990, the new forecasts can be reduced by over 4 billion kilowatt-hours. In that case the consumption will be 7 billion kilowatt-hours lower than in the government's estimate for 1990, or more than 10 times the expected production at the Alta power plants. Stagnation in another industry would reduce the prognoses by another 2 billion kilowatt-hours.

The new predictions by the Central Bureau of Statistics assume a slight decline in the real price of petroleum products up to 1985, and from 1985 to 1990 a rise

keeping pace with the general price rise. If, on the other hand, oil prices are 10 percent higher than assumed in 1990, this will be reflected in an increased consumption of electricity amounting to 1.4 billion kilowatt-hours, but still well below the government's current predictions. By changing the predictions of general industrial growth, the rate of housing construction, etc., the predictions could be changed, but these changes would be relatively modest.

As of 1 January 1983 waterpower had been developed in Norway with a combined production capacity of 97 billion kilowatt-hours, which is 2.3 billion kilowatt-hours more than on 1 January 1982. Of the exploitable waterpower, as of 1 January 11.7 billion was permanently reserved, while the remaining exploitable waterpower, including watercourses already developed, constituted 160.3 billion kilowatt-hours. Work is now under way on a comprehensive plan for exploitation and conservation of the remaining watercourses. The watercourses this embraces have a combined power potential of less than 33 billion kilowatt-hours. A number of watercourses, however, are kept outside of the comprehensive plan for early concession negotiations, partly with a view to being able to produce enough electric power up to 1990. The watercourses, 40 all told, that are kept out of the comprehensive plan so that they can be handled by concession arrangements as soon as possible have a combined power potential of 10.7 billion kilowatt-hours. Of these the Saltfjell/Svartis has 4.1 billion kilowatt-hours and Breheim 3 billion kilowatt-hours.

Because of abundant precipitation in the fall of 1982 the reservoir situation in the country's power plants was very good at the first of the year. On the average the reservoirs were 75 percent full, the best since 1976. There was water in the reservoirs corresponding to a production of 47.5 billion kilowatt-hours, which is over 5 billion kilowatt-hours more than on 1 January 1982.

8815  
CSO: 3639/52

## CVP'S VAN DEN BRANDE CALLS FOR ECONOMIC REGIONALIZATION

Brussels LE SOIR in French 5 Jan 83 p 2

[Interview with Luc Van den Brande, CVP member of parliament, by Guy Duplat and Jacques Van Hoorebeke: "Luc Van den Brande: More Than 50 Percent of the Budget Must Be Regionalized To Pacify the Country"]

[Text] Luc Van den Brande or the man who brings the scandal. One and a half years ago, this 37 year old Malines lawyer, rising star of the CVP [Social Christian Party (Flemish)], threw a big rock into the political pond by introducing a bill to regionalize the five remaining national economic sectors. He reintroduced his project a few months ago. At the right moment, one must admit. The national government cannot manage to extricate itself from the steel dossier. As a matter of fact, it has just decided to open negotiations immediately with the regions in order to study the possibility of giving them a share of the financing of those national sectors. Parallel with this negotiation, parliament will soon start a very broad discussion of the Van den Brande proposal. Hence, the next few months will be decisive. More and more parties agree today on the necessity to review the regionalization laws.

Luc Van den Brande has a law degree from the KUL [Catholic University of Louvain]. He lived through the "Walloons Out" crisis of 1968. "I saw the cost of putting community problems on ice." He worked for a while in the legal department of the CSC [Confederation of Christian Trade Unions]. A representative since 1977, he has never denied his membership in the ACW [General Christian Workers Association], the Christian democrat wing of the CVP. As far as he is concerned, Belgium should be regionalized much more broadly. Not only the five national sectors, but also infrastructure, industrial and science policy, credit, education. Between 50 and 60 percent of the state budget should be managed by the regions and the communities.

In his opinion, such a radical change of direction is the only way to calm the spirits, to maintain the unity of Belgium and to return to a greater rationality in economic decisions.

This spearhead of the CVP also explained to us his firm opposition to any renewal of the special powers. And this at the very moment when Mr Martens is getting ready to ask for them again. Mr Van den Brande is neither a loner nor a trouble-maker. He carries a lot of weight within his party.

[Question] The government's decision, announced last Thursday, to open a discussion on the regionalization of the national sectors must please you, doesn't it?

[Answer] This decision marks a beginning, a start. And in that sense it is fundamental. But I continue to be cautious. In my opinion, the government has yet to really take a stand, and a discussion must still take place within the government on the basics of the question.

[Question] And you, what do you propose?

[Answer] I don't want to tear our industrial fabric. I am very well aware of the interdependence between the Flemish and the Walloon economies. The Walloon steel industry is very important for the port of Antwerp. But it seems essential to me to entrust the five remaining national economic sectors -- steel, shipbuilding, textile, coal mines and glass hollowware -- to the regions. And this for two reasons: everyone can see that for 2 years now, the governments have been constantly blocked in their daily management of the problems of those five sectors. And, on the other hand, from an industrial standpoint it was absurd to separate a part of industry from the rest, to entrust the main economic responsibility to the regions without giving them these five sectors. The regions cannot fully make the necessary choices in favor, for example, of new technologies.

[Question] But why did they refuse to regionalize them in 1980?

[Answer] It was a purely Belgian-type compromise. These five sectors formed a regionally balanced package. The liberals were not very interested in this problem. The PSC [Social Christian Party (Walloon)] did not want to regionalize the five sectors and the Flemish and French speaking socialists were incapable of agreeing. Hence, it was not an economic and rational choice, but a simple compromise, an accidental decision.

I Am Not Separatist

[Question] When would this regionalization become effective?

[Answer] As soon as the law was enacted by a two-thirds majority. But I don't have any illusions. It will take time. The debate, which will start within a House committee, will be very important. It will make it possible to clarify the ideas. Mr Martens has promised to give us all the necessary figures. It is not my intention to play a Flemish nationalist game. I have many French speaking friends; even my godmother is a French speaker! I want to regionalize in order to pacify. I am not a member of the People's Union, I am not a separatist. I want to regionalize more in the interest of Flanders, of Wallonia, and of Belgium.

[Question] But aren't they going to regionalize much more than the five national sectors? The PS [Socialist Party (Walloon)], for example, demands the regionalization of the infrastructure, that is to say specifically the construction in Zeebrugge.

[Answer] That is no problem. Personally speaking, I think that infrastructure, public credit institutions, industrial and science policy, and education should also be regionalized. The regional and community share of the budget would rise substantially. It would go from less than 10 percent today to more than 50 percent.

[Question] Isn't this a step toward separatism?

[Answer] No. At the same time, the power of national norms will have to be increased. And the unity of the Belgian market and of the Belgian currency will have to be maintained. The regulations concerning competition, aid to enterprises, and interest rates should remain national. And the laws regulating them should prevail over the decrees enacted by the regions, whereas today the laws and the decrees have been placed on an equal footing. Several departments will remain national: justice (to handle the problem of abortion at the community level would be a step toward separatism), foreign affairs, national defense, finance, price policy, etcetera.

#### Sixty-five Percent for Flanders

[Question] How will the regions finance their policy?

[Answer] If the five national sectors are entrusted to them, then the credits allocated to these sectors will also be returned to them, but according to a key which respects the contribution of each region. That is to say in function of the direct taxes paid by each region. In this way, I calculated that 65 percent of the budget of the national sectors would go to Flanders and 35 percent to Wallonia. If you want to take Brussels into account, then the figures become: 56 percent for Flanders, 30 percent for Wallonia, and 14 percent for Brussels. But this problem of the distribution key will have to be discussed.

[Question] And who is going to pay the burden of the past, that is to say the repayment of the enormous loans granted over the years to the five national sectors?

[Answer] We will have to set a date (the laws of August 1980, for example), and say that all the commitments made prior to that date are payable by the central state and all the commitments made since then are payable by the regions. It could be done differently. It is open to discussion.

[Question] Who in the majority is currently blocking action on this?

[Answer] The PSC is undoubtedly the main brake. Mr Nothomb remains a unitarist. But in practice, it is primarily the liberals and Mr Gol who demand the most national money for the Walloon enterprises.

What Solidarity?

[Question] In this other Belgium you are hoping for, would there still be a national solidarity, a solidarity among the regions?

[Answer] It is curious how often French speakers ask this question. Flanders already made a very big gesture of national solidarity in 1970, in voting for a revision of the constitution which introduced special majorities and alarm bells. Today, we have to allow for the possible veto of the French speakers. Without this concession, my bill would now pass in 3 weeks, thanks to the Flemish majority. In 1970, Flanders abandoned the Van Cauwelaert theory, which considered that, thanks to the law of numbers, Flanders would one day dominate all of Belgium.

[Question] So Van Cauwelaert died for a second time. Aren't there any people who are nostalgic for this Flemish unitarism though?

[Answer] Perhaps, but it should be noted that the CVP is unanimous in asking for the regionalization of the national sectors. The choice has been made. But I would like to add other possible solidarities. In recent years, the CVP has given many signs of solidarity in the national sectors. And tomorrow, the sector of social security will remain national. But a social security in which the financial flow is evident.

[Question] But don't you think that, some day, Flanders will refuse to pay for the French speaking unemployed or for the French speaking retired?

[Answer] That question is not relevant today. And I think that it would be a mistake, because who knows what will happen tomorrow. The pendulum may change sides and some day Wallonia will help Flanders. As a matter of fact, the number of unemployed is growing more rapidly in Flanders than in Wallonia.

Brussels Status Quo

[Question] And what would become of Brussels in this new Belgium?

[Answer] Brussels could not be a full region like the others. Its role should be to receive both communities and to play its international role. If the inhabitants of Brussels want to change their status -- and I fully approve of the contacts among the inhabitants of Brussels --, it will first be necessary to settle the problems of the Flemish inhabitants of Brussels, locally. In many municipalities, there are no Flemish deputy mayors. In the hospital sector, in the CPAS [Public Center for Social Aid], the Flemish are still too often poorly received. This will have to be settled first. And for that, it would not be in the interest of Flanders at all to come and demonstrate in force in Brussels. It is the inhabitants of Brussels who have to look for solutions. Is it known, for example, that according to the constitution only the city of Brussels is the capital of Belgium?

[Question] You are in favor of the status quo then?

[Answer] Yes, as long as the local problems have not been resolved.



No to Special Powers!

[Question] In a totally different area, what will your position be when Mr Martens once again requests special powers?

[Answer] We could, of course, review the constitution and institutionalize the special powers as they did in France. But as long as this has not been enacted, there are four conditions to be met: you have to justify their necessity, ensure their control, and limit them in terms of time and of subject matter. In my opinion, those four conditions no longer apply. This is why, as far as I am concerned, I will defend the refusal of new special powers. Mr Martens says that he wants special powers limited to a few issues only, but then why not handle these limited problems in parliament? Last February, we adopted eight very important recovery laws in 3 weeks! Moreover, the special powers obscure the government decisions. I am convinced that some of those decisions would not have been passed if they had been presented clearly to parliament. Finally, there is a great deal of talk of reasserting the value of parliament, but every member of parliament should first of all be made to assume his responsibilities. It is too easy to hide behind the special powers. I am thinking especially of the liberal members of parliament...

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CSO: 3619/23

## LO'S CHIEF ECONOMIST VIEWS BUDGET-CUT EFFECTS

Copenhagen AKTUELT in Danish 30 Dec 82 p 5

[Interview with Poul Nyrop Rasmussen by Lennart Weber]

[Text] Many thousands of Danes will experience 1983 as a very grim year in which they are hit by the government's drastic cutback policy.

But that is only a beginning. It will be far worse in 1984 if the government succeeds in carrying out its plans.

The non-socialist government has announced that the objective in 1984 will be to end with a deficit in the state budget that does not exceed the 70 billion kroner that the deficit is expected to be in 1983.

#### More Unemployed

If that objective is to be attained, the non-socialist government must find budget improvements amounting to 10 to 15 billion kroner in 1984. With the means that the non-socialist government has made use of thus far it must be feared that this will at least mean an increase in unemployment by 50,000 over the 300,000 that are expected to be idle in 1983.

"We must fear that the drastic economic cutbacks the Danes will experience in 1983 are only a beginning if the present government has the power to carry out its plans," says Poul Nyrop Rasmussen, chief economist of the LO [Danish Federation of Trade Unions].

"For the sake of the whole of Danish society we must hope that the government thinks again and changes its objective for 1984. Otherwise there may be irreparable harm to the Danish economy."

[Question] What do you base these gloomy predictions on?

[Answer] The government's own estimate indicates that the state deficit in 1983 will be a scant 70 billion kroner after the economies are carried out. At the same time I am taking account of the fact that the government has stated on several occasions that the objective is to make sure that the state deficit does not become greater in 1984.

## 10 Billion Kroner Extra Interest

That is a very far-reaching objective, which will require considerable extra budget improvements in 1984. The extra interest payments alone will burden the state budget with an extra 10 billion kroner.

So if the government sticks to its goal that the state budget deficit must not increase from 1983 to 1984, a saving of an extra 10 billion kroner must be found for the 1984 budget act.

The other essential point is unemployment. The government estimates that unemployment will increase in 1983 by an average of 20,000 to a total of 285,000. That the government has now come out with figures is interesting in itself.

Unfortunately, it may be feared that the estimate is too low. The Labor Movement's Economic Council has prepared an estimate of the consequences which shows that unemployment will average 300,000 in 1983 and that it will increase to 325,000 in 1984 as a result of the policy of the non-socialist government and of the international economic crisis. Unfortunately, there is nothing to indicate that these figures are too high.

[Question] What effects will that have on the 1984 budget act?

[Answer] As a rule of thumb it is estimated that an extra 10,000 unemployed in the private sector means a drain of 2 billion kroner on the state budget because of increased social benefits and lost tax revenues.

If the calculations by the Labor Movement's Economic Council hold good--and, unfortunately, there is nothing to indicate the contrary--we are in such an alarming economic situation that the government must change its economic goal for 1984.

If the government sticks to its objective, budget improvements of 10 to 15 billion kroner must be found for the 1984 budget act. That will have catastrophic consequences for employment and hence for the whole of Danish society.

[Question] How much will unemployment increase?

[Answer] From the Economic Council's latest report it can be gathered that the government's policy objective is untenable. The Economic Council has calculated the consequences of a budget improvement of 1 billion kroner.

To save 1 billion kroner by cutting down on wages and social benefits would mean 6,000 to 7,000 more unemployed.

If tax increases are imposed to give a budget improvement of 1 billion kroner, that will mean 5,000 to 6,000 more unemployed.

If a corresponding budget improvement were attempted by discharging public employees, the effect on employment would be much worse.

A budget improvement of 10 to 15 billion kroner in 1984 would thus mean at least 50,000 more unemployed. The government can choose the method itself. We think

it should entirely refrain from launching into such violent cutbacks. They would only intensify our economic downturn.

#### International Crisis

If the government sticks to its goal it will worsen Denmark's situation to such an extent that it is questionable whether we can produce ourselves out of our difficulties at all. There is no use in imagining that the Danish economy can be considered in isolation.

The international economy plays a central part in Denmark. In the FRG zero growth is predicted for 1983. The state deficit is increasing, and the need for loans will run up to 51.5 billion marks in 1983. Unemployment increased in 1981 by 43 percent and in 1982 by another 41 percent, so that there are now 1.8 million unemployed in the FRG.

That shows that the problems are common to a number of western countries. It does no good for the government to believe that it can solve our problems by economizing in isolation.

[Question] What should it do instead?

[Answer] First and foremost, the government must come to its senses and change its objective for 1984.

But beyond that, the means must be investments and more investments in the economy. Every time 1 billion kroner is invested in the economy there is an improvement in the state budget of 300 million kroner the very first year and 700 million the year after.

There is urgent need for rethinking economic investments in industry and construction over the next 3 to 5 years. And it must be regretfully admitted that the government's plans contain no positive elements in that direction.

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CSO: 3613/45

## BRIEFS

**JOBS FOR LONG-TERM UNEMPLOYED**--Small private businesses are ready to hire twice as many of the long-term unemployed as early as 1983, according to a study done by the Handicrafts Council. At the moment there are about 1,000 long-term unemployed working in small businesses with fewer than 50 employees. The study shows that this year the employers will more than double the number, and that means that 2,500 long-term unemployed people will get work in the handicrafts sector. The study was done in 400 firms, and they also say that they have plans to take on still more long-term unemployed persons in 1984, so that the net increase for the whole sector will reach 1,375 next year. It is especially the automotive industry that is making use of the opportunity to hire the long-term unemployed. That industry has employed nearly half of the unemployed within the handicrafts field. When a private business hires a long-term unemployed person it can get a special retraining grant. The support constitutes 70 percent of the highest daily pay rate, and at the moment that is 32 kroner an hour. For those under 25 years old the support is 80 percent of the daily pay rate, corresponding to 36 kroner an hour. With the big increase in handicraft employment part of the state's and the municipalities' problems are solved. For they are compelled to employ the long-term unemployed who cannot find jobs in the private sector. [Ole Schmidt Pedersen] [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 5 Jan 83 Sect III p 3] 8815

CSO: 3613/45

## STOLTENBERG EXPLAINS MEDIUM-TERM FINANCIAL STRATEGY

Duesseldorf WIRTSCHAFTSWOCHE in German 17 Dec 82 pp 10, 11, 14

/Interview with Federal Finance Minister Gerhard Stoltenberg by WIRTSCHAFTSWOCHE editors Friedrich Thelen and Wilfried Herz/

/Text/ Federal Finance Minister Gerhard Stoltenberg worries that the beneficial effects of tax concessions may be vitiated by rising social insurance contributions. In a WIRTSCHAFTSWOCHE interview the CDU politician explains his medium-term financial strategy.

WIRTSCHAFTSWOCHE: The Federal Government intends to wait until after the March election before making public its medium-term financial planning, its figures on future new debts and details of the tax concessions already announced. Are you worried that the Union's election chances might decline if you were to make the figures public before?

Stoltenberg: That has nothing whatever to do with the election, only with the necessity of getting away from the extreme pressure of time. Following an old tradition, the Federal Cabinet will discuss the annual economic report at the end of January. This provides us in the government with the data required for the revised medium-term financial planning. It is therefore quite logical to suggest March or April as the date for such financial planning.

WIRTSCHAFTSWOCHE: It has been said that Franz Josef Strauss managed in a single night to draw up the first medium-term financial plan at the time he was finance minister in the grand coalition.

Stoltenberg: This feat was possible only following very thorough preparations. Moreover, at the end of the 1960's people were far more optimistic about making a medium-term forecast of economic events. Unfortunately medium-term financial planning has tended in the past few years to lose significance and orienting impact.

WIRTSCHAFTSWOCHE: What steps do you envisage for reducing the deficit?

Stoltenberg: In the weeks past we have cut more than DM6 billion from the appropriations in the Schmidt Government's budget proposals. Our decisions have given the first impetus to economic growth and employment. It will now be necessary to use the resources of financial policy to strengthen the forces of growth.

This purpose is to be served by arranging for two stages of tax concessions benefiting the business sector in particular. The concessions will be financed from the additional accrual of the value-added tax. Still, in the coming years it will be vitally necessary to review all non-investment spending. These parallel proceedings will alone enable us to further definitely reduce the unduly high structural deficit.

WIRTSCHAFTSWOCHE: In what dimensions? Will you halve net borrowing in the next 5 years?

Stoltenberg: It is much too early to suggest dimensions with reasonable accuracy. In any case the 1984 draft budget will have to include a substantial reduction in the federal deficit. The figure of more than DM40 billion for 1983 can only be temporarily justified by the current crisis and the burdens incurred in the past.

WIRTSCHAFTSWOCHE: How are you going to manage a reduction in the deficit, given the already discernible long-term threats to the budget? Already the Minister for Labor has put forward billions in claims for social security pensions, while the Federal Railroad and its heavy losses represent as much of a permanent budget risk as the defense sector.

Stoltenberg: I am not willing to single out some claims from the total financial overview. As regards the transportation budget, we will have to consider future road construction financing and the situation of the Federal Railroad in the same context.

I personally incline to assign priority to the Federal Railroad's need for carrying out the investments required. I would rather apply cuts with respect to motorways and road construction.

WIRTSCHAFTSWOCHE: Do you then reject Transport Minister Dollinger's motorway plans?

Stoltenberg: Not entirely. His remarks on motorway construction--misunderstood by some--referred exclusively to the plans of his predecessor, now in effect. The question here is in what delay these may be financed--certainly not in the short term or in just a few years' time.

WIRTSCHAFTSWOCHE: Federal finances are threatened also by the European Community. Are you going to stand pat and not allow the EC more than 1 percent of the determination basis of the value-added tax?

Stoltenberg: I sincerely welcome the fact that the German Bundestag unanimously resolved to stick to that decision. This corresponds to the Federal Government's views that I will resolutely impress on our partners. Initially, despite a hefty rise in EC spending, the 1983 financial framework is not going to be fully exploited. We will retain a cushion of about 3 billion accounting units.

WIRTSCHAFTSWOCHE: As a buffer for even harder times?

Stoltenberg: Given the current financial framework, EC disposable revenues are now rising by about 9-10 percent per annum. The federal budget, on the other hand, is growing by only 2.8 percent. The Commission in Brussels and the European parliamentarians must appreciate that the scissors simply cannot continue to open wider at

the present rate. Instead of constantly pushing for new programs, we should build up reserves to finance the specific additional expenditures likely to arise from the accession negotiations with Spain and Portugal.

WIRTSCHAFTSWOCHE: The budget ceiling is thus not to be lifted even after the expansion of the EC?

Stoltenberg: We stick to the 1 percent limit even as the starting point of the accession negotiations. It would be altogether a mistake to do otherwise.

WIRTSCHAFTSWOCHE: How will you manage to achieve your saving target? Does the public service offer a possibility? A total hiring freeze would relieve public budgets by DM40-45 billion in just 1 year.

Stoltenberg: The Federal and Land governments have arrived at far reaching decisions in the past 2 years. We must now more emphatically approach the review of tasks and the simplification of administrative processes; this will offer some scope for more personnel cuts. I doubt whether vague resolutions on overall cuts will get us anywhere. In my view one of the major tasks of the coming legislative term concerns the oft cited but little acted upon issue of the simplification of administration, of de-bureaucratization.

WIRTSCHAFTSWOCHE: Where are simplifications possible and feasible?

Stoltenberg: The tax law offers some good examples: The reform of the land transfer duty, the conversion of the complicated child care allowance to an--admittedly not very large but easily handled--children's allowance. The Bundesrat enacted a statistics validation law; the Laender are simplifying their building regulations.

That is the line we must resolutely pursue. As far as I am concerned, the aspect of simplification and the manageability of tax administration will enjoy priority; this will also make it easier for citizens to understand.

WIRTSCHAFTSWOCHE: Nevertheless the personnel budget does not seem to offer any great prospects for cuts.

Stoltenberg: Of course there are limits. Still, we will need to continue considering pay structures.

WIRTSCHAFTSWOCHE: Does that mean lower starting salaries in the public service?

Stoltenberg: That is quite possible with respect to some careers. A year ago, as a member of the Bundesrat, I carried a motion providing for nearly 10 percent cuts in starting salaries for civil service candidates and probationers.

The money thus saved is to be used to offer professional opportunities to more young people.

WIRTSCHAFTSWOCHE: In order to improve the federal budget situation it would also be possible to cut more subsidies.



Stoltenberg: Our decisions have up to now cut subsidies by another half a billion. At the same time, though, I must mention increasing financial aid to certain sectors: Steel, shipbuilding and coal--to list only three key sectors. Still, we must persist with further efforts to reduce subsidies, and this intention will be demonstrated in the budget draft for 1984.

WIRTSCHAFTSWOCHE: Does not repeated government aid to ailing sectors make illusory your concept of reducing the share of the state?

Stoltenberg: The shift to new criteria and goals is a matter of years rather than weeks or months. There will always be conflicting ideas about goals. We now need to keep up the flesh and bones of the industries important for Germany, such as steel and shipbuilding, not artificially to stop the process of adjustment and, most of all, encourage reasonable corporate conceptions.

WIRTSCHAFTSWOCHE: Will you be including among the concessions to be deleted the income tax article 6b, made notorious by the Flick scandal, that exempts from taxes the profits of sales transactions if they are reinvested in a manner useful to the economy as a whole?

Stoltenberg: We have not had time yet for discussing this issue in the cabinet or with the departments specially concerned. It will be considered in connection with the preparation of a government statement on financial and tax policies.

WIRTSCHAFTSWOCHE: Still, the government is likely to be soon confronted with another major 6b decision, when the billion earned by the Grundig sale is reinvested. Is 6b to be more precisely defined?

Stoltenberg: Before the next government declaration is issued, we will have to review all tax concessions with respect to their current computation and design--including 6b.

WIRTSCHAFTSWOCHE: Do please tell us details of the further tax concessions promised.

Stoltenberg: The increase in the value-added tax put about DM4billion at our disposal for more tax cuts by 1 January 1984. This is to serve mainly to relieve the business sector. Public discussion of this issue has yielded some interesting proposals: Double taxation in reference to property tax, further steps regarding trade tax and others.

At the same time I would emphasize that we are not going to take a definite decision as to the extent of tax reductions until spring--after a very careful review.

WIRTSCHAFTSWOCHE: Reductions in wage and income tax will be shifted to the back burner?

Stoltenberg: Certainly there is every justification for a reorganization of the wage and income tax rates, for a reduction in the tax burden. Unfortunately we are not able to set a definite date. First of all we will have to reduce the deficits in the public budgets.

WIRTSCHAFTSWOCHE: Is the date likely to fall in the next legislative term?

Stoltenberg: That is our aim.

WIRTSCHAFTSWOCHE: One of your stated goals is the shift from direct to indirect taxes.

Stoltenberg: My predecessors already indicated that need.

WIRTSCHAFTSWOCHE: In that case even the 14 percent value-added tax rate--to take effect in mid-1984--will presumably not be untouchable either in the long run?

Stoltenberg: We have no definite plans for another rise in the value-added tax. It remains to be seen whether this issue will come up again in a few years' time, in connection with fundamental projects for tax reform.

WIRTSCHAFTSWOCHE: Are not the federal efforts to improve the tax system vitiated by the necessary increase in social insurance contributions?

Stoltenberg: That danger is certainly present. It was a terrible mistake in relatively fat years to use up the reserves.

In the next legislative term we will be confronted with the task of reviewing the social security system from the aspect of both services and revenues. The now discernible deficits can certainly not be financed entirely by raising contributions. If that were to happen, we would go completely astray.

WIRTSCHAFTSWOCHE: What are the services you want to cut?

Stoltenberg: I can only say generally that we will have to discuss expenditures and the possibilities for limiting costs just as carefully as anything the Federal Government may actually do by way of subsidies. That is a job likely to take many months, and we are only at the beginning. At this point we know the questions, not the answers.

WIRTSCHAFTSWOCHE: The entire cutting operation will not solve individual problems if economic growth should fail to materialize and, consequently, tax revenues decrease.

Stoltenberg: That is why I stress the need for a dual approach: Cuts and aid for the forces of growth. Most people now are inclined to believe possible, indeed to expect a change in trends in 1983.

We must support all developments likely to contribute to renewed economic growth and, from the revenue side, help resolve our difficult problems.

WIRTSCHAFTSWOCHE: You have so far omitted to use the tools provided by the stability and growth law. Do you consider that law superfluous?

Stoltenberg: It is certainly not superfluous. Unfortunately the pillar of this law, the so-called concerted action, has been inoperative for the past 5 years. In the

new legislative term it will be imperative for the major social groups once again to regularly meet at the round table with the Federal Government.

WIRTSCHAFTSWOCHE: What is the use of talks when the Federal Government hesitates to set new orienting data such as are required by the stability and growth law?

Stoltenberg: While I fully agree about orienting government data, they do not obviate the responsibility of the parties to the collective agreement. They merely define public responsibility for the consequences of gross deviations.

WIRTSCHAFTSWOCHE: If you do not consider the law redundant, do you want to amend it?

Stoltenberg: We will have to carefully examine whether the tax tools provided therein are still appropriate.

WIRTSCHAFTSWOCHE: Anticyclical surcharge, anticyclical rebate for wage, income and corporation tax plus the anticyclical reserve...

Stoltenberg: Unfortunately we will not be able even to consider a reserve in the next few years.

WIRTSCHAFTSWOCHE: Are you at this point at all influenced by general demand control, the basic concept of the stability and growth law?

Stoltenberg: Demand aspects retain their importance. The topic of strengthening supplies has gained importance, and--compared with the late 1960's--the control of the money supply has far greater prominence. Still, Bundesbank policy has basically turned out to be quite correct.

WIRTSCHAFTSWOCHE: Among the tools provided by this law is the medium-term financial plan. In fact, though, these plans were never observed. Would it not be possible to completely abandon them?

Stoltenberg: I would consider that a mistake. I began talks with the Laender in the financial council, to see whether we should seriously try in connection with the financial plan to establish coordinated political priorities.

WIRTSCHAFTSWOCHE: Goals maybe, but why--in the face of all experiences--persist with wrong figures?

Stoltenberg: We will need to stick to the projections. However, we must not conceal the range of uncertainty with regard to the economic assumptions on which they are based.

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CSO: 3620/165

## USSR, FINLAND SEEK JOINT THIRD COUNTRY PROJECTS

Helsinki HELSINGIN SANOMAT in Finnish 4 Jan 83 p 22

[Article by Markku Hurmeranta: "Finland and USSR Seek to Obtain Third Market; 30 Projects Under Consideration"]

[Text] In spite of a lot of talk, Finnish-Soviet joint projects in third countries have not yet really gotten off the ground.

However, projects are being stubbornly discussed since right now some 30 projects are under consideration.

Quite a few of these projects, however, are only at the stage in which the partners are investigating them to see whether it would be worthwhile to even actually bid on them. Since just doing that often costs millions.

In one way or another many of the most important projects under consideration have to do with the production of energy. The Imatra Power Company (IVO) and Atomenergoexport, for example, have for a long time now been trying to obtain joint orders for nuclear power, although unsuccessfully so far.

They were farther advanced in this sector with the nuclear power plant they planned to supply Libya with.

However, the IVO withdrew from that venture about a year ago.

At present the most promising project country is Yugoslavia, which the partners in cooperation will visit before the end of this month to present their joint technology. In addition to the Finns and the Soviets, at least 10 other foreign builders and equipment suppliers are competing for the Yugoslavian nuclear power plant order.

Countries like Iraq, Iran, Angola, Australia and Greece, for example, have also cropped up in connection with power plant cooperation.

At the IVO they believe that they will in general find smaller-scale opportunities for cooperation in supplying the equipment and technology associated with the construction of power plants. At the present time no such contracts have actually yet been entered into with third countries.

The IVO has, however, supplied equipment for a coal-fueled power plant to be built in the Soviet Union, from which venture they believe they will also acquire experience for the third country market.

#### Biggest Project So Far in Libya

So far the biggest single joint project is the vocational school to be built in Libya, in which Perusyhtyma [Foundation Union] and Makrotalo [Macro-House] are among the participating Finnish firms. This project is worth about \$200 million, or over a billion marks, to the Finns.

All told, since 1979 about \$300 million, or 1.5 billion marks, worth of joint projects have been entered into in third countries. To be sure, a few scattered contracts were engaged in even before 1979 when the Third Country Committee was officially established between the two countries.

In addition to the school to be built in Libya, the Finns have supplied Iran with construction components and equipment for the Isfahan power plant, among others.

Furthermore, Rautaruukki [Iron Works], among others, has supplied both India and Pakistan with iron works equipment.

As for Outokumpu, it has obtained a few small orders for equipment for the nickel factory contracted for by Cuba.

The company will continue further negotiations with Cuba, although these negotiations to be held with general manager Pertti Voutilainen will still be very preliminary.

Outokumpu's Cuban equipment sales have consisted of different kinds of pumps.

According to Voutilainen, third country projects could be speeded up if the modern ore concentration plant planned by Outokumpu and its Soviet partner for Petsamo were to be realized.

Next year will be devoted to the preliminary planning of the plant. After that, according to Voutilainen, they will have to actually decide whether to build the plant or not.

The project will cost several hundred million marks. The final cost will above all depend on whether they have to construct new buildings for the plant or whether new and more efficient equipment than before is to be installed in the old buildings.

"If this project is realized, we would certainly also be able to make use of the experience gained from it in the third country market," Voutilainen asserted.

### Third Country Committee Looking for New Projects

To push joint Finnish-Soviet projects a special Third Country Committee, which held its first meeting in 1980, was formed in 1979. The committee operates in conjunction with the Finnish-Soviet Economic Commission.

"The committee has decided to specialize in realizing projects on the basis of the for-immediate-occupancy principle," said PARTEK [expansion unknown] general manager, Minister Sakari T. Lehto, who has served as chairman of the committee since it was formed.

According to Lehto, the acquisition of new contracts is, however, extremely difficult because in many countries there are beginning to be too many competent people in the construction industry. "So the competition for new contracts is getting tougher all the time."

The stiffening of competition and the finding of construction projects farther and farther away is also mirrored in the expression used by contract negotiators to the effect that a deal is made only if the other party is black, poor and preferably still communist.

### Central Banks Agree on Payment Arrangements

During the first couple of years the committee laid the foundation for this type of cooperation. Among other things, the two countries' central banks have reached agreement on contract payment arrangements.

The principle involved is that, if the customer pays the chief supplier in hard currency, the subcontractors must also be paid in hard currency.

If, on the other hand, the project country and the chief supplier have a clearing agreement, the transfer of payments between Finland and the Soviet Union may also be included in the clearing agreement between the countries. In practice, however, so far there have just been no opportunities for doing so because of the trade imbalance between Finland and the Soviet Union. In all of the projects to date the Soviet Union has in fact been the chief supplier.

Lehto hopes that in future too the Finns will also actively get ready to be chief suppliers. "This could considerably balance trade between our countries," Lehto remarked.

Among the projects now under consideration there are some for which the Finnish partner would have the chief responsibility. As far as is known, however, the members of the committee have at this point not yet consented to talk about these projects involving the paper and cellulose industry.

The committee has also put together a special report on the kind of organization needed in the execution of major projects. Furthermore, they are at the present time studying legal questions involving operations in the third country market.

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CSO: 3617/47

## GOVERNMENT RESHUFFLE ENDANGERS NATIONAL WAGE AGREEMENT

Helsinki HELSINGIN SANOMAT in Finnish 4 Jan 83 p 2

[Editorial: "Wage Negotiations Past the Reefs; New Direction Must Be Sought"]

[Text] The wage agreement negotiations have been progressing in an annoyingly uphill way. The mid-December deadline set in the fall has long since passed unobserved. They have not had the courage to set a new final deadline. There seems to be little hope of this happening, even though they know that the swift approach of the parliamentary elections is piling up more obstacles in the way of these negotiations.

Negotiations have been entered into among the labor organizations, as is only right. The government has already taken care of its part of the wage agreement, so that there is now no need for a mediator appointed by it. The organizations must reach agreement among themselves, which is what their members expect of them.

The worst stumbling block seems to be the job security reform agreed on during the last round of negotiations, which has not yet been gotten into shape. SAK [Central Federation of Finnish Trade Unions] chairman Pertti Viinanen has often publicly predicted that at the worst that issue may constitute an insurmountable obstacle to the wage agreement. This claim is quite understandable, but repeating it does not in itself help the matter: As a government bill, the matter is in the hands of Parliament, not the opposition.

Therefore, Parliament has had to devote special attention to the opportunity to decide on this bill which will affect the whole field of labor, one that has been drafted with the cooperation of the labor organizations in the same way as decisions involving job security have been reached before. Here they depend on agreements between labor partners.

So far, however, Parliament has shown itself to be incapable of reaching a decision. Because of the elections it has become involved in contradictory pressures that have completely bogged down discussion of the bill. The labor organizations are waiting in vain for the law and also the implementation of one important provision of their last wage agreement.

They must move forward on this point too in the wage negotiations. Since a position on the matter has not been forthcoming from Parliament and since job security has become a question of prestige in the wage negotiations, another way out of this situation must be sought.

Almost the only channel left open would be a provisional agreement on job security made among the labor organizations, one that is based on a committee report on the matter. Let them leave the passing of a law up to the new Parliament.

Passage of the bill will as such scarcely be received with sympathy by employers, even though the contents of such an agreement have long since been agreed on.

To be sure, there is room for other matters as well in the job security negotiations. Such a one is, for example, labor regulations reform, which is always enthusiastically talked about after every round of wage negotiations, but then once more forgotten.

Measures endorsed by both sides in support of the obligation to maintain peace in labor relations could be included in a reform of the regulations. Such would, among others, be the obligation to advise the other side in advance of any labor struggle measures -- strikes as well as lockouts -- and amendment of the amounts of fines based on 1946 levels to correspond to the effects of inflation. The right to strike, however, may not be affected by any reform.

The revision of obsolete regulations and adjustment of the machinery for maintaining peaceful labor relations constitute the sort of qualitative improvement of labor conditions which the president also alluded to in his New Year's speech. Principled decisions on these matters will also probably decisively further progress in the wage negotiations.

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## BRIEFS

GOOD HARVEST BOOSTS GNP--The Statistics Center estimates that the total production figure rose about 1 percent during the third quarter of last year, or by a little more than the average for the first half of the year. The sharp increase in farm production, attributable to a good harvest in comparison with the previous year, produced this growth. Without the effect of farm production, the production figure for the rest of the national economy is about 0.5 percent lower than it was for the third quarter of last year. This was caused by a drop in metal industry production following a growth period that had lasted for several years. Overall production rose primarily in the service industries and in the public sector. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 4 Jan 83 p 24] 11466

GSO: 3617/47

## PROPOSED BANK REFORM WOULD GIVE PLAN, INDUSTRY MINISTRY A ROLE

Paris LE NOUVEL ECONOMISTE in French 13 Dec 82 pp 36-38

[Article by Jean-Claude Hazera: "The Battles Surrounding the Banking Reform"]

[Text] At the heart of the battles among the Socialists, and even among the ministries, on the subject of the banking reform is the creation of a national investment bank.

"We have nationalized the banks; now we must nationalize the bankers." Behind this outburst of Pierre Mauroy last Sunday on "RTL [Radio-Television Luxembourg]-The World" some difficult battles are hidden. One example is the report, which has gone curiously unnoticed, of the Economic Committee of the Socialist Party and of the Socialist Group of Banking Firms, adopted by the executive bureau and published 27 November in LE POING ET LA ROSE and which begins as follows: "The nationalization of the banking system is not an end in itself. The entire financial system is...an extremely powerful tool which should be reformed to make it more effective."

This message was addressed directly to Jacques Delors. The minister of the economy first had a consultant to think about the "banking reform": Jean-Michel Bloch-Laine who, after having obtained a lot of opinions, wrote a brilliant report that was supposedly confidential (see LE NOUVEL ECONOMISTE, No 320). That was last January; since then, nothing. Bloch-Laine left for the General Tax Administration and mentioned the "banking reform" has become an almost infallible way to annoy Jacques Delors.

The minister, who thought that complete nationalization of the banks was unnecessary, hates startling large-scale reforms. He likes to say that "the banking reform takes place quietly every day."

But some Socialists and some ministers are convinced that this low profile, which has not prevented some good things from happening, nevertheless hides a sort of determination to limit the scope and slow the pace of the reform. This has resulted in certain remarks by Laurent Fabius who publicly deplored the delay in the banking reform several times in November. For his part, Jean-Pierre Chevenement, supported by Lionel Jospin of the steering committee of the Socialist Party, took advantage of the recent "Industrial Policy Conference" to bring back the National Investment Bank [BNI], a project notoriously disagreeable to Delors.

The BNI is a rallying point for advocates of a weightier banking reform to be used in the onslaught on behalf of the government's large-scale industrial plans. Each 1 billion franc packet allocated to nationalized firms or to sectorial plans is obviously accompanied by disagreeable scrapings at the bottom of the budget drawers and by moans from bankers whose arms are being twisted.

"Why not avoid this atmosphere of a permanent holdup by giving all of this a more stable framework?" is the substance of what the BNI's supporters say. The banks, the state and insurance companies would each contribute to a sort of large nationalized merchant bank which would enforce industrial policy by injecting capital where needed. "I agree," the general manager of a newly nationalized bank told us. "At the least, the amount of my contribution would be set. I would not be obliged to act as a merchant bank, which is not my job, and, once my contribution was made, I would be left the responsibility for my management and my operating account, a point everyone agrees with." The reply of the minister of finance is, "We do not need new institutions."

The pro-BNI's have acquiesced; it is simply a question of restructuring existing institutions. But here the schools diverge. Some want to include the embryonic French Industrial Participation Company or the IDI [Industrial Development Institute], others do not. In any case, the National Credit Bank, headed for the past few months by Jean Saint-Geours, would have a central role. Set up to track businesses and sectors closely, it would also be in charge of administering the famous "moratorium" on debt promised by the president of the republic to Figeac, a moratorium that the government would like to see managed firm by firm, as a system to prevent real problems and not as an automatic procedure.

At the Ministry of Finance there is not necessarily hostility to these bold ideas; besides, this is already what is being done for the small- and medium-sized firms. In addition, Mr Delors was not unhappy to show those who are impatient that the reform is actually advancing every day by inaugurating SOFARIS (French Company for the Insurance of Risk Capital of Small- and Medium-Sized Firms) with a certain solemnity on Thursday. Headed by Gilles Brac de La Perriere, formerly in charge of the Lyon Deposit Company, and having 1 million francs from the state, the banks and the insurance companies, this situation, marked as the lynchpin in the policy of "guarantee of funds" allows banks and mutual insurance risk funds to be partially (Delors emphasizes this distinction) reinsured for risks assumed by advancing capital and long-term loans to small- and medium-sized firms.

Why does this boldness seem to evaporate when it is a question of big businesses and the BNI? One sentence in the text adopted by the executive bureau of the Socialist Party is enough to explain the enthusiasm of Chevenement and the opposition of the Rue de Rivoli: "Management will be assumed jointly by the Ministries of Planning and Industry." Sizable funds which would not be directly controlled by the management of the Treasury? This is no longer a reform, but revolution!

That said, the civil servants in the Ministry of Finance are not only jealous of their power. It will probably soon be announced that what inflames the directors of the nationalized banks most is the "mechanics" in other words, the restructurings deemed necessary by the new stockholder. The problem of some establishments in poor health, such as the European Union Bank, the former Rothschild Bank and the Worms Bank must be settled. The small banks must also be linked among themselves or with large establishments while still respecting the basis of their quality--the proximity of the client, who is primarily either regionally based or a small- or medium-sized firm. At the same time, the centrifugal tendencies of the CIC [Industrial and Commercial Credit Bank] must be avoided; in this bank the independent tastes of the partners seem to have caused a few problems.

Since everyone has his own preoccupations, the banking law that should have been introduced at any minute to the cabinet has practically been pushed to the background. The text is so technical that some of its advocates fear there will be disappointment among Socialist Party members or deputies who would equate it with the banking reform. Limited to about 40 articles, the document updates the definition of the bank, its reliability and its accountability methods. The stakes are very high. The Banking Accountability Committee, or banking committee, will see its power increased, but to whose benefit? Will it be less dependent on the Bank of France, as the Socialists, who distrust this temple of monetarism, would like? The Treasury management would probably not be against this, but would it favor an independent commission like the COB [Stock Exchange Operations Commission]?

Similarly, the definition of the banking profession, rather wide in scope, would put institutions such as American Express or Diner's Club on the same level as bankers. However, it appears that bankers would be more strictly prohibited from other activities: insurance, travel agencies, etc. In the long run this is an important point as the work of the commission which was quietly established last October within the framework of the Planning Commissariat will probably show. (Under the chairmanship of Francois Bloch-Laine, the committee is to discuss the long-term future of the banks.) The prospects opened by electronic money and information in general put a question mark on the future of the 250,000 individuals, most of them young, who work in the French banking industry and on the use of the numerous windows opened by the banks during the last few years.

Lastly, the banking law brings up the problem of what is called "standardization." As our table shows, the "member" banks (AFB Banks [French Banking Association]) receive substantially less than half of French deposits. The other institutions all benefit from particular advantages--savings accounts for the savings banks and mutual associations and distribution of guaranteed loans to agriculture for the Agricultural Credit Bank. While banks and especially the various credit establishments are obliged to borrow at the very high rate of the money market to finance their credits, the other institutions can make a lot of money by being satisfied to put their excess funds on this same money market. This is an unhealthy situation, unanimously denounced, which increases the cost of credit and complicates monetary policy.

The banking law would only begin to settle this issue by including these same establishments within its field of action on the same basis as other banks. But the impact of this provision would be limited by the possibility of delegating oversight powers to the "network head."

It seems, then, that the battle for standardization will take place in stages and through negotiations. For example, the Agricultural Credit Bank and the Deposit Bank (which uses part of the money from the Savings Banks) will be asked to devote a portion of their available resources to industry. Something that was thought to be highly symbolic took place at the beginning of December at the Study Committee for the Plan when member banks and institutions with individual statutes agreed to coordinate, under the supervision of the public authorities, their credit card policies and other new systems that result in fierce competition.

In any case, harmonizing the French financial system seems indispensable if the government really wants to be able to "thoroughly revise the principles and modalities of monetary policy" that Bloch-Laine believed necessary. Since credit is so tight because the needs of the budget deficit compete with the needs of business, fairer ways must be found to distribute this dearth than the money market rate and credit structure.

For Dominique Taddei, Socialist deputy and author of the savings bank reform, the major point of nationalization was to have a more selective credit policy.

For the moment, this selectivity primarily means the division of the annual sum of guaranteed loans (about 30 billion) and the injunctions and directives that Delors gives to the directors of the banks, with whom he meets 1 day each month.

In general it is thought that going beyond that would mean a sharp increase in the level of obligatory bank reserves in order to modify the amounts or refinancing rates according to the uses. But what effect would these measures have on the international financial community? That is one of the reasons cited for postponing this reform.

#### A Heterogeneous System

<u>Type of Bank</u>	<u>Deposits</u>	<u>Credits</u>
AFB Banks	36.8	41.4
People's Banks	4	2.6
Agricultural Credit Bank	16.3	12.9
Mutual Credit Bank	4	2
Banking System	61.1	58.9
Savings Banks	32.8	14
Other Institutions	6.1	27.1
Financial System	100	100

Deposits and credits as a percentage of the total at the end of 1981. Activities in France.

Source: AFB

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CSO: 3519/225

## ECONOMISTS PREDICT 0.6 TO 2.5 PERCENT GROWTH IN 1983

Paris LE NOUVEL ECONOMISTE in French 28 Nov 82 pp 66-67

[Article by the Committee on the Economic Situation: "Double or Nothing on the International Level"]

[Text] For most members of AFEDE [French Association of Business Economists], next year will present political risks similar to those encountered in 1982--particularly in the Middle East (Iranian-Iraqi conflict)--in conjunction with an increase in monetary and financial risks linked primarily to the insolvency of several Latin American and Third World nations.

As for economic growth, two scenarios can be forecast:

The first assumes a moderate recovery helped by stabilized interest rates in the United States and some recovery measures. In this case the GDP's rate of growth would be about 3 percent in the United States, one half less in Germany, and world demand would increase by 3 to 5 percent compared to this year. This forecast gets the support of two-thirds of AFEDE's members.

The second scenario sees no international recovery but a standstill in world demand because of the slow growth in Western countries (United States +1 percent; Germany +0.5 percent). This projected figure is not based on a new increase in American interest rates but to the non-existence of recovery measures. For most AFEDE members, "international economic recovery in 1983 is economic fiction." In the two projections, weak or zero world growth in conjunction with energy savings efforts would lead to a stabilization of oil prices at \$33 per barrel. The dollar currently appears overvalued compared to the German mark, which should revert to a parity of 2.35-2.40 marks to the dollar at the end of 1983.

Almost all the economists anticipate a moderation in the increase of purchasing power of salaries: +1 percent for the hourly gross salary which, because of a slight decline in average annual hours worked, means a standstill or even a slight decline in the purchasing power of the gross monthly salary. This would cause a tapering off in household consumption, which would nevertheless increase by 1 percent because of social benefits.

Firms will have to face somewhat of an increase in social contributions (UNEDIC [National Union for Employment in Industry and Commerce], old age

contributions and supplemental retirement). Because of the weak economy, business investments would not increase, despite a relaxation in interest rates (prime rate between 12.5 and 13 percent).

Foreign trade would of course be very dependent on the hypothesis retained for the change in world demand. However, in most cases there would be a slight recovery in our market shares, and the growth in our exports would be 1 point above world demand.

All of this would mean a growth in the GDP of about 1 percent in the case of international recovery and a standstill in employment. The demographic effect would mean an increase in the number of unemployed by 100,000 to 150,000, a total of 2.2 million at the end of 1983.

A majority thought that more or less strict price controls would be maintained, although the consumer price index would increase about 10 percent from December 1982 to December 1983. Lastly, according to two AFEDE members out of three, the franc will remain in the European Monetary System, although again showing its weakness, and will be trading at 3 francs to the German mark at the end of 1983. Stuck between this monetary constraint and the uncertainty as to the international recovery, France is threatened by a particular risk: either a salary increase will enable domestic demand to grow (which is what most AFEDE members believe), but prices will remain higher than abroad and the franc will still be in trouble, or the pressure on prices and salaries will remain very effective, meaning a decline in consumption (since the savings rate is already low) and therefore in production. At the end of September, when AFEDE's opinion was compared to the other projections available for 1983, the size of the difference in the export projection was particularly noticeable (+1 percent to +8 percent), because our possible gains in market shares were added to the varied hypotheses as to the scope of the world recovery.

In addition, the uncertainty as to how well prices (8 to 10.4 percent) and hourly salary can be restrained caused the differences in household consumption (0.3 to 1.6 percent). According to the experts, total French growth will be between 0.6 and 2.5 percent, and prices between +8 and +10.3 percent next year.

#### The Committee on the Economic Situation

AFEDE's Committee on the Economic Situation continuously makes economic projections by synthesizing the opinion of the association's 220 members and by predicting the future with simulations based on economic models. The study group, whose conclusions are summarized here, made a telephone survey the week of 13-17 September. Jacques Anthonioz, Helene Bitaud, Sylvie Carbonnet, Bruce Devernois, Gerard Deseigne, Michel Dormois, Brigitte Edrom, Rosa-Maria Gelpi, Luc Georges-Picot and Louis Rochery participated in this project.

Comparison of Projections for 1982 (September 1982)

Variations in percentage compared to previous year	Ministry of Finance	BIPE (forecast I of June)	REXECO	AFEDE	COE	OFCE	GAMMA
Retail prices	8.0	9.3	9.5	10.0			10.4
Hourly salary	0.6	1.4	1.0	1.0	--	--	1.8
Household consumption	1.6	1.3	1.4	1.0	1.5	1.5	0.3
Business investment	1.5	0.5	0.1	0.7	0.5	--	2.7
Exports	5.3	4.3	1.2	2.9	3.0	3.0	7.7
GDP	2.0	1.0	0.9	1.1	0.6	2.0	2.5
Dollar in francs (avg)	6.3	--	7.0	7.15	--	--	6.90
German mark in francs (avg)	2.85	--	2.89	2.92	--	--	--

BIPE=Bureau of Economic Forecasts and Information  
 AFEDE=French Association of Business Economists  
 Other expansions unknown

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## ECONOMISTS PROJECT 1981-1987 GROWTH IN EMPLOYMENT, PRODUCTION

Paris LE NOUVEL ECONOMISTE in French 29 Nov 82 p 65

[Article by the Committee on the Economic Situation: "Investment Despite the Crisis"]

[Text] Although knowing the economic situation of the first 15 months enables every firm to close its operational budget, it must also understand the changing structures of the different sectors to determine a medium-term strategy.

On the basis of hypotheses of the Committee on the Economic Situation, INSEE [Institute for Statistics and Economic Studies] made medium-term projections with the DMS model in 16 branches and sectors in 1981, and with the Propage model in 36 branches (spread over 90 branches) in 1982. The observation department of the Paris Chamber of Commerce participated in this. Such projections enable firms to analyze the impact of the economic policy on the production structures in case of devaluation, a rise in the minimum wage, a change in the tax system or an increase in energy and to develop coherent marketing analyses with a macroeconomic approach and between different segments of the market.

A projection for 1987 shows that even in a depressed world with the French economy in bad shape there would still be some promising sectors.

The small demand for oil would remove the threat of a third oil price increase but the stimuli for a long-term decline would remain, primarily involving the nature of current technological innovations (electronics, data processing, telecommunications), which favor productivity rather than expansion of capacities, and the relative saturation in the supply of durable goods in all developed countries.

In addition, there is the slowdown of certain developing countries because of their debt.

#### Decline

AFEDE [French Association of Business Economists] therefore assumed an international growth of about 2 percent per year in the medium term, with prices increasing about 7 percent (oil prices and raw materials increasing 5 percent in dollars).

In the absence of price controls in France, rather high structural inflation would continue, partially offset by a gradual decline in the franc.

Slightly less inflation accompanied by less of a decline in the franc would probably give about the same results for the period as a whole.

The economic policy hypotheses assume there will be strong support for domestic demand at the beginning of the period through public expenditures and the increase in the purchasing power of salaries, then, because of the financing needs of businesses, of the state and of the foreign deficit, a policy of austerity would be implemented that would eventually halt the imbalances.

There would be a decline in exports, linked to decreases in market shares in most sectors.

With the growth in the penetration of imports, everything seems to be happening as if the French economy were increasing its role as a subcontractor for the most industrialized countries for the benefit of other countries.

However, somewhat of a recovery in investments would develop for several reasons: technological evolutions towards automation; aging, inappropriateness and inadequacy of production capacities; indirect effects of the substitution of capital at work, linked to a decrease in the workweek; and effects of the industrial plans drawn up by the public authorities.

This recovery would primarily benefit professional electronics hardware and the automobile.

#### Projections by Sector for 1981-1987

	Employment			Production		
	Millions 1981	1973-81 (in %)	1981-87 (in %)	Billions francs 70	1973-81 (in %)	1981-87 (in %)
Agricultural and food industries	0.6	-0-	-0.2	150	3.1	1.7
Intermediary goods	1.5	-1.6	-2.4	195	0.8	1.8
Equipment	1.7	-1.0	-2.1	209	2.7	3.2
Consumer goods	1.4	-2.3	-1.5	133	0.8	0.6
Construction	1.8	-1.5	0.9	125	-0.2	1.5
Trade	2.6	0.7	-0.2	154	2.6	2.1
Transportation, telecommunications	1.3	1	-0.2	113	3.9	2.4
Services	3.9	2.9	2.2	270	3.8	3.1

The Most Promising Sectors

1.5 times the growth of  
the GDP

Minerals, construction materials,  
pharmacy, professional electronics,  
furniture, plastics, air transporta-  
tion, housing services, health  
services

2 times the growth of  
the GDP

Electricity; gas; ferrous and  
nonferrous metals; arms; office  
automation; water and urban heating;  
mass consumption electronics;  
autos, motorcycles, mopeds;  
aerospace; telecommunications  
and posts; leasing; insurance

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62, Roux's successor, by Georges Pebereau, a graduate of the Polytechnical School and Engineering School, 51, the number two man for 10 years, and by the big tycoons in the firm.

During the past few months, the CGE firmed up the alliance between Cables de Lyon and the German firm Kabelmetal, thus becoming number two in the world in the cable industry after Pirelli (and before Philips). It rebuilt its building and public works activities by merging the General Contracting Company, Sainrapt and Brice (the firm is the French leader in the field). It has left its low voltage motors to Leroy-Somer and has integrated SOFERVAL (the former French-Belgian railroad equipment company) into Alsthom-Atlantique. It must now get ready for four major decisions.

#### The Takeover of CEM [Electro-Mechanical Company]

Regardless of the social obstacles, the Swiss firm Brown-Boveri has definitely decided to get rid of CEM. Only the CGE is capable of taking over this firm intact, since Jeumont-Schneider has withdrawn. Pebereau and Jean-Pierre Desgeorges, chief executive officer of Alsthom-Atlantique, have had plenty of time to weigh the advantages (in market shares) and the disadvantages (in financing costs) of the Alsthom-CEM merger. The major handicaps are excess employees, competing factories in certain weak markets (for example, high power transformers), and activities declared non-strategic (the CGE will once again find itself with small engines). This has resulted in the CGE's firm attitude while negotiating with the Swiss and with the government (which would like to avoid sudden shop closings). The administration on La Boetie Street knows that this merger will take place sooner or later and it well intends to set the terms of the contract itself.

#### Adjusting Boundaries With CII-HB and Thomson

The traditional CGE-Thomson duel is over. A certain complicity even seems to have formed between the two former adversaries. Pebereau and Gomez have rather similar attitudes in their relations with the commanders in the electronics branch: Jean-Claude Hirel at DIELI [Department for Electronic and Data Processing Industries] (the specialized department at the Ministry of Industry) and Jacques Dondoux (head of Telecommunications).

CGE's relations with the staff of Jacques Stern, chief executive officer of CII-HB, are less open, probably because the division of territory is still not clear between the Bull Machine Company, the CII and the CGE's specialized subsidiaries.

Within the framework of the government's "electronics sector" plan, CGE has been confirmed as a center for reorganizing office automation in competition with CII-Honeywell Bull. Pebereau should be satisfied; office automation has been a prime focus of his strategy since 1980 and the CGE has already invested 800 million francs in this. It is only a partial focus now, however, because the public authorities, in an effort to improve effectiveness, decided to take from the CGE its subsidiary Transac, founded in 1970 and currently number three in French data processing, with a turnover of 600 million francs.

## CGE ONLY PROFIT MAKER AMONG NATIONALIZED INDUSTRIES

Paris LE NOUVEL ECONOMISTE in French 20 Dec 82 pp 38-39

[Article by Jacques Barraux and Anne-Marie Rocco: "The CGE Negotiates Its State of Grace"]

[Text] The CGE [French General Electric Company] is the only nationalized firm in working order. Its managers want to take advantage of this without delay.

When, during the same year, Renault, Thomson, CII-Honeywell Bull and Pechiney are each on the verge of losing over 1 billion francs; when Rhone-Poulenc, CDF-Chimie and Elf-Aquitaine are mired in the restructuring of the chemical plants; when Saint-Gobain sees some of its profits collapse, the leaders of the state (as owners) must be asking themselves how to save what is still working. A concern that can only serve the immediate interests of the French General Electric Company, the sole nationalized giant in good shape.

This is unique revenge for Ambroise Roux, the man who built up the firm in its present form. (He managed it between 1965 and 1982.) During a full worldwide recession in the equipment market, the CGE actually has rather flattering figures for 1982: a 14 percent increase in turnover (65 billion francs for 191,000 employees); an order book of 83 billion francs (including 48 percent from abroad); modest but significant profits (between 400 and 600 million francs guaranteed this year); and a good position in the classification of the 10 world giants in electricity (CGE is eighth behind ATT, IBM, General Electric, ITT, Phillips, Siemens and Matsushita).

Both at home and abroad 1983 will be more difficult. The Lagos subway contract (a 7 billion franc project, of which 4 billion would go to firms in the CGE conglomerate) is uncertain and the decline in nuclear power and the debts of the SNCF [French National Railroad] have dampened Alsthom's prospects.

The year 1983 also looks as if it will be a time of large-scale industrial maneuvers. Jean-Pierre Chevenement at the Ministry of Industry and Louis Mexandeau at the Posts and Telecommunications Ministry each has his own idea as to CGE's future. But they do not want to find themselves suspected one day of having hurt the only firm currently in working order. You can imagine the advantage that could be drawn from that by ambassador Jean-Pierre Brunet,

A specialist in "intelligent" terminals and automatic bank windows, Transac will soon reinforce the ranks of CII-HB (which is also inheriting Sems and the computer environment department from Thomson). For telecommunications specialists such as CGE and its subsidiary CIT-Alcatel, developing skill in data processing was the necessary path for entering the office automation market. It was a "plus" that the nationalized firm will not have anymore now. What is the price of this? Transac never made any significant profits but, something rare in the French data processing industry, it never lost money. Pebereau therefore believes that Transac should be bought at its just price. Another delicate subject is the future of relations between the nationalized French electronics industry and the Italian office automation firm Olivetti. During the former administration, Saint-Gobain bought CGE's interest in the Bull Machines Company, the prime stockholder of CII-HB, and took a 22 percent interest in Olivetti's capital, a diversification policy that was interrupted by the Left as soon as it took office. The question is knowing who will inherit the 22 percent. If the CGE is to be the French leader in office automation, the Olivetti shares should logically revert to it. But here again Pebereau has set conditions. "A share in Olivetti has no significance if an industrial agreement does not go along with it." Because of the spirit of independence of Carlo de Benedetti, the head of Olivetti, the CGE does not intend to repeat Saint-Gobain's mistake. Everything depends on direct negotiation between GCE and Olivetti.

Until now, the CGE's office automation activity (about 4 billion francs) was based on a policy of new markets: private telephony (Telic), data banks (GSI), data processing systems (Transac), mail processing (SMH-Alcatel, Roneo, Friden in the United States)--sectors chosen on the basis of the CGE's chances of success. But it appears that the state-owner hopes for an expansion of these lines in the name of recapturing the domestic market. For example, the public authorities are asking Pebereau to launch a French typewriter industry, abandoned over 10 years ago (and today responsible for a 450 million franc deficit in the trade balance each year).

Lastly, appeals from the bottom have even been heard. Ranked number five in the world in the typewriter field, the Swiss firm Hermes-Precisa International (HPI), today a subsidiary of Olivetti, seems to regret the failure of formerly planned mergers with French industrial firms (CII in 1978, Jeumont-Schneider in 1980). Its current chief executive officer, the Frenchman Michel Frambourg, has not ruled out the construction of a typewriter factory in France. With CIT-Alcatel?

#### New Partnerships in Telephony

CIT-Alcatel currently has 30 percent of the world market in electronic exchanges. But its directors are not kidding themselves. On the one hand, it will be more and more difficult to obtain contracts like the Indian one. On the other hand, they must be prepared for the offensive of the American giant ATT, until now confined to its domestic market. How to resist? Pebereau sees only one way out: making industrial and commercial alliances.

In France itself the public authorities hope that the two French firms-- Thomson and CGE--will work together in refining the next generation of exchanges. But also, and especially, abroad. In private, Pebereau still regrets the failure of negotiations held with Philips in 1979 and the veto of the French public authorities. In the long run, the ATT-Philips coalition could transform the shape of the world market, unless it can expand. Pebereau is also studying the possibility of an alliance with another partner. The German firm Siemens is probably in the best position for this.

#### The Dubigeon-Normandie (Nantes) and Alsthom-Atlantique (Saint-Nazaire) Mergers

The merger has been required by the state within the framework of reorganizing the shipyards into two areas. Alsthom-Atlantique hardly wanted to take on a second firm while the market is at its lowest. Rene Regard, head of the shipbuilding division, did not hesitate to let this be known.

This has resulted in a rather firm attitude by CGE during the negotiations. The date for the merger has been pushed back several times because of Alsthom's inflated expectations of the public authorities. Dubigeon has two recognized specialities: train or car ferries and standard propulsion submarines for export (the Cherbourg yards supply the national navy). These are costly activities that are financially draining for a firm. The final outcome is not in doubt, but here again the merger will be accompanied by definite disagreements.

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## SURVEY GIVES PORTRAIT OF WORRIED SAVERS

Istanbul CUMHURIYET in Turkish 22 Dec 82 p 6

[Article by Meral Tamer]

[Text] Turkey is among the countries with the lowest levels of voluntary savings.

It is not very hard, however, to understand why our people are reluctant to save. For savers have long faced so many problems and have been so put upon that it should come as no surprise that a lot of them are soon sorry they ever had any savings.

There has been no let-up in the telephone calls and letters from our readers complaining about the institutions to which they entrust their savings. We had a series of examples just last week.

First, there was among the worried savers calling us last week a new group that had been quite complacent up until now: Savers who called us following the banks' decision to reduce deposit interest by a few points wanted to find out how the new developments would affect their own interest income, especially, the date on which reduced interest rates would begin.

Actually, the new revision of interest rates does not represent a significant loss of income to the saver. Interest proceeds paid at maturity on 1-year deposits are reduced by 1.5 points and those paid monthly, by 1 point. The reduction in net interest income on 6-month accounts is 5 points, but those with 6-month commitments can shift their money into 1-year accounts under the new regulations.

In that case, the worried voice coming from the sector having entrusted their savings to the banks has more to do at the moment with a psychological expectation than the loss of interest. The saver is afraid that the decision to reduce interest rates is "a start" and that new reductions will soon follow this start. The saver, anxious to protect his money against inflation, is asking whether it is now smarter to invest his money in some real property.

At MEBAN

In addition to the telephone calls from bank-deposit holders, only now joining the worried savers, we also received many last week from enraged "regulars." Heading the "regulars" are those who have put their savings into MEBAN [Securities



Banking and Finance Corporation]. This group says that MEBAN officials have many times informed them that "we will make payments on such-and-such a date" and, even though serial numbers were issued, the commitments were not honored, causing some "holes" in their savings.

We relayed the complaints to MEBAN and the answer we got was no different: MEBAN has a liquidity shortage. Payments are made as soon as the money comes from the Central Bank. MEBAN employees issue serial numbers to savings holders on the basis of commitments received from the Central Bank. But, in that the Central Bank failed to send the promised money on the promised dates, payments were naturally stalled.

Another important segment of complaints telephoned in last week had to do with Sapmaz Holding Company. Those savers who had put their money into Kastelli and now find themselves in possession of Sapmaz Holding bonds consider themselves "stuck with the unluckiest bonds," since those holding certificates received their interest, though low, 2 months at most after the Kastelli incident. Bond holders, in contrast, waited 3-4 months but payments have been in progress for 2 months now for all but a few exceptions.

Even so, there was no word at all from Guney Industry and three subsidiaries of Sapmaz Holding. "Word" came from Sapmaz Holding in the growing number of complaints about it received by our newspaper, but this word is hardly satisfactory to the saver.

After months of silence, Guney Industry finally reached agreement with the International Industrial and Commercial Bank 2 weeks ago, but the interest payments due were put off until after the new year because it chose the route of having new bonds printed. Sapmaz Holding subsidiaries Sap-Kim and Sap-Teks, meanwhile, chose to take advantage of the Finance Ministry communique to pay annual interest. These two businesses ran newspaper notices saying the first interest payment would be made in June 1983 with the date to be announced 1 month in advance by the intermediary bank, thus postponing 6 months longer the hopes of impatient bond holders.

To Gold

Undoubtedly, it was not just the likelihood of lower interest or MEBAN and Sapmaz Holding that was "worrying" savers. Indeed, even if there was no longer a "peep" from the group of savers who let the brokerage scams walk off with their money with practically no hope of getting it back, it seems there was another new group added last week to the savers who are thinking gloomy thoughts in this connection ...those turning to gold.

A series of price hikes after oil went up and expectations of an even higher inflation rate had a natural carry-over to the gold market, and gold prices began climbing "like mad" in early December. In this heady air of speculation, Republic gold was pushing the 25,000-lira limit on December 3. Buyers whose appetites were whetted by the "mind-boggling" premium on gold of the last month and who bought when Republic gold was moving at around 24,000-25,000 liras are probably a little sorry now, as it has been around 21,000 liras more recently. But, despite the wide-scale losses taken by gold buyers during this brief period of

a week or two, there may yet be no grounds for excessive concern on their part. The truth is, in a country like Turkey where inflation hovers around 30 percent and money depreciates rapidly, gold investors are bound to come out ahead when all is said and done.

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CSO: 3554/98

## ULUSU, BUSINESS GIVE VARYING VIEWS ON 1983 PROSPECTS

Istanbul CUMHURİYET in Turkish 31 Dec 82 pp 1,7

[Text] Prime Minister Bulend Ulusu said that 1982 gives one grounds to make optimistic forecasts about 1983 and that the economy "is growing steadily and satisfactorily." Ulusu said: "Our greatest wish for the coming year is that the prosperity level of the people be raised."

TUSIAD [Turkish Industrialists' and Businessmen's Association] President Ali Kocman said that he would "respond with caution" to statements forecasting that the economic success of 1982 will be surpassed in 1983. Businessman Sakip Sabanci said that "1983 will be a difficult year." Ibrahim Bodur, Assembly President of the Istanbul Chamber of Industry, said that positive developments in Turkey's economy can be observed in 1983 if export, production and foreign competition levels are raised, credit interest rates are lowered and assistance is provided to rescue firms having difficulties.

## '1983 an Important Year'

In a new year's statement to the Turkish News Agency, Prime Minister Ulusu said: that 1982 "gives one grounds to make optimistic forecasts for our society in 1983." Ulusu said: "The year 1983, which will be the 60th anniversary of our republic, will be an important year when political parties will resume their activities and when general elections will be held provided that undesirable developments do not occur."

Ulusu said: "At a time when the world economy is suffering from extreme levels of stagnation and unemployment, the Turkish economy restructured its exports in the past year and displayed a steady and satisfactory growth."

Ulusu noted that this process of growth began in 1981 and that the fact that this growth followed on the steps of drops in the per capita gross national product in 1979 and 1980 makes the result even more remarkable. Ulusu said that the satisfactory results of this development include the reduction of the inflation rate to around 25 percent in 1982 and the fact that close to four-fifths of the country's imports are bought by revenues from its exports.

Speaking about expectations in and work projected for 1983, Ulusu said: "The year 1983 must be considered as a test period for our nation, for producers as

well as consumers. Despite the negative effects of the international economic situation, we must strive to make 1983 a year of increased prosperity and accelerating sound growth." Ulusu continued:

"One of our main efforts will be aimed at opening up our economy more broadly to world markets and building the necessary production structure."

#### Battle With Inflation

Noting that currency exchange rates in 1982 made Turkey's imports more expensive and thus had an adverse effect on domestic production costs, Ulusu said: "In the coming year, we will make greater efforts to cut the inflation rate, which is the result of high costs, by implementing credit and monetary policies."

Ulusu said that in 1983--when the fiscal and the calendar year will coincide for the first time--deficit budgeting will be scrupulously avoided and that efforts will be made to operate the state economic enterprises in a productive manner.

It appears that the businessmen are not very optimistic in their expectations about economic prospects in 1983. According to a report by the Anatolia Agency, TUSIAD President Ali Kocman described 1982 as an economically successful year and said: "Turkey has attained the economic goals set for 1982." However, Kocman seems to have reservations about 1983. He said: "I would respond with caution to statements forecasting that the economic success of 1982 will be surpassed in 1983." He explained his cautiousness as follows:

"The world economy has not positive expectations for 1983. In fact, there is the impression that 1983 may be an economically more difficult year [than 1982]. Some negative outside factors that may affect Turkey, declines in the agricultural sector and increasing difficulties in exports force one to predict that 1983 may be a difficult year for Turkey as well."

Noting that the government's forecast for inflation in 1983 is around 20 percent, Kocman said that if domestic and foreign factors are taken into account the inflation rate can at best be held at around 35 percent.

#### Sakip Sabanci

In a statement to the Ankara News Agency about his economic expectations for 1983, Sabanci Holding Executive Council Chairman Sakip Sabanci said: "It appears that 1983 will be a difficult year for the entire world. Under these conditions, Turkey will have to solve its problems by its own means and primarily its own resources."

Stating that unemployment is the most important issue on the economic agenda of 1983, Sabanci said that in 1983 success will go to those who implement their decisions on time. He said: "The year 1983 must be one where work is done through consistent and effective decisions taken in mutual cooperation."

Sabanci said: "If the issue of having a free-trade zone is debated for thirty years, if the reassessment law is given first priority and still discussed for three years, if debates about the merits and demerits of nuclear power continue while nuclear power stations grow like mushrooms around the world, if the work

to reorganize the state economic enterprises cannot be completed in twenty years, all citizens will naturally suffer from the wasted potential of economic movers and entrepreneurs."

Ibrahim Bodur

Speaking about his expectations in 1983, Istanbul Chamber of Industry President Ibrahim Bodur said that work will continue to attain the goals of the current economic program. He said:

"Positive developments in the country's economy can be expected in 1983 if the inflation rate is reduced, measures are taken to increase exports, the incentives system is continued to increase production and to provide a competitive edge in foreign markets, credit interest rates are lowered and measures are taken to assist the rescue of firms in difficulty. The Turkish economy will take positive steps forward in the coming years. To that end, production, investments and employment must be supported in every way and cost inflation in production must be prevented."

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CSO: 3554/100

## ULAGAY EYES BAILING OUT BUSINESS, BANKS

Istanbul CUMHURIYET in Turkish 20 Dec 82 pp 6,11

["Economy Notes" column by Osman Ulagay: "Can Banks be Rescued Before the Firms?"]

[Text] The latest decisions about interests and banks and the reaction against these decisions were the "flash" news items of the week. As the exchange of statements continued the general impression was that these decisions would give banks--especially big banks--more breathing space while interest rates would not be significantly affected. In this respect, it was natural to expect these latest decisions to disappoint the industrialists who expected a considerable decline in credit interest rates and radical changes in the banking system.

It is true that the measures announced last week do not contain any elements that may soothe the pains of industrial firms which have been sounding more miserable every passing day. Everybody agrees to this fact. But can the "comforting" measures remedy the problems of the banks without resolving the problems of the firms which are the banks' chief customers? Or have the banks been given a temporary remedy, a type of "aspirin treatment"?

The measures taken are aimed at reducing the banks' resource costs by lower interest rates and giving them the opportunity to utilize or lend a larger portion of their deposits. To that end, new rules and sanctions have been imposed to limit competition in interest rates on deposits and to end the interest race and the government has seemingly given up some of its tax revenues.

Let us suppose for a moment that all these efforts and sacrifices attain their goals, and the banks are provided with cheaper and more plentiful credit resources. What will happen then? Who will the banks be able to lend these resources to without losing their sleep and how will they make money? How will the banks find firms or individuals who will take out loans with high interest, earn a return higher than that interest and pay back their debts in time with the interest?

The question is particularly puzzling at a time when the banks are having difficulty in getting their loans back--or even collecting the periodic interest on the loans--and when they are looking for "solid customers" in every respect. One of the interesting stories being circulated about banks is about a large bank which was inundated with time deposits after the Kastelli incident. The bank paid 50 percent interest on these deposits and had a hard time turning those deposits into productive loans and that resulted in mounting losses.

Therefore, solving the banks' problems and providing them with lasting comfort without finding serious solutions to firms that are the banks' credit customers is not as is easy as it seems. Excessive powers of prophecy are no longer required to see that easy solutions cannot be found without totally abandoning the 24 January decisions to the problems of industrial firms which are forced to produce with loans borrowed at 30 to 40 percent real interest rates and which have been stuck in a shrinking domestic market. It is sufficient to ask private sector industrialists and their spokesmen about how they are doing.

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CSO: 3554/100

## MAOIST ORGAN: NORDIC CP CONFERENCE PROVES VPK BACKS USSR

Oslo KLASSEKAMPEN in Norwegian 11 Dec 82 p 14

[Article by Alf Skjeseth]

[Text] The Swedish Communist Left Party [VPK] is a sister party of the Norwegian SV [Socialist Left Party]. The two parties have about the same support and the same main political line. But unlike the SV, the VPK is a regular member of the Nordic Moscow family. Party Chairman Lars Werner personally headed the delegation from the VPK that went to the joint meeting of the "Nordic communist parties" in Finland recently.

The VPK has party ties with the NKP [Norwegian Communist Party] and the SV in Sweden. The party is invited to both parties' congresses, and conversely. The head of the SV's foreign policy committee, Christopher Fürst, says that it is mostly for historical reasons that VPK has maintained a connection with the parties most loyal to the Soviets, a connection that the SV for its part cannot consider entering into. The VPK itself has its past in the orthodox communist tradition.

But the discussions at the joint meeting, which are comprehensively reported in FRIHETEN, show that it is more than history and tradition that keeps the VPK in place in the Moscow family. In spite of hard internal conflict and increasing opposition to pro-Sovietism, it is clear that the VPK still lies at least a little closer to Moscow than the SV.

'A Fine Analysis'

The VPK's comrades at the joint meeting were the NKP, the Communist Party of Denmark, and the Finnish Communist Party. All of the parties were represented by their top people, the NKP by Chairman Hans I. Kleven and Organizational Secretary Odd S. Karlsen. Kleven tells FRIHETEN that the international secretary of the Finnish party, Olavi Poikalainen, presented "a fine analysis" of the international situation and the fight for peace.

That fine analysis was to the effect that the FPK [Finnish Communist Party] appraises the policy of the Soviet Union and the Warsaw Pact as a "consistent peace policy." "The FPK supports the CPSU's peace program and the Soviet



Government's peace initiative, but not *because* it came from Moscow," we read.

Of course not.

'Could Have Done More'

It is just as if the NKP itself had said it. However, Kleven says, the VPK was somewhat more critical. "The VPK posed the question whether the socialist countries had done enough. In the opinion of the VPK they could have played a bigger part, and we are underestimating their strength if we say they have done all they could. The Danes pointed out that this was certainly true. Both the Soviet Union and the other socialist countries could certainly have done more, but that applies to the whole communist movement, including the Nordic countries."

Just what the Soviet Union & Co. could have "done more" of is not easy to see, but here it *can* be conceived of that Kleven is consciously avoiding going into detail...

In the joint communication from the meeting it is stated that "The policy of the United States and NATO ... was regarded as the basic cause of the acute international situation." The party declares itself ready to "intensify its cooperation in the people's fight for the Nordic area to be declared an atomic-weapons-free zone."

APK [Workers' Communist Party]

The Swedish Palme government's parliamentary support party VPK thus still finds its international roots in certain of the West European parties most loyal to the Soviet Union. A more natural collaborating party for it should be our miniparty the Workers' Communist Party, which split off from the VPK in 1977 because of the VPK's incipient wooing of Moscow. It is here that Sweden's real Moscovites are to be found, and they have leading positions on the Swedish Peace Committee. The APK also has connections with the NKP, and had observers at its last congress. But it was the VPK that got the place of honor in the guest pew.

8815

CSO: 3639/44

## NEW LAW ON PUBLIC WORKERS IN QUEBEC

## Undermining Effect on PQ

Quebec LE SOLEIL in French 11 Dec 82 p B-1

[Article by J. Jacques Samson]

[Text] Invoking the disastrous condition of public finances, Levesque's government has just unilaterally decreed the working conditions of 300,000 employees of the public and parapublic sectors. As J. Jacques Samson, from the office of LE SOLEIL explains, to the National Assembly, this bludgeon law is a negation of the spirit and letter of the PQ's [Party Quebecois's] platform on labor relations, and it increases the disarray within the "pequiste" troops. For his part, Vincent Cliche explains the urgency of an in-depth reform of the negotiation system in the public and parapublic sectors.

The Parti Quebecois is suffering from a stomach ache, if not a heartache.

There were not 15,000 people at the door of the National Assembly, carrying signs and raging with anger as were seen over and over again between 1970 and 1976. Nor were there symbolic protest strikes in order to collectively contemplate what was happening on this 8 December 1982.

The galleries of the National Assembly were not invaded and occupied as was also the case under similar circumstances in the past.

Therefore, the government apparently is not the object of a dispute, of an open, general calling into question.

But we must not delude ourselves here. The PQ has been undermined from within. The calling into question is visceral. Proof of this are the rate of absenteeism in the National Assembly and the courageous vote of Mme Louise Harel (PQ-Maisonneuve), who did not follow the party line and stood up to vote against the motion on the urgency of intervention invoked by the government in order to impose its decrees. Proof also is the desertion by militants discovered this fall in a LE SOLEIL survey.

Eighteen out of the 75 "pequistes" who make up the government delegation, including 8 ministers, were absent Thursday for the first vote leading to the adoption of law 105.

Doubtless several had stomach aches, if not heartache. Outline law 105 is a negation of the spirit and the letter of the Parti Quebecois's platform on labor relations. Several deputies have been shaken. During the week, some agreed to meet with teachers who explained their version of the particular impact on education circles of the imposition of the decrees combined with law 105.

Several deputies barely realize what gear the government put itself in last spring, at the time of the submission of law 70. Just like thousands of union members, they never thought that this law would be applied. A debate was even carried on in the Council of Deputies in the spring. A painful debate, some deputies reported. To deputies who were very familiar with the negotiation process since they were part of it at another time in their professional careers, law 70 then appeared like an unfair negotiation tactic.

Yesterday morning, efforts to apologize from deputies at the National Assembly did not convince many people. This debate is presumably the most important in the National Assembly in the last two years. In the past, the minister's backers have always been able to free themselves from their numerous activities at the time of the previous "historic votes." Let's not forget the fervor put into justifying the motions on the repatriation of the constitution.

#### Loss of Credibility

Primarily, law 105 will have the result of increasing the loss of credibility of Levesque's government and the Parti Quebecois.

The people of Quebec are in no mood to put up with work stoppages in the health services. All feel that the degree of tolerance is very low.

Nor were people in general ready--it will also be argued in their defense--to grant well-organized union members of the public sector salary conditions and fringe benefits out of proportion in comparison to what is offered in the private companies, still spared bankruptcy and massive lay-offs. Still less to put up with a tax increase in order to do this. These two premises are indisputable. Yet with law 105, the people have no assurance that social calm will be maintained in Quebec at the beginning of 1983.

What surprises and displeases, in addition, is the sledgehammer brought out by the government to break its employees after a campaign of disparagement which is said to have lasted a year.

What is also surprising is that Thursday the minister of finances pointed out that the forecast decrease in revenues between 1982 and 1985 will be \$2.95 billion. It is a matter of the major argument justifying a legislative intervention involving a three-year period. Strangely enough, now the minister of finances is able, with clockwork precision, to foresee this loss of revenues. But for the first six months of 1982 alone, he made a \$450-million mistake.

Many people remember this. This discovery took place only three weeks ago, in the report of financial transactions submitted to the National Assembly. What is being made of all the promises of economic recovery? Is the government therefore so pessimistic about the next three years? Why not give oneself the opportunity to renegotiate in 12, 18, or 24 months?

Secondly, the government is invoking urgency. Yet its law 70 would have allowed it to continue efforts to reach an understanding until April. Why this precipitation?

Thirdly, how to explain that people are still discussing at great length the necessity of reviewing the whole negotiation process? When one has been in power six years, there is no other excuse but one's form of inertia to explain that a reform that does not cost anything in money has not been carried out.

Did deputies and ministers with experience in labor relations not suggest, in recent weeks, fresh avenues to get out of this dead end? The only deputy who publicly offered a "find" (investment coupons) is Guy Bisailon. Could he be the only one who has any imagination?

#### Acts of Faith

Two attitudes can be detected in the Party Quebecois at present.

Self-complacency. This is the attitude of those who are sure of this government's infallibility and for whom people who do not endorse all its actions, including laws 70 and 105, are political ignoramuses. They are numerous and concentrated particularly in the ministerial offices.

Resignation. They are also numerous. These are elected members or party members who act on faith, while waiting for the next election on sovereignty. If the PQ is reelected, Rene Levesque will withdraw, leaving it to younger people to complete the movement towards sovereignty. Splits are to be expected in this independist coalition. One or several parties will be created around still earnest socialists within the current PQ.

If the PQ is destroyed, Rene Levesque's successor will no longer be able to count on the same acts of faith. Several will remember what they were forced to defend and vote on, resigned, sick at heart, without believing in infallibility. Only the cause is preserving the PQ. For a few years at the most.

#### 'Indispensable' Labor Reform

[Article by Vincent Cliche]

[Text] At the end of each round of negotiations in the public and parapublic sectors, the Quebecois, powerless in the face of the confusion generated by the collision of the labor and government machines and the procession of strikes, injunctions and special laws and decrees, nevertheless retain hope.

For there is always a voice that rises above the melee to promise them that they will never again have to live through such times, that the next negotiations, in three or four years, will be carried out on new bases and that patients or students will never again be taken hostage....

But a bare few months after the end of the hostilities, there is nobody who feels brave enough to stir up the still warm ashes, too happy to forget the nightmare. The government, which had concentrated its efforts during a year or a year and a half on the "negotiations" file, has to go back to functioning and presenting revalorizing projects.

In 1976, the beginning of the elections, a few months after the end of the negotiations, and the Liberal Party's loss of power sealed the fate of the beautiful promises of a change in the system of public negotiations.

In 1979, the government of the Parti Quebecois, scarcely through with negotiations, rushed at full speed into the referendum battle.

And in 1982-1983, the excuse for not giving priority to the inspection of this file was ready at hand: The economic crisis and the urgency of efforts to pull out of it.

#### A Different Situation

And yet, this year the situation is different. With its law 70, the government has demolished the negotiation framework in the public and parapublic sectors. No union in these sectors can still claim to negotiate in the same conditions as the past years. This system will no longer be able to function unless it undergoes substantial modifications, if not a complete change.

A fact also new this year: The creation of a pressure movement, the Urgency--Mediation group, made up of about 60 well-known citizens, who have started the fight to abolish the right to strike in hospitals.

This group is emphatically demanding the establishment of an investigative commission entrusted with finding a method to replace this right with a more just means of protecting workers and patients.

A few weeks from now, the urgency mediation group will make precise recommendations on the role and mandate of such a commission.

#### A Broader Mandate

But for the labor relations experts in Quebec, who say they are in favor of the establishment of such an investigation, the mandate entrusted to the commission should be much broader and include all the provisions governing labor relations in the public and parapublic sectors.

In a voluminous study on collective labor relations in Quebec\*, whose publication was very recent, Professor Fernand Morin, of Laval University, describes the outline of the mandate and the working framework for such an investigation in the chapter devoted to the public services.

Mr Morin was deputy minister of labor in 1967, and during several years, president of the Advisory Board on Labor and Manpower. He is currently a professor in Laval University's department of industrial relations.

According to Mr Morin, it seems difficult to continue for much longer this system of collective negotiations in which the organization of society's major services is revised to all intents and purposes every four years.

"Perhaps we should undertake," he says, "more methodically and calmly, a genuine reform with the participation of those who are the object. We could then investigate this triple objective:

--State, if need be, the groups and units where continuity of services should be insured and where society cannot tolerate a strike;

--abandon, if necessary, the model of conventional negotiations in order to adapt the labor relations process to the particularity of public environments: Continuity of services, public financing and a political framework, etc.

--integrate, in a simplified, coherent and accessible text, the provisions governing collective labor relations in public environments."

But Professor Morin is aware that it is a question here of a ticklish, politically and socially difficult task.

"Yet," he adds, "this reform is possible if it is undertaken in good time, i.e., if it begins with a period of observation and reflection, very closely following the negotiations that is already taking place in these same public environments." In other words, for Mr Morin, who explained his ideas during an interview granted to LE SOLEIL this week, the work of the investigative commission should not be too far removed from the end of negotiations in order to avoid the coloring in pink or black that occurs after some time.

In addition, there could not be any miracle solutions in this area for Fernand Morin, and that is why the investigative commission's mandate should not be limited to just one aspect of the question, like abolishing the right to strike in hospitals, but should touch on the whole system of collective public relations. The special situation occupied by the employers' part in these sectors should even be analyzed, i.e., that of a government that is at the same time the holder of majority power in the National Assembly, an active agent at the macro- and micro-economic levels, the guardian of peace, the intermediary between unions and private companies, the financial backer and supervisor of a large number of public enterprises, the procurer of the major public services, the biggest employer in Quebec, etc.

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\*Fernand Morin, "Collective Labor Relations." Montreal, Editions Themis, Inc., 1982. 619 pages. Price \$35.

Finally, according to Mr Morin, to guarantee the authority of the investigative commission and to improve chances of success, it should be formed because of a decision emanating directly from the National Assembly. In this way, its recommendations would bind not only the party in power but also the opposition.

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CSO: 3619/20

## CP ORGAN INTERVIEWS CHAIRMAN JENSEN ON NATO ARMS, CONGRESS

Copenhagen LAND OG FOLK in Danish 24 Dec 82 p 8

[Interview with Jørgen Jensen by Gunnar Kanstrup]

[Excerpts] There is silence in the big house. The long corridors and the many offices, which ordinarily are the scene of a hectic activity, are empty of people. The telephones, which are normally continually ringing, are quiet. It is in LAND OG FOLK's house on Christmas Eve. But in his office we find Jørgen Jensen. We asked him for an interview for LAND OG FOLK's New Year's number.

Stop the War for Hate

[Question] How do you appraise the prospects for the coming year?

[Answer] They are gloomy. The consequences of the black cabinet's cutback campaign will strike home with full force. Thousands of families will be brought into serious economic difficulties. Tens of thousands thrown out of work. New billions of kroner will go into the big capitalists' pockets.

The forces of imperialism and war will give the arms build-up and hence the preparations for war yet another tooth.

That underscores the necessity of a communist party. A party that can and will mobilize for the revolt that will sweep Schlüter's black cabinet out. A party that uses its forces to strengthen the peace movement, that can force through an active contribution by Denmark to disarmament and peace.

[Question] What possibilities do you see for forcing an active Danish disarmament policy through?

[Answer] The peace movement has achieved significant results. The great amount of talk to the effect that the two superpowers are equally interested in arms build-up--or equally uninterested in disarmament--is without foundation in reality. It is a fact that the United States, NATO, the forces of imperialism, are interested in tension and armaments. It was the United States that refused to ratify the SALT II agreements on limitations of armaments. It is the United States



that has sought to sabotage the Madrid negotiations on a European security arrangement. It is the United States that shows a lack of desire to make progress in the disarmament negotiations in Geneva. It is the United States and NATO that want to station the 572 new atomic rockets.

The big monopolies that dominate the arms industry in the United States and other capitalist countries are interested in arms as long as they bring in money.

It was and is the socialist countries--especially the Soviet Union--that come out with initiatives that can forward the cause of disarmament and peace. It was the Soviet Union that ratified the SALT II agreements without delay. It was the Soviet Union that offered in the spring of 1982 to limit the number of rockets in Europe, and that was repeated this December by Secretary General Andropov in connection with the 60th anniversary of the founding of the Soviet Union.

Nobody in the Soviet Union or any other socialist country can profit by arms or preparations for war. On the contrary. Funds used for military purposes interfere with the practical possibilities of improving the people's standard of living.

[Question] What will be the main task in 1983?

[Answer] To prevent the stationing of NATO's and the United States's new rockets in Western Europe. We will prevent even so much as one Danish krone from being appropriated for that deadly dangerous project. That calls for an active popular effort. And here it is gratifying that the trade union movement has engaged itself more strongly in the work for peace. That engagement must and will be expanded.

Strengthen the Party

[Question] The DKP [Danish Communist Party] will hold a congress in May 1983. What do you expect in that connection?

[Answer] A discussion that will be clarifying and thus contribute to greater sureness and strength in our political work. An open discussion of errors and shortcomings. But also a discussion connected with the struggle that is going on in Denmark.

The basis for the discussion, which has been published in LAND OG FOLK, must not be viewed as a limitation of the discussion. All of the questions and problems that the members of the party are grappling with will be open for discussion--outside of the congress as well.

But we shall also remember that during the congress period we have debated our way to clarity in a number of fields. That has been done through conferences on the problems of the unions, of the women's movement, and of youth. And before the congress we will have a social policy conference, an educational policy conference, and a working environment seminar.

A good preparation for the DKP's 27th congress also includes an organizational strengthening of the party and its press. Last fall we conducted a brilliant collection for LAND OG FOLK. We got many new subscribers. We must ensure a

continued work for a larger circulation of LAND OG FOLK. It is especially important for us to find ways of getting our paper into the country's workplaces.

We want to strengthen our party--also by getting more members. It is a doctrine that precisely in periods with specific struggles and demonstrations more people get confidence in the communist party.

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CSO; 3613/45

## PAPER REJECTS TALK OF POSSIBLE CONSERVATIVE-SDP COALITION

Copenhagen BERLINGSKE TIDENDE in Danish 26 Dec 82 p 13

[Editorial: "Next Time"]

[Text] Last summer Poul Schlüter said that a government should be formed consisting of the Social Democratic Party, the Conservative Party, and the Liberal Party, if the Social Democratic government retired without issuing writs for an election. The country needs a majority government, he said. But Anker Jørgensen retired without an election and the country did not get a government that had a majority behind it. The Social Democrats preferred to go into the opposition.

This winter the chairman of the Danish Metal Workers' Union makes himself an advocate of a government of the Social Democratic Party and the Conservative Party when there has been an election. In the Social Democratic newspaper NY POLITIK Georg Poulsen writes that the Conservative Party stands to make a considerable gain in an election, and he thinks the Social Democrats will also make a gain. That, he writes, is due to the fact that the two parties are considered to be serious about the job of saving the country's economy.

It did not go as Poul Schlüter said it should go. And it is still less probable that it will go as Georg Poulsen wants it. First of all there are good grounds for assuming that the four-party government will sit out most of the election period. Second, when the election comes, the four governing parties may conduct their election campaigns against the background of the common wish to continue the government coalition. And even if there is a minority government that goes into the election with no expectation of being able to win a majority, it is not a sure thing that no basis can be established for maintaining it for yet another election term.

When the Social Democrats come back into power, they can no more do it alone than anybody else. They must necessarily have somebody to support them. And who will it be? For Georg Poulsen there is no doubt that some coalition possibilities must be ensured beforehand, but he has no illusions that there can be any question of the Radical Liberal Party or the Socialist People's Party. Skip them, he says. But if it is not they he wants to be with, it has to be one or more of the present governing parties. That is his wish, just as in the summer it was Poul Schlüter's wish.

Georg Poulsen and the members of his party must face the fact that any chances of establishing such a government coalition have been forfeited, and that there is no great likelihood that they will come again soon. That would be possible only if the Social Democratic Party as the opposition party went in for a far-reaching, positive cooperation with the sitting government. There are not many signs that that is Anker Jørgensen's intention. He is obviously more inclined to conduct an opposition policy that increases the distance. If Georg Poulsen's strategy is to yield results, therefore, he must start by settling with his own people.

8815

CSO: 3613/45

## LETTER TO STALINIST ORGAN COMPLAINS OF TENSION IN LAPLAND

Helsinki TIEDONANTAJA in Finnish 4 Jan 83 p 24

[Letter from Lappi district CP members Helge Kangas, Toivo Partanen, Erkki Pekkinen, Mauri Suorsa and Osmo Pietarila to CP Politburo, sent from Kemi and dated 6 January 1983]

[Text] Five Lappi district SKP [Finnish Communist Party] members have sent the party Politburo an appeal because of the critical situation in the district.

The Kemi section is threatening to suspend Augusti Ollikainen and Marjo Rintala from membership in the party. Whole sections have been threatened with suspension. The names of Parliamentary Representative Esko-Juhani Tennila and Pertti Periniva have been dropped from the district Election Committee lists even though they placed right at the top in the organization's voting.

The party's Kemi members are asking the Politburo to exert its influence to improve the Lappi party district situation.

The full text of the appeal follows:

The rightist forces' attack on the workers is gaining in strength. The Social Democratic Party has also yielded and adapted to become the instrument of a Reagan-like economic policy. The SKP's responsibility as the defender of the working class and other people of little means has grown to be greater than it was before. It is absolutely necessary that unity in the SKP's own ranks be strengthened.

However, the situation in the SKP's Lappi district has decidedly worsened. The situation has been heightened by issuing unwarranted warnings to sections and members and threatening them with suspension. The SKP's Kemi section has announced that it has suspended Augusti Ollikainen and Marjo Rintala from the party because they have participated in setting in motion the activities of the SKP's Kemi municipal organization, which had long been dormant. Obviously, reactivation of municipal organization activities is of service to the whole party.

The SKDL [Finnish People's Democratic League] election campaign in Lappi has been launched in a discriminatory way. Esko-Juhani Tennila and Pertti Periniva, who had been nominated as candidates, have been dropped from the Election Committee election lists. We have been informed that in certain quarters they are getting ready to drop these comrades from the election ticket. Such an act would be a gross violation of our organization's rules and of the election law as well, since these comrades have placed right at the top in organization voting. Dissolving the election coalition would lead to a certain and major election defeat for the People's Democratic movement and would thus be an absolutely irresponsible act.

We ask you, dear comrades, to exert your influence so that the unfortunate development in Lappi can be stopped and the movement toward unity continued. Prevent these administrative actions and ensure a unified Communist election campaign.

Kemi, 6 January 1983  
Helge Kangas  
Toivo Partanen  
Erkki Pekkinen  
Mauri Suorsa  
Osmo Pietarila

11,466  
CSO: 3617/54

## CONSERVATIVE, COMMUNIST PAPERS COMMENT ON ROGERS' STATEMENT

## Serious Implications Cited

Helsinki UUSI SUOMI in Finnish 6 Jan 83 p 10

[Commentary by Seppo Kuusisto: "Credibility"]

[Text] In a crisis situation an issue fraught with consequences for small countries striving to stay out of entanglements is the credibility of a desire and capability for defense. Whether rightly or wrongly, the attitudes created by it influence the behavior of the big military powers.

On top of everything else, these evaluations produce multiple effects. A poor evaluation made by one military power is for others a fact on the basis of which they try to predict the course of events when a crisis arises. Military history is full of preventive operations and preventions of preventions.

World War II provided abundant examples of the fate of small countries when big powers sized one another up. A real race was produced by the occupation of Norway. The Benelux countries' lack of defense capability opened the way to Hitler's domination of all of Western Continental Europe. Iran had to submit to an actual occupation by the Allies.

Before World War II the outside world underestimated Finland's defense readiness. Aside from being regarded as easy to subdue, it was also regarded as a tempting stepping stone to any nation whatsoever. Thus Finland had to withstand an attack even before the conflict among the big powers had had a chance to be extended to other Northern European countries.

On the other hand, in 1944 in Finland everyone had sufficient confidence that the country would succeed in disengaging itself from the war.

While the fate of many a small country that had tried to remain neutral was unfortunate, the lesson of World War II did not, however, just encourage hopelessness. A determination to remain independent combined with prudent concessions kept Sweden, Switzerland and Turkey, for example, out of the conflict, although the temptation to draw them into it was certainly there. Occupied Iran's neighbor, Afghanistan, had one of the most poorly equipped armies in the world, but it was believed that it would stubbornly resist all invaders.

So the Allies decided to abandon exerting any greater pressure on it unless a really serious situation should require them to do so.

In the end, war is a kind of psychology between nations, the foundations of which have already been laid in peacetime and which there is no reason to underestimate.

It is sometimes desirable to be reminded of the existence of this psychology. Diplomacy has learned to avoid delicate evaluations and nations do not often directly say to even their own allies what opinion they really have of their defense capability. Thus the West Germans have to from time to time ask whether NATO thinks that their country is in general defensible. The answer is perhaps only to be found in those U.S. Defense Department documents which the Bonn government will never see.

The doubts cast on Finland by American generals constitute a particularly serious matter because the military development of Europe may increase the importance of its flanks as a possible course of attack in a major war. They are erecting modern-day Maginot and Siegfried Lines in Central Europe within the framework of the new arms technology. Thus a war may not be touched off between the Rhine and the Elbe as is most commonly thought it may be.

Understanding the guiding principles of Finnish foreign and military policy thinking is perhaps difficult for the NATO generals, who are used to a black-and-white view of the world. But the diligence with which they try to dispel the Finnish way of thinking is apparently more costly than we here often think it is.

Unless our position, what we want, our capability and our treaty obligations are understood by these generals who spread out their strategic maps, NATO, whose eyes are fixed on Norway's military position, may upset the stable situation that has prevailed in Northern Europe for almost 40 years.

#### Moderate CP Organ Comments

Helsinki KANSAN UUTISET in Finnish 5 Jan 83 p 2

[Editorial: "NATO and Finland"]

[Text] Military alliance generals are usually reticent people who remain behind the scenes and are precisely those who do not make a big fuss about their roles and views. But there are exceptions. One of these is, for example, NATO first secretary Joseph Luns, who during the past few years has almost always had an opinion ready to offer, regardless of which political problem was under discussion.

At present, however, at least some leading generals seem to be forcing themselves to be very candid and to be trying to directly influence public opinion. Gen Bernard Rogers, the commander in chief of NATO's European forces, has announced that he has directly addressed the people of Western Europe, telling them that the governments of the countries concerned are weak and incompetent.



He has demanded a real annual increase of 4 percent in defense expenditures. In his opinion, Western Europe must cut social welfare expenditures in favor of missiles and other weapons. The general points to Ronald Reagan and his administration as a model for this bold cost-cutting policy.

This general's statements about Finland's willingness to spend money on defense have caused a stir among Finns. The cynical way in which the military alliance's leaders speculate on Finland's position and Finnish-Soviet relations is really revealing. They examine everything through their own military strategy eyeglasses and dream of a clash between the military alliances. The national interest viewpoint is completely alien to them.

It may be that in Finland we have been a bit too naive, since we have constantly reiterated that our country's position is beyond any speculation because of our treaty relations. It now appears that Finland is one of the liveliest objects of speculation for NATO leaders. Rogers' rotten statements deserve to be severely condemned because of our national interests.

The question, however, arises: Was this interview merely an accident, a totally unrelated occurrence having to do with the defense policy debate going on in Finland? Or does the interview smack of being made to order? It is a matter of common knowledge that some domestic forces have been disturbed because Finnish public opinion has lately tended toward opposition to an increase in arms procurements.

If there were really such ulterior motives behind the interview, its aims would appear to have been even shabbier. The people's desire for an adequate defense is certainly not to be equated with the number of arms procurements. Finland's strength lies in its active, peace-seeking foreign policy, not in arming itself. For this reason we must consistently adhere to the animated defense policy debate which has so surprisingly become a powerfully influential external irritant.

#### Stalinist Organ Suggests West Threat

Helsinki TIEDONANTAJA in Finnish 7 Jan 83 p 2

[Editorial: "The Paasikivi-Kekkonen Line"]

[Text] When one reads the Finnish newspapers, one can hardly remain uninformed as to why or for what purpose NATO forces commander Bernard Rogers issued his statement. The views and interpretations of the right-wing, extreme right-wing and unfortunately certain other newspapers strongly indicate that this is a case of anti-Soviet incitement.

Finland is ready to defend itself against attack from any quarter. Thus we have completely changed our viewpoint from that presented by Paasikivi in his time, that the Soviet Union would not attack Finland. In like manner they want to crush the experience we have had that Finland's relations with the Soviet Union are friendly relations.

We must once again bear in mind that the Friendship, Cooperation and Mutual Assistance Pact makes the idea of a Soviet attack on Finland meaningless. How could an attack be a part of friendship, cooperation and mutual assistance? The idea may not be new and surprising, but it is schizophrenic. Experience has, as we just said, strengthened the fact that friendship and cooperation prevail between our two countries. An attack is incompatible with such a state of affairs.

But it is futile to try to prove this. A fact is certainly a fact and the Americans do not intend to destroy this arrangement either. It is not a question of that. What is at issue is the fact that within the framework of this arrangement, within it, concealed from the public eye, there are presumably things that Finns do not see but which the NATO general relates to the Finns as new occurrences. So he should probably wake up.

Perhaps in connection with the NATO general's awakening it is appropriate to say that the threat to Finland will only come from the West. Above all, the NATO general's cockiness tells us this.

In several contexts it has been demonstrated that the threat to Finland's security will come from the West. Rogers' statement leaves no room for doubt about this.

If we absolutely want to talk about realism now, we have to talk about the NATO leaders' openly publicized plan — and at the same time about as just what point the subordination of Finland will be effected, just as happened during World War II. Is it beginning all over again?

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CSO: 3617/54

## ANALYSIS OF DE MITA'S POWER IN NEW GOVERNMENT

Rome L'ESPRESSO in Italian 19 Dec 82 pp 37-49

[Article by Alberto Statera: "Power/De Mita Corporation; Ciriaco's Backing"]

[Text] Was the DC [Christian Democratic] secretary's power strengthened with the birth of the Fanfani government?

We analyze his power system and network of alliances in industry, in the parties, in the press.

Rome. Ciriaco De Mita confesses that on the morning of Wednesday 1 December he put to rest a vague but persistent feeling of dissatisfaction, if not irritation, only after having consulted his horoscope. Through corrections and obstinacy warned IL GIORNO, the Christian Democratic secretary's favorite newspaper, "Aquarians run the risk of making mistakes in everything. A little bit of imprecision often aids precision. Cough should be taken care of." Except for the cough, the advice of the stars was absolutely perfect.

The "night of the long knives," which by changeless tradition precedes the formation of each new government, had ended a few hours earlier. The government that had emerged from it and which Amintore Fanfani was preparing to present to the president of the Republic, was not exactly what De Mita had in mind. It did not appear as a majestic and unsinkable battleship capable of safely negotiating the stormy ocean of public expenditures and lending credibility to the line of economic discipline to which he had repeatedly committed himself. But the stars had said, "A little bit of imprecision often aids precision." The Fanfani government might not be a preceless ruby, but neither was it a little B-class government vulnerable to every puff of wind. Ciriaco De Mita is not De Gasperi or even Quintino Sella, but neither is he perhaps that "yokel" from Avellino who is reputed to have been the leader of the "district revolt against Naples" and standard bearer of a paleo-tertiary society based on charity and favors. Today he is the DC secretary who has regained the post of prime minister for his party, sidelining the historical leaders (but paying the price for recycling Fanfani), changing the dimensions of the Bettino Craxi "long wave" amid the benevolent and at times enthusiastic anticipation of the so-called production forces.

What happened? Has another charismatic and sinister-looking Craxi-type secretary emerged? A rampant secretary "imprinted" (an Anglo-Avellino neologism coined by Deputy Clemente Mastella) on a cliché that was unknown to the recent history of the Catholic party? These questions are fully legitimate today but they were absolutely unforeseeable just 8 months ago.

#### The Martyrdom of Saint Ciriaco

The date 16 March 1982 was Saint Ciriaco's day. The saint was martyred in the Ancona area. The present day Ciriaco, too, is a martyr in his own way. Flaminio Piccoli, in exchange for the support guaranteed him for remaining in office, promised to support him in his rise to the secretaryship but ("a person without very deep-rooted opinions," see Ciriaco De Mita, L'ESPRESSO, 18 April 1982) showed considerable hesitation. The other party members, including the former Zaccagnini faction, and the rank-and-file were still uncertain, but that fateful day Giulio Andreotti made a half-promise: perhaps Ciriaco's candidacy could be proposed. This despite the chorus of anticipatory protests collected by the generous Giovanni Marcora, then industry minister, in the painstaking opinion surveys carried out in the fabric of the so-called entrepreneurial bourgeoisie. Merloni looked down his nose; De Benedetti turned his all the way up. Pellicano, Schimberni, Mazza, and Pirelli just barely knew who this Ciriaco was. In any case they did not like him. In his Rome apartment in Via XXIV Maggio, lawyer Agnelli imparted to small group of guests the following dictum: "The Christian Democratic Party cannot renew itself and free itself from patronage." Indro Montanelli, acid, thundered from his IL GIORNALE column, advising Bettino Craxi, who in this phase was among his favorites, to get into the electoral conflict immediately. He increased the dose by noting that with De Mita as secretary of the DC, he would invite his readers not to hold their noses any longer and vote for the PRI [Italian Republican Party].

Rino Formica, number two man in the PSI [Italian Socialist Party] and finance minister, exclaimed that the DC was a "homicidal party." Gaetano Scamarcio, socialist undersecretary who is quite extreme in his utterances, added his refined comment. Desperate, Arnaldo Forlani, Ciriaco's friend-enemy, and in any case his competitor in the race for the secretaryship, telephoned Craxi: "Look, Bettino, by acting as you do you will make me lose out in the congress. Is that what you want?" No, that was not what Bettino wanted, but it was too late. On Wednesday 5 May, the socialist secretary went to the Christian Democratic meeting and the kindest slogan he read in large letters on a streamer strung up in the overflowing hall said: "Demythcize Craxi."

De Mita's election as political secretary was favored by a coagulation of unprecedented antisocialism in a Christian Democratic congress. But few were convinced that the man was the leading-man type, that he had the talent to navigate among the rites of the image civilization and to deprive the socialist contender of his role as leading actor on the state of the "theatrical state." Ciriaco is a country boy. He speaks with difficulty and what's more with an irritating Avellino accent (Gari amigi, vi rivelerò un ebisodio della mis giovinezza, "la bolidiga e gestione del gonzenzo").

He is a quick change artist. He is not communicative. He is not photogenic. Thanks to his administration, the DC will lose 2 million votes. Commenting on the election, Alberto Ronchey wrote: "It will not be easy, particularly for the traditional "boss" from Avellino, to represent the new face of the DC to those urban ranks of the center-north who seemed to be most disenchanted with Christian Democratic power." Sergio Pinifarina, president of Turin industrialists, hoped that "attention to economic problems by the new Christian Democratic leadership will be better than that demonstrated by De Mita in his participation in the congress." Confindustria president Vittorio Merloni was tearful over the defeat of his friend Forlani, but above all over the crypto-communism of this man from Avellino with his intellectualoid utterances. ("And it is not as though he has changed," De Mita now assures. "For him, the areas of freedom always coincide with anticommunism."). Only one voice was raised in defense of Ciriaco and that was not exactly neutral. It was that of his brother Enrico De Mita, an economist: "If the industrialists exclude him from their club, it is because they are myopic." He does not ignore the fact that Ciriaco has a juridical-institutional background, that he is not sensitive to either the logic of capitalist accumulation of wealth or to that of redistribution and emergency aid. But he also knows that he [Ciriaco] sees politics as an aristocratic event, as a continuing search for high-level agreements.

#### In the Drawing Room

And in fact the first line of breakthrough was immediately seen: the large productive bourgeoisie, the northern industrialists. The task force just organized--with Riccardo Misasi, the man of iron, intelligent, unprejudiced, Levantine; Giovanni Goria and Clement Mastella, the young lions; the careful Fabiano Fabiani--had no doubts: control could not be regained without coming to terms with the large centers of traditional power, beginning with that of industry. Thus in early June a Ciriaco who was ready for anything began to campaign in the northern industrial provinces. His first success was in Parma: He was invited to dinner at the villa of Calisto Tanzi, a big dairy and cheese products tycoon. Present were Lucchini, Zoppas, and Barilla. The subject of conversation: the pro-communism of the new Christian Democratic secretary. Ciriaco stripped his arguments down, cut them with an ax, and avoided distinguishing himself as a subtle savant. He convinced them quickly of his reliability. Luigi Lucchini, sanguine steel-rod manufacturer from Brescia exclaimed: "But Honorable Sir, where have they been keeping you?!"

However, his real social debut took place early in July. Wearing an impeccable gray shantung suit, the leader from Irpinia arrived for dinner in the Roman attic of Carlo De Benedetti. He knew he was entering the lair of the lay leaders, the sanctuary of the progressive establishment who would study him with special care. Present were Vioganni Spadolini, Eugenio Scalfari, Piero Ottone, Guido Carli, Rinaldo Ossola, and Giorgio Ruffolo. The only absentee was Pertini, who nevertheless sent Antonio Maccanico as his observer. The conversation soon became lively and even before dessert an unexpected and paradoxical situation developed: De Benedetti, Scalfari, Ottone and Carli sharply criticized Spadolini for the

uncertainty he showed in administering the economic-political line, and said that De Mita was right. With just a touch of coyness, we Mita [later] recalled, "In the conversation, all those who were on the side of La Malfa-style discipline supported me and not Spadolini." Someone summed it up by telling Spadolini, "Giovanni, either you do as De Mita says or you are through."

But Spadolini either did not want or did not know how to follow that advice. The credentials with which De Mita presented himself in De Benedetti's home were the firm attitudes he had assumed some weeks earlier in favor of repudiation of wage indexation by Confindustria, and later by Intersind, the trade union organization of state-participation businesses controlled by the DC. Spadolini instead was wearing himself out in search of an agreement with the trade unions.

### Spadolini's Moles

At that time the first lay prime minister's star began to decline and De Mita did everything he could to hasten its eclipse. Shortly before the August crisis he had confided to Craxi: "Beware of amateurs in politics." And Spadolini is an amateur. Certainly De Mita is more "professional": he entrusted Spadolini's scientific destruction to the prime minister's party friends, to Giorgio La Malfa and to Bruno Visentini; outside the government to Carlo De Benedetti, the most rampant of lay industrialists. He was the one who, until a few months earlier, had criticized Gianni De Michelis: "You socialists are too friendly with the Christian Democrats." And he now opened a large line of credit with the DC.

Meantime, Ciriaco began to work on Craxi flanks. Bettino acquired "sainthood" in April because of the ovations he had received at the socialist-democratic congress. Less than 3 months later, the PSI-PSDI [Italian Social Democratic Party], which had seemed a fixed quantity in the political picture, was shattered. Ciriaco had made a secret agreement with Pietro Longo whom he had helped to get elected in the Avellino district in 1976. In August, while the government was at the peak of its crisis, Claudio Martelli, PSI assistant secretary, denounced the existence of a shameful agreement between Longo and De Mita with the consent of Pertini and Berlinguer, to deliver a knockout blow to the socialists. Nervousness became the routine state of mind in Via del Corso. The lay sector was transformed into a Babel.

When Spadolini formed the photocopy government which a few weeks ago ingloriously ended the brief lay season at Palazzo Chigi, a new political style already was setting the pace in Italy. It was called De Mitismo. Its rules were few and easily understood by all: first, the DC goes back to making policy and not reacting to that of others (it is no longer Piccoli's mattress party); second, this political trend, which is "not the sudden stand taken by a permissive party," revolves around the line of discipline in economics, with references to De Gasperi and Einaudi, but also to Giorgio Amendola and Ugo La Malfa. This was sensational. It

was not so much the fact that De Mita ably explained this line that had been announced a few months before, but that the credit he got for it was almost total. "They talk about my cunning," said Ciriaco slyly, "but it is not cunning. It is that I often have the luck to identify the 'point of movement.' This time I identified it as the non-Christian Democratic leadership class, compelling it to understand our attitude and not to drown in schematic presentations."

Montanelli KO'd

On 9 September De Mita communicated his doctrine to Scalfari, who got a very long interview out of it. From that moment LA REPUBBLICA became the most intelligent interpreter of De Mitismo. A few days later, incredibly, it was Indro Montanelli who became converted. De Mita could not stand him, could not forgive him for having compared him with the Camorra [Naples underworld] "boss" Raraele Cutolo, and refused to speak with him. Until one day, through a trick, Mastella arranged for the two men to speak on the telephone. They made an appointment. Montanelli, with his gangling gait and the look of someone who guesses more than he knows, entered the secretary's small round office in Piazza del Gesu. He held out his hand and said: "How do you do? Montanelli." De Mita replied: "How do you do? Cutolo." Montanelli could not manage a riposte. The first bout ended 1-0, for Ciriaco, who soon doubled his score. Spadolini? "Spadolini is my friend," Montanelli said, "and with my friends I behave like they do in Avellino." And Ciriaco, frigidly: "The people from Avellino defend their friends when they are right, not when they are wrong. You're thinking about the Mafia." A few days later, in reporting the lengthy interview, Montanelli advised his readers that De Mita "will not turn out to be just any DC secretary." The temple of moderation, too, was overcome and Montanelli's poisoned barbs were blunted. LA STAMPA, IL CORRIERE DELLA SERA, IL SOLE-24 ORE gave the secretary benevolent attentio; IL GIORNO and IL TEMPO went so far as to express enthusiasm. ("Only LA NAZIONE and IL RESTO DEL CARLINO," he complained, "were really unbearable. I don't know for what obscure reason").

But There Is Always the Bonomiana [play on Bonomi]

If Ciriaco is particularly sensitive to the large newspaper ("I care about public opinion very much because the people must know how I respond to the demand for change"), he certainly does not neglect other basic outposts by any kind of Napoleonic strategy: He was careful to ensure a continuing dialogue with Pierre Carniti, CISL [Italian Confederation of Labor Unions] secretary and the only trade unionist who never criticized him; he mended his fences with Domenico Rosati's ACLI [Christian Association of Italian Workers]; he repaired relations with the ex-Bonomi organization, Coldiretti, headed by Arcangelo Lobianco; he literally subjugated Giuseppe Orlando, president of the powerful businessmen's organization--making him swallow even the Christian Democratic vote which favored the law making cash transaction records obligatory. It is true, the bankers do not like him and he pays them back in the same coin: "The bankers' interests do not coincide with DC interests, but the bankers are few, businessmen are many;

they are an entire social class." And the pincer operation on the industrialists succeeded, despite some uncertainty. It is true that De Benedetti described the recent interview with Massimo Riva in LA REPUBBLICA as "irrelevant." In it the "Jacobin" secretary, (that is how he was described by Valentino Parlato in IL MANIFESTO, causing some surprise) rediscovered the market. But De Mita's staff believes that the change in course by the Olivetti vice president is due to the fact that he reportedly would not have disdained a ministerial post.

#### At Dinner with the Lawyer

It is true that Romiti obstinately describes some of some of De Mita's economic intuitions as "home made." But attorney Agnelli, who is allergic to provincial bosses, appreciated them very much. He invited him to dinner at his house in Rome 20 days ago. Other dinner guests were Luigi Orlando, Leopoldo Pirelli and Guido Carli, that is, the aristocracy of the Italian business world, and by definition the "grand shopkeepers." Emerging from the doorway in Via XXIV Maggio, Pirelli whispered that he had not thought well of him [De Mita] earlier, but now after having known him better, he had to change his opinion. The lawyer's impressions, instead, were disseminated by telephone beginning at 6 the next morning: "This De Mita is good! Certainly they could have avoided upsetting the market, but if they rediscover it, better late than never."

Less restrained, almost enthusiastic, was Walter Mandelli, Confindustria vice president. "If the DC says this," he had confided to De Mita some months earlier, "I believe that I too will vote Christian Democratic. The only problem is that I vote in Turin and the boss there is Donat Cattin. How can I vote for Donat Cattin?" De Mita had answered with witticism. A few days ago, Mondelli, ex-communist, returned to the secretary's office and was received once more with a witty remark. "Well, have you made up your mind?" And Mondelli answered: "I'm thinking seriously about it, but what is the deadline for making an official communication?" De Mita did not understand. "What must you tell me officially?" Mondelli answered, "Well, whether I agree to be a DC candidate."

Ciriaco recruits. Even in an unexpected way, as happened early in October immediately after the nomination of the presidents of IRI [Industrial Reconstruction Institute] and ENI [National Hydrocarbons Agency]. At the end of September, Spadolini visited him in his office at Piazza del Gesu. He suggested that after all he was not so favorable to the nomination of Romano Prodi for the IRI presidency, also because that would make it impossible to nominate Gandolfi to ENI, which he and the socialists would desire very much. "And then," Spadolini concluded, "you will see that Prodi will not accept." De Mita urged, "You nominate him..." At that point Umberto Colombo's candidacy for the presidency of ENI emerged. He is an expert in the socialist area. As soon as he had the official notice of his nomination in his pocket, Colombo picked up the telephone and called De Mita, "Sir," he said, "You must give me a hand in forming the council: Di Donna must not be a member." De Mita answered in icy tones, "Dear Dr Colombo, you can help yourself: it is enough to say you do not want him."



That is exactly what Colombo did, arousing the anger and embarrassment of the socialists who had proposed his nomination, taking it for granted that Leonardo Di Donna, protected by the PSI secretary, would have become a member of the executive council. Thus, within a few days, the man Craxi selected to guide the state petroleum company, the eternal desire of the parties, executed a de facto change in affiliation and started playing politics with Ciriaco.

#### The Long Wave

[It was] a triumphant campaign, sealed by a personal victory at the Florentine Confindustria meeting on "Italian Money" at the end of November. But it was precisely during those hours that Ciriaco De Mita's long wave was to break disastrously. The Thatcher-type program attributed to Fanfani, but actually drafted by the secretary's staff, was substantially watered down. The ministry's version did not meet expectations and promises and the historical DC leaders, excluded from government, showed their concern.

"Everyone's past will tell," warned De Benedetti, putting distance between himself and the DC secretary. Ciriaco defended himself passionately: "The DC has not yielded and it will demonstrate this." He even set a "fixed date" to demonstrate it: 31 January 1983, deadline for the revocation of the sliding wage scale. "We will take action earlier and I believe there will be no better proof of discipline. Those who do not believe us will be convinced by events."

De Mita confessed: "Government? Certainly it is not at all what I had imagined. We were missing references. I would have preferred Visentini, or Baffi to head the treasury. I had even thought of Cingano, president of the Italian Commercial Bank. I had proposed Massacesi and Fabiani for the labor ministry; I favored Carli for the budget." But it was precisely the ex-governor of the Bank of Italy, De Mita said, who convinced him that it was not indispensable to have the great experts in government: "Don't make a mistake," he had said turning down the ministry offer. "Politicians make much better ministers than the experts. Besides, when the Nazionale [soccer team] went to Argentina everyone was pessimistic. Anastasi was not on the team. He had been replaced by Paolo Rossi, a young man who was much less able than Pruzzo. I hope that the Fanfani government will turn out like the Nazionale did in Argentina."

But not many share Ciriaco's hopes. Craxi already has reminded everyone (L'ESPRESSO, No 49) that he is there, too. (But Ciriaco snarled: "If he wants to move toward a break, I will break just a moment sooner"); the communists fire at point-blank range; the trade unions are sharpening their weapons; Donat Cattin lost his head; the other historical DC leaders, Andreotti and Bisaglia, Piccoli and Forlani, were disappointed and uneasy. But Ciriaco was not intimidated. To Bisaglia, who spoke to him about the possibility of organized opposition to his secretaryship, he answered nastily: "You merely have the illusion of being able to do something but now the party has changed profoundly. The old groups

have disintegrated." He admits, "It is true. The high-level leadership selected at the party congress is nervous because some still do not identify with what I am doing. They see that I am not taking the traditional path with a Dorotea spirit. They see that I am not following the usual policies of the Christian Democratic left..."

#### Some Traps in the Offing

Will this half-Thatcher, half-Ingaro, man from Avellino be able to build a clean mass party of the right, a DC that is popular and at the same time representative of the more dynamic components of society?

Gianni De Michelis replies, "Never. De Mitismo does not exist. It is a style that appeals to fewer than 300,000 persons. Adjustments in Italian society cannot be made at the expense of workers." And, observes political analyst Gianni Baget Bozzo: "So far the DC has won only when it was able to avoid choices." It is certain that it has become "stronger by reaction to Craxi" (Norberto Bobbio). Bettino is not disturbed. "When one sets too many traps he forgets where he put them and he himself gets caught." Ciriaco is warned.

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CSO: 3528/64

## SURVEY OF PUBLIC OPINION ON DC SECRETARY DE MITA

Rome L'ESPRESSO in Italian 14 Nov 82 pp 14-17

[Article by Renzo di Reinzo: "Ciriaco Takes All"]

[Text] Or does he take nothing? People in government are saying that he has reunited the party, that he has put Craxi in a difficult position and that he is on the verge of getting rid of Spadolini. But outside the government? What do the people think? Here is a surprising poll.

Milan--Politicians of the sharpest perception have been pointing out an isolated phenomenon for several months now: the DC is on the rise. But where is it rising? Why? At whose expense? And is this true? We will answer these questions later; in the meantime, the important thing is that all parties are acting as though this rise of the DC had already taken place: the socialists have suddenly become very cautious, Spadolini feels he is approaching the end of his ministry, the communists expect a reshuffling of the cards that may put them back into play, and finally, the Christian Democrats, recently reconciled among themselves and sure that they are in a state of grace, are beginning to draw some conclusions. First of all, they no longer fear early elections as they did at first (even if they still don't like them very much); secondly, they believe the time has come to reestablish the old custom by which a member of the majority party should reside in the Chigi Palace. In short, they feel they are in good shape. And who else can be held responsible for this excellent condition of the majority party if not its secretary, Ciriaco De Mita? Who deserves credit, if not that political alchemist who managed to soothe the socialists last summer by taking them back into the government, and who has been credited more recently by political commentators with the temerity to have tampered even with the geographic map of Italian politics, wiping out the area of the center in a single stroke, that area which has always been the broadest and most challenged by the DC's rivals? To sum it up, if Italian politics have been somewhat convulsive for several months as a result of this process, if Spadolini feels less secure in the Chigi Palace, if any Christian Democrat will soon succeed him there, if the party is "united," all of this is due to Ciriaco De Mita's sudden appearance on the scene.

However, there are those who have some objections.

First objection: But are we sure that all these maneuvers will also be comprehensible and decipherable outside the Roman houses of government where they have taken place? Second objection: Are we sure that De Mita's tactical capabilities please Italians as much as they please political commentators? To answer these and other questions, L'ESPRESSO commissioned the MAKNO (expansion unknown) Institute to poll a national sampling of 2,000 people in the second half of October.

The first fact which emerges from this survey (complete tables are published below) is that the DC has not improved its image at all. In fact, in reply to the question of whether the DC will increase its votes thanks to De Mita, 18.3 percent of those polled (much less than the DC's constituency) answered yes, 16.89 percent said no, and 33 percent replied that the DC will stay just as it is.

Answers to the following question are even clearer: The vast majority of those polled said that the DC has not changed at all, but those who believe that it has changed for the worse (14.6 percent) are even more numerous than those who believe it has improved (12.6 percent). Secondly, a constant feature of this survey is that opinions of De Mita vary appreciably from one geographic area to another: they are positive particularly in the south, on the islands and in those northeastern regions where the DC's constituency is larger; they are decidedly negative in the more industrialized regions of the northwest (Lombardy, Piedmont and Liguria).

What is most pleasing about De Mita is his educational background and his political capability; what is most bothersome is his Avellinese accent, his political capability (interpreted as ability to maneuver in this case) and his physical features.

Let's pause a moment to consider this data and also to listen to the opinions of some experts: Do they constitute a surprise? Are they the ultimate proof of the gap between the real country and those in government?

Guglielmo Zucconi, a Christian Democrat and editor of IL GIORNO, provides this explanation: "I don't find that the survey provides either disastrous or surprising data. Eighteen percent of those polled are favorable to De Mita and that percentage corresponds almost exactly to that half of the DC which elected De Mita secretary of the party. It is also a little early to measure the popularity of the individual, but I believe that it is destined to grow, whether as a result of the decline of other figures, such as Giovanni Spadolini, or because De Mita is demonstrating by his actions that he is not a kind of Trojan Horse of the communists within the DC."

But is the DC really on the rise? "For the time being, the only sign of this rise is the concern of the socialists and the self-confidence of the Christian Democrats: eventually, even political suggestions end up generating actions."

Perhaps time will vindicate De Mita's political capabilities and they will be recognized by everyone in the long run. But it is a fact that in comparison

to the popularity of other leaders today, he does not fare very well: he comes in after Spadolini, Berlinguer, Craxi and Almirante, and ties with Forlani. But he fares particularly poorly in comparison to Craxi. When asked who has more guts, De Mita or Craxi, the vast majority of those polled answered that the socialist leader does. And in comparison to previous DC secretaries, De Mita is definitely last, beaten even by Piccoli.

"The people are right," maintains Don Gianni Baget Bozzo, who supported the DC for a long time and is now an alert political commentator. "De Mita cannot be a popular leader, because his strength lies basically in knowing how to joust in political tactics and in relations with the DC. He loses out in comparison to Craxi, because he is the expression of a Catholic-rural culture which no longer exists, whereas Craxi has managed to absorb into his political fight and slogans a large part of the lay-radical culture. Craxi's present troubles derive from the fact that he has recently come out with proposals that are too abstract, such as those concerning institutional reform." According to Baget Bozzo, on the other hand, the DC as such is really on the rise. "The increase in the strength of the DC is not due to De Mita's actions as much as to fact that the winds of change have been blowing and the government, under lay leadership, is missing the mark. Consequently, the majority party ends up reaping a kind of institutional benefit. In other words, when a crisis is imminent, the people become more cautious. I believe that the DC is taking advantage of this today." Baget Bozzo poses the paradox that the DC is on the rise in spite of the fact that it is led by De Mita. In comparisons of De Mita, the confidence of voters does not seem exceptionally high. In answer to the question, "Would you buy a used car from him," only one-fifth of those polled (whereas Christian-Democrat voters represent slightly more than one-third of the country) said that they would risk it. But how many other politicians would emerge unscathed from a similar question?

The fact remains that he is still strong in government. In his native province of Avellino, therefore, he is strongest, as documented by the following article [not included].

Here are the complete tables of the survey taken by the MAKNO Demographic Research Institute, on behalf of L'ESPRESSO, on how Italians feel about DC Secretary Ciriaco De Mita. The survey was conducted throughout Italy from a sampling of 2,000 people. The first question.

1. Will the DC rise or decline with De Mita?

Will rise	18.3%
Will decline	16.8%
Will stay the same	32.9%
Don't know	22.1%
Not interested	10.0%

2. Do you find De Mita Likeable or disagreeable?

Likeable	20.1%
Disagreeable	19.4%

Indifferent	43.4%
Don't know	9.5%
Not interested	7.5%

3. Opinion of DC following De Mita's appointment:

Better	12.6%
Worse	14.6%
Same	51.9%
Don't know	10.9%
Indifferent	10.0%

4. Negative aspects of De Mita:

Physical appearance	7.7%
Education	1.8%
Manner of speaking	13.0%
Moral rigidity	4.6%
Political capability	7.9%
Guts	3.9%
None	27.3%
Don't know	33.9%

5. Positive aspects of De Mita:

Physical appearance	3.1%
Education	12.5%
Maner of speaking	9.5%
Moral rigidity	3.7%
Political capability	11.3%
Guts	5.9%
None	30.7%
Don't know	23.4%

6. Among DC secretaries, which was the best?

Fanfani	3.2%
Zaccagnini	9.5%
Moro	39.3%
Forlani	1.4%
Piccoli	1.5%
De Mita	1.1%
De Gasperi	25.9%
Don't know	15.9%

7. Most capable political figure:

Berlinguer	12.7%
Craxi	9.7%
De Mita	3.8%
Pannella	7.6%
Magri	3.2%

Almirante	8.7%
Spadolini	21.1%
Forlani	3.8%
Don't know	19.5%

8. Between De Mita and Craxi, who inspires more confidence?

De Mita	21.4%
Craxi	19.5%
Neither	45.0%
Don't know	14.1%

9. Between De Mita and Craxi, who has more guts?

De Mita	14.9%
Craxi	38.8%
Neither	19.8%
Don't know what guts is	6.7%
Indifferent	19.7%

11915

CSO: 3528/52

## WILLOCH COMMENTS ON PEACE MOVEMENT, NATO MISSILES, U.S. TIES

Oslo DAGBLADET in Norwegian 31 Dec 82 p 2

[Interview with Prime Minister Kare Willoch; interviewer, date and place not given]

[Excerpts] "If a Storting majority disagrees with the government's security policy, the majority line will be followed, but not by this government."

"The job of being prime minister has been largely what I thought it would be."

"In the budget debate, several organizations used unobjective arguments."

"There was not enough tax relief. That concerns me."

"In the future, I would hope that all the information on my extra income is made known."

Those were some of the statements made by Prime Minister Kare Willoch when DAGBLADET met with him at the tail end of his first whole year as prime minister. This is how he answered our question about whether he thought it would be possible to be prime minister of the peace movement in 1983:

Peace Movement's Prime Minister

[Willoch] I will do my best to act as prime minister for the entire country. In my opinion, the idea that the Norwegian people are divided up into a peace movement and other people is basically wrong. I do not know anyone who does not have a strong interest in peace. The only disagreement concerns how to achieve that goal.

The prime minister has chosen his strategy for 1983. A unilateral limitation of strength in the West would increase the danger of conflict,



because the Soviet Union might be tempted to resort to extortion. He would like to have a balance at the lowest possible level of strength.

[Willoch] If a majority in Storting disagrees with the government's line, the majority has a right to make sure that its line is followed. But if that is the case, Storting has no right to expect that the main lines of a different policy will be followed by this government. No one could call that view of the government's position remarkable. If anyone has had the incorrect idea that our security policy is an attempt to reap political gains, it is totally wrong. It is an effort to implement our conviction as to what must be done to safeguard peace. Incidentally, I have strong hopes for a durable and solid majority behind a steady course in general in this area.

#### Not Standing Apart

[Question] With such a fundamentally different view compared with that of the peace movement, you cannot very well expect to be the movement's prime minister, can you?

[Answer] The peace movement does not exactly have a uniform viewpoint. As far as I can see, many people who count themselves as active supporters of the peace movement also agree that we should work for balance in forces on both sides.

[Question] Do you regard it as a problem for the Conservative Party to stand apart from those who demonstrate against the current security policy?

[Answer] In the first place, I do not think it is accurate to say that the Conservatives stand apart from any aspect of the debate. In the second place, I do not regard it as any problem that there is wide agreement among Conservatives on security policy. The views we stand for have had the support of a vast majority both in Storting and among the people. Now there is an obvious need to maintain support for those viewpoints.

#### Ostrich Policy

[Willoch] In some areas there is a conflict between short-term and long-term solutions. It would be pursuing an ostrich policy to ignore that. But we will choose the line that is most compatible with our long-range views and goals.

[Question] In the area of foreign and security policy, you warn against individual NATO lands making separate assessments. Do you never have doubts as to whether Reagan is making the right choices?

[Answer] I have not warned against NATO countries making independent assessments, but I have warned against making too many individual moves. Solidarity in the alliance is decisive for results in negotiations with the

Soviet Union. If the West acts on the basis of a number of different guidelines and concepts, it creates weakness in the negotiating position of the alliance. It weakens the chances of putting pressure on the Soviet Union to make concessions. Of course the demand for innovation and fresh initiatives in security policy may seem positive on the surface, but one must not forget that especially in the area of security policy there is a great need to follow extended perspectives and to hold a steady course.

#### Not Stubbornness

[Question] If we must stand together, what should we rally around? Today the answer is defined by the Reagan administration. Something quite different will happen the day Walter Mondale takes over.

[Answer] It is wrong to say that the things uniting us are set forth by the Reagan administration. We are united on the implementation of the dual NATO resolution that came before Reagan--and before our government took office, as far as that goes. I do not see this as an expression of stubbornness of any kind. Nor do I believe there will be any dramatic change in American foreign policy after the next election.

[Question] But the Americans themselves are careful to emphasize that they are the ones defining the negotiations.

[Answer] I do not see it that way. The Americans are negotiating with the Soviet Union because they have the nuclear weapons, but the strategy was worked out on the basis of input from all the NATO countries.

[Question] Under the Reagan administration, an acute conflict has developed in several areas between the United States and Europe. Which side do you choose to stand on and what developments can we expect?

[Answer] To a large extent, each conflict must be regarded separately. With respect to the gas pipeline, we were not at all happy about the American initiative, but we saw no reason to intensify the conflict. This proved to be a very suitable line for Norway to take. We are interested in supplying gas to Europe at around the time there might be a need for a second gas pipeline from the Soviet Union. Our business interest in supplying gas could make the second gas pipeline from the Soviet Union superfluous. We cannot ignore the fact that we have economic interests. In oil policy, we place great emphasis on economic aspects, in part to avoid becoming involved to a greater extent than necessary in the security policy aspects of this issue.

#### No Restrictions

[Question] If the United States wants to increase sanctions against the Soviet Union as time goes by, will it become impossible to ignore the security policy aspects?

[Answer] I will not go into that description of the U.S. line. But it would be naive to think that we can keep ourselves entirely aloof from the security policy aspects of energy policy. We are interested in trade between East and West developing on a commercial basis. We regard it as not just politically but also economically inappropriate to promote such trade through measures that involve subsidizing our customers. Beyond that, we are not interested in restrictions, with the exception of the unavoidable limits on exporting high technology.

[Question] What kind of cooperation does Norway want with the Soviet Union with regard to energy resources in the Barents Sea?

[Answer] We are actively interested in supplying goods and services, but it would be ridiculous for Norway to invest risk capital in extraction on the Soviet shelf in view of the big challenges we face on our own shelf.

6578

CSO: 3639/53

## FINAL 1982 POLL ENDS UNUSUALLY STABLE YEAR

Oslo DAGBLADET in Norwegian 20 Dec 82 p 2

[Article by Gudleiv Forr; "Labor Down a Little, Conservatives Up a Little"]

[Text] The Labor Party loses a little and the Conservative Party gains a little in the last barometer reading of the year by MMI [Market and Media Institute, Inc.]. AP [the Labor Party] shows a support of 40.3 percent and the Conservative Party gets 30.7 percent in December. That is a decline of 1.4 percentage points for AP and a gain of 0.8 points for the Conservative Party compared to November.

The Christian People's Party gets a support of 8.4 percent, a decline of 0.7. The Center Party gets 5.9 percent against 6.3 last time, and the Liberal Party drops from 5.1 percent to 3.5, while the SV [Socialist Left Party] advances from 4.9 to 5.6 percent.

The poll involves a downward adjustment of the Labor Party's dramatic peak in October at 43.2 percent. There is a good deal to indicate that that high figure was a result of the statistical accidents to which all polls are inevitably subject. But it obviously might also reflect an opinion at the start of the budget discussion in the Storting. As far as the Conservative Party is concerned, the gain in comparison to the October poll figure of 28.6 percent is also clear, but not large. The party has probably fared better among the voters since the state budget has come into port and been given the necessary adjustments. For the parties of the center there has been no dramatic development. The Center Party's shock figure of October is no longer so shocking, and is becoming fairly normal, just below 6 percent, while the Christian People's Party appears to be faring better through its merciless political arrangement on cooperation with the Conservative Party than its colleague among the government's supporting parties.

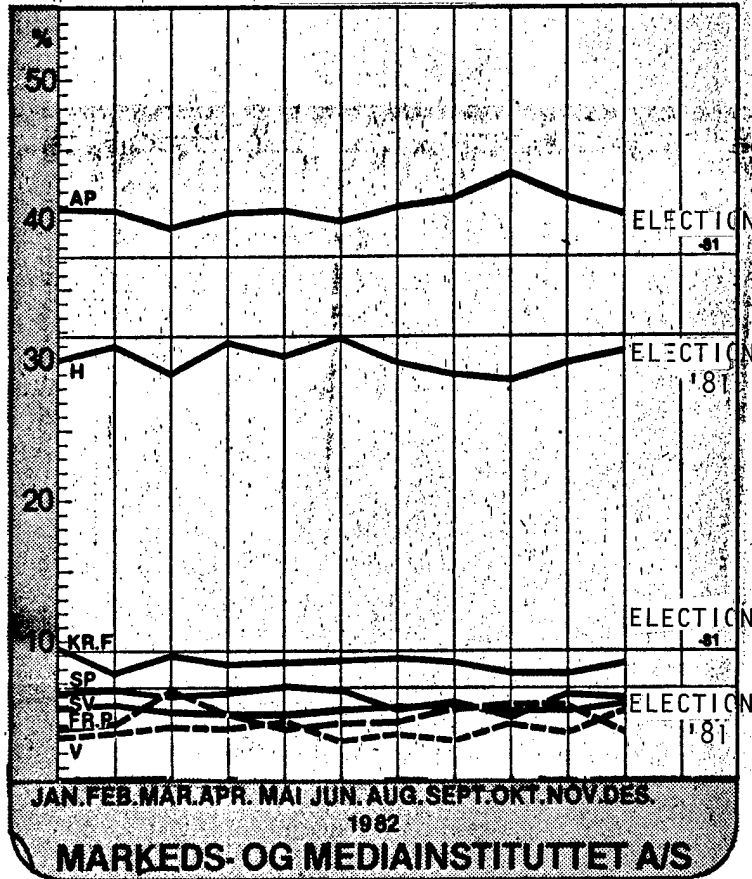
#### Stable

If we look at 1982 as a whole, the stability of the picture is the most striking feature. The Labor Party entered the year with a support of 40.9 percent. The party rose quickly to that level after the Storting election, which gave it 37.1 percent support. The December figure is a good average of the 11 months that polls were made: 40.9 percent.

# MMI's PARTIBAROMETER

Election	AP	SV	RV	NKP	H	KR.F.	SP	DLF	V	FR.P.	OTHERS
'81	37,1	5,0	0,7	0,3	31,8	9,3	6,6	0,6	3,9	4,5	0,2
NOV '82	41,7	4,9	0,4	0,1	29,9	7,7	6,3	0,3	3,4	5,1	0,2
DES '82	40,3	5,6	0,3	0,3	30,7	8,4	5,9	0,3	4,7	3,5	0,0

## TREND



- AP = Labor Party
- SV = Socialist Left Party
- RV = Red Election Alliance
- NKP = Norwegian Communist Party
- H = Conservative Party
- KR.F. = Christian People's Party
- SP = Center Party
- DLF [expansion unknown]
- V = Liberal Party
- FR.P = Progressive Party

MMI's Party Poll. Market and Media Institute, Inc.

### Positive

The Labor Party's strength throughout the year has been high stability and positive exchange rate with the other parties. A positive feature for the party's strategists is that the party appears to have greater support among the young voters, first-time voters. The support that the party has now is so great that

with a small gain and a lucky allotment of seats in the counties it could have gotten a majority in the Storting

#### The Conservative Wave

The Conservative Party for its part has come out well as the governing party, even though it is clear that the Conservative wave has subsided. The average for the 11 months of this year is 30.1 percent, thus quite close to the December figure of 30.7. The Conservative Party began this year with a support of 30 percent. This also shows its stability. The Conservative Party's decline from the figure of 31.8 in the Storting election is due to a shrinkage among its own voters and to a negative exchange rate with other parties, especially the Labor Party. This situation is reminiscent of the Labor Party's situation at the time of the election, even though the negative results for the Labor Party were much more dramatic at that time.

#### Downturn

Stability also characterizes the curves of the smaller parties. The Center Party had a downturn in the summer and has been at about 6 percent since then. The Christian People's Party has fared better and has about 8 percent. The election gave the Center Party 6.6 percent of the vote and the Christian People's Party 9.3 percent.

The Progressive Party shows a drop now in December, but that may be due to statistical accident. This party, too, has a support on the order of 5 percent. The same applies to the Socialist Left, while the Liberal Party is below those two parties. The graph of the poll clearly shows the situation of the small parties; The Christian People's Party with a curve by itself above the others, while the curves of the Center Party, the Socialist Left, the Progressive Party, and the Liberal Party cross each other from month to month.

#### First Out

MMI's December poll came out first of the three political polls, as usual, and only one day after Norwegian Market Data's November poll. MMI did the field work during the week of 30 November to 6 December. It would thus have caught all the effects of the political events of the fall and the effect of the rocket issue.

8815

CSO: 3639/44

## RULING RESPONSIBILITY HAS YET TO HURT CONSERVATIVES IN POLLS

Oslo DAGBLADET in Norwegian 20 Dec 82 p 2

[Article by Eva Bratholm: "Long Honeymoon for the Conservatives"]

[Text] The love was not so fervent to begin with, but it has lasted all the longer for that. That is how the governing party's first year can be described on the basis of today's figures from MMI [Market and Media Institute]. With 30.7 percent in December the Conservative Party is only 1 percent below its 1981 election figure. In other words the party has so far escaped "paying" for its governing responsibility in the form of reduced support.

The voters usually give newly elected governments a brief honeymoon, but then they allow themselves to become disappointed when the time ever after does not become the paradise of the campaign promises. When Kåre Willoch took over last fall he was not met with big jumps in the polls, but neither has he experienced a big drop since he has been in power.

Why?

DAGBLADET has asked several people who are interested in politics why the Willoch government's honeymoon still seems to be lasting.

Aksel Kloster, shop steward at Stord and vice chairman of the Labor delegation in the Storting, tells DAGBLADET that the stability looks sensational to him, especially in view of the threatening unemployment.

"Two important reasons, in my opinion," says Kloster. "First, the Conservative Party has won over many people whose point of view is anti-socialist, and they are sticking to their choice. Second, there is some justice, so that people are giving the government a chance beyond the first few months.

"Unfortunately, the Labor Party has not been clever enough to exploit the situation. We are still groping our way in the opposition rôle and do not stand out clearly enough," says Aksel Kloster.

### Distinctive Positions

Eli Kristiansen, former member of the Storting and vice chairman of the Christian People's Party, tells DAGBLADET that there is every reason to ask that question.

"I have been thinking about how the Conservative Party manages to keep such support in a responsible position. I have come to the conclusion that the party has an immeasurable advantage in a good press, broad coverage on the NRK [Norwegian Broadcasting Corporation], and a high score on the cabinet ministers' behavior. That way the party's distinctive positions show up clearly, while the final outcome does not reach the public nearly so well. The budget debate in the fall is a good example," says Eli Kristiansen.

### Not Easy

One of those who have been much sought after during the first year of the Conservative government is the "Tyssedal spokesman," Leiv Stensland (AP [Labor Party]). He says he believes most people want to refuse as long as possible to admit that they voted wrong.

"Then you do not think at all that the government may actually have done a good job?"

"It does not look that way to me, but it is not so easy to govern in our time. I believe most people understand that, but the understanding will hardly last longer than until 1985," says Leiv Stensland.

### Share the Wear and Tear

Ola O. Røssum, former Center Party member of the Storting, says that he has not considered the matter so closely. "However, it stands out that the Conservative Party has somebody to share the responsibility with. I wonder if the party has not been clever enough to take the credit for whatever is positive for itself, and let the supporting parties--the Christian People's Party and the Center Party--take the wear and tear."

8815

CSO: 3639/44



## RESULTS OF POLITICAL POLLING FIRMS INCREASINGLY DIVERGE

Oslo ARBEIDERBLADET in Norwegian 18 Dec 82 p 4

[Article by Gunnar A. Johansen: "Farewell to Poll Democracy"]

[Text] Poll democracy is on the way out. Rarely have the three monthly political polls diverged as much as this fall. Among the politicians there is a tendency toward confusion.

In the opinion-polling institutes it is feared that this will affect public confidence. But the development also contributes to our taking a more relaxed attitude toward the extremely uncertain poll figures.

It was particularly the October polls that evoked reactions--both among specialists and in the political world. In regard to the Labor Party the difference between two of the institutes was 5.2 percent. While the Norwegian Opinion Institute (NOI) came out with 38.0 percent, the Market and Media Institute (MMI) showed 43.2 percent. Midway between came Norwegian Market Data (NM). In addition, one of the institutes managed to push the Center Party down to 4.5 percent--a figure that was obviously too low. The trend continued in November, when the differences were as high as 4 percent.

#### Poll Democracy

Here in Norway we have had a tendency to take the political polls with deadly seriousness. The many warnings about the uncertainty factors have been almost overlooked. The politicians have willingly commented away about even minimal fluctuations from month to month. That has been a part of the political entertainment. Many have let themselves be guided in part by the political polls in the firm belief that they reflect opinion. This situation has created a pronounced poll democracy--the people correct the politicians' positions through the opinion polls.

This fall fired a real shot across the bows of poll democracy. We have had it demonstrated more clearly than ever that opinion polls are quite a different thing from an election. The institutes are managing to get directly opposite swings in polls that are taken at exactly the same time. A political commentary that seems reasonable and sensible one week can appear quite ridiculous the next.

PARTY	DNA			H			SP			KrF			SV		
	NOI	NM	MMI	NOI	NM	MMI	NOI	NM	MMI	NOI	NM	MMI	NOI	NM	MMI
JANUARY	38.2	38.7	40.9	31.1	30.5	30.0	6.3	6.4	6.2	9.6	9.2	9.4	4.9	4.9	5.2
FEBRUARY	39.5	39.6	40.7	29.3	29.2	31.0	6.5	6.2	6.3	8.9	9.0	7.8	4.8	5.3	5.3
MARCH	39.1	39.7	39.3	30.1	28.2	29.0	6.0	6.8	6.0	8.9	8.2	8.9	5.4	5.2	4.9
MAY	38.5	40.5	40.4	30.8	29.0	30.1	6.6	6.7	6.8	8.7	8.5	8.4	4.3	5.0	4.6
JUNE	38.6	39.7	39.9	29.9	29.2	31.6	7.3	5.9	6.4	8.4	9.1	8.5	4.7	4.6	5.1
AUGUST	39.0	39.8	41.2	29.7	29.8	29.9	6.9	6.1	5.0	8.5	7.7	8.9	5.3	4.9	5.1
SEPTEMBER	40.0	39.3	41.9	29.4	30.2	29.0	7.1	6.0	5.7	7.9	8.5	8.6	5.6	5.2	5.5
OCTOBER	38.0	40.4	43.2	31.0	29.3	28.6	6.3	5.9	4.5	8.8	8.8	7.7	6.1	5.2	4.8
NOVEMBER	37.7	39.2	41.7	32.0	28.8	29.9	6.1	6.0	6.3	8.1	8.6	7.7	5.7	5.6	4.9

The table shows the 1982 results for the three institutes Norwegian Opinion Institute (NOI), Norwegian Market Data (NM), and Market and Media Institute (MMI). The November figures for Norwegian Market Data are being published for the first time in ARBEIDERBLADET today (18 December 1982). DNA = The Norwegian Labor Party; H = Conservative Party; SP = Center Party; KrF = Christian People's Party; SV = Socialist Left Party.

#### Accident

The opinion-polling institutes most often explain their mutual differences by saying that it is a matter of statistical accident. But the results in recent months have led them to concede that it may also have something to do with the various methods used for selecting interview subjects and for the "weighing." The latter is a check in which the answers are corrected in relation to the last election.

Director Bjørn Balstad of the NOI fears that the divergence of the polls in the fall may weaken confidence in opinion polls.

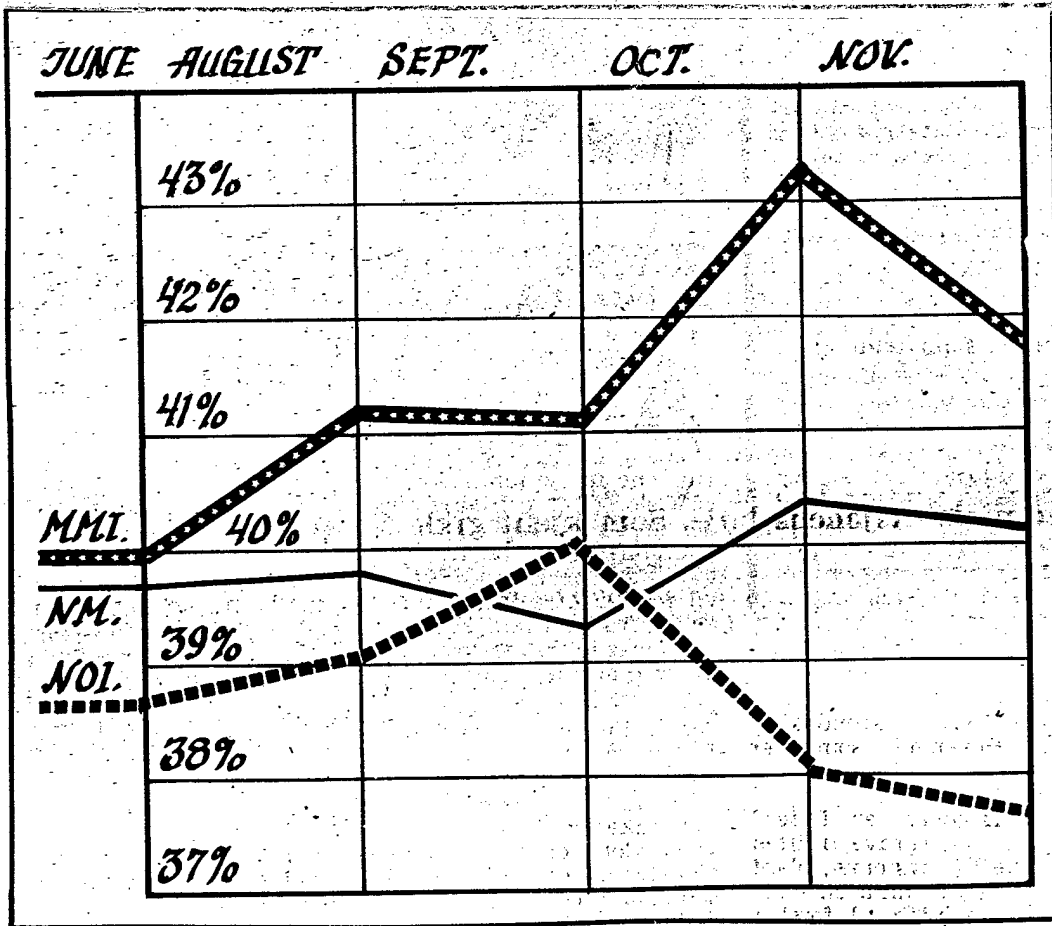
"For many years we have had jumps that should never have occurred. But this fall it really piled up. When the Center Party comes out with a support of 4.5 percent, that in itself says that something has been done wrong," Balstad tells ARBEIDERBLADET. Reidar Haugenes of Norwegian Market Data is also afraid that the October figures may lead to weakened confidence.

#### Method of Selection

Prof. Gudmund Hernes says the differences between the institutes now are beyond the limit that can be explained by statistical accident.

"Since the divergence continues over a rather long time, there is reason to take a look at the methods of selection that are used. In the main the opinion polls are reliable when viewed over time. It is impossible to draw any conclusions from small fluctuations from month to month," Hernes says.

How great the differences in methods of selection are from institute to institute is rather unclear. No accurate comparison can be made. The reason is that



The curves show the three institutes' measurements concerning the Labor Party this fall. In October the difference between the MMI's figures and the NOI's was no less than 5.2 percent. Note that the swings from the previous month go in exactly opposite directions.

individual institutes try to keep parts of the methods secret. The principles are fairly similar, but the way of applying them may be extremely different. None of the institutes will embark on any explanation of the great differences in results. It is quite impossible to rank them in order of reliability.

#### Defusing the Situation

The great divergence, however, compels us to a skepticism that has been sadly lacking in our attitude toward poll figures. Erik Dalen, of MMI, expresses it as follows: "It is to be hoped that the tense attitude toward tenths of percentage points will disappear." He is seconded in this by Reidar Haugenes of Norwegian Market Data.

One of our foremost election commentators, the figure expert Helge Seip, is also among those who welcome the development.

"This will result in a highly useful release from the boundless faith that many seem to have in the poll figures. My hope is that what happened in the fall will clear away the many strange attitudes that evidently exist in regard to opinion measurements. In the course of recent years, however, the press has become soberer in its discussion of the figures. And I also have the impression that the politicians have adopted a more relaxed attitude toward the poll figures," says Seip.

#### Breakthrough

It was during the EC [European Community] controversy at the beginning of the 1970's that the political polls made their real breakthrough here in Norway. The two institutes that existed then--Fakta and Gallup--followed popular opinion all the way into the EC darkness. The fact that there were only two sides to the controversy naturally increased the element of tension. It also made it easier to follow the development from month to month.

Many think that the cause of the great significance we have attributed to the political polls in the past is to be found precisely in the days of the EC controversy. Now, 10 years later, the three institutes have contributed through their own results to reducing the importance of the political opinion polls.

8815

CSO: 3639/44

## FOREIGN MINISTER PLEDGES UN EFFORT TO HALT POISON GAS USE

Oslo AFTENPOSTEN in Norwegian 13 Jan 83 p 3

[Article by Morten Malmø: "Use of Chemical Weapons Causes Concern"]

[Excerpts] The government views reports of continued use of chemical weapons, both in Afghanistan and in Southeast Asia, with the greatest concern, Foreign Minister Sverre Stray said yesterday during question time in the Storting. Stray pointed out that for that reason Norway has actively supported the attempts that have been made in the United Nations to investigate these circumstances.

The foreign minister was answering a question put by Morten Steenstrup, of his own party, that spotlighted the Soviet Union's use of chemical weapons in Afghanistan. He asked what Norway will do to bring such war crimes to light and to ensure that the Geneva Convention banning the use of chemical weapons is observed. In his answer Stray reminded his hearers that Norway has also advocated the establishment of a group of experts by the United Nations to investigate violations of the rules of international law.

## Radioactive Waste

"The Nordic countries will confirm their support of a total ban on the dumping of radioactive waste into the sea later this year when the London Convention of 1972 is discussed," Wenche Frogn Sellæg, minister of environmental affairs, said during question time. The London Convention deals with measures to prevent the dumping of wastes and other substances. The minister was answering a question put by Kjellbjørg Lunde (SV [Socialist Left Party]), who asked whether Norway will go in for a ban on the dumping of all radioactive waste--not only highly radioactive waste. Mrs Lunde was thus highly pleased with the environmental minister's answer.

8815

CSO: 3639/52

## BIRAND CALLS FOR OFFICIAL FRENCH POLICY ON TURKEY

Istanbul MILLIYET in Turkish 23 Dec 82 p 9

[Article by M. Ali Birand "France Has no Turkish Policy"]

[Text] Turkey's relations with France have started deteriorating to a degree never seen before in Ankara's contacts with any country of the West (except Greece).

If this is not brought under control, as soon as possible, and if ways of reconciliation are not found, relations between the two countries may reach, after a while, a point where it will be very difficult to restore them.

The steady deterioration of political relations has recently spread to economic relations as well.

For a big nation like France which prefers, in mutual relations, a pragmatic approach to ideological or political beliefs, such an attitude toward Turkey is becoming ever harder to understand. Is France aware that it is losing both an ally and a market of 45 million[people]?

From the de Gaulle era to the present, there has been no "Turkish policy" adopted and adhered to by all official institutions.

During the time Turkey was working towards becoming an associate member of the EEC, the Minister of Foreign Affairs Feridun Cemal Erkin, who was meeting with de Gaulle to persuade him to lift his veto, was given the following explanation of the latter's views on Turkey: "You are a big nation. You have no need for protection. What business does a country which could become a leader of the Middle East, have in the EEC?"

After him, during Giscard d'Estaing's term also, France's Turkish policy took the form of "Europe ends in the Aegean" and was directly shaped by Giscard d'Estaing's personal outlook. I cannot forget the words of a high ranking French diplomat: "France's relations with Turkey are shaped according to Giscard's personal relations with Karamanlis and the Foreign Service too acts accordingly."

As for the views on Turkey of Cheysson, who is today Minister of Foreign Affairs, I often heard them while I was on duty, for many years, in the

Brussels Commission of the EEC: "Turkey belongs to the Middle East. It is not a European country. By trying to become a member of the EEC, it is unnecessarily tying itself up."

France's view of Turkey is very mixed. While there is no definite policy, at the same time Ankara is seen, on the whole, as the capital of one of the most powerful countries in the Middle East. In the West's division of labor, aiming at supporting nations in need of help, Turkey was left to Germany's sphere of influence. As for Greece, it was kept under France's sphere of influence. This repartition, which was made under America's watchful eye, was implemented essentially in the sixties.

Today, however, Turkish-French relations have reached a negative point in regard to the long term interests of Paris.

The displeasure felt in Turkey about France had originated with the Cyprus intervention. In a policy reinforced by the friendship between Giscard and Karamanlis, France (1. although applauding the intervention) 2. categorically opposed Turkey's intervention and has maintained the same attitude to this day.

Following that, the Armenian question strained these relations even further.

France which, traditionally, views itself as the "haven of the oppressed" also tried hard, during Giscard's term not to ruffle Armenian feelings while, for instance, it had not permitted television to be used as it is today. For, nowadays, French television which is under the total control of the State, has been turned, in fact, into a tool of Armenian propaganda, to a wholly unacceptable degree.

In the Armenian question, when Turkey's sensitivity was at its peak, the French position on economic matters led to the derailing of relations. As a matter of fact France's intention was not to block Turkish exports but to reduce all imports from third world countries. However, this attitude toward Turkish imports, particularly towards such export products as sheets and rough cloth, the value of which did not exceed a few hundred thousands, (and which cannot be viewed as even a drop in the bucket of France's millions worth of imports), coinciding with the sensitivity in Ankara, acted as spark.

The fact that France has no "Turkish policy" has resulted in pertinent Government administrations not paying any attention to this sensitivity in relations and led to today's escalation.

The time has finally come for Mitterand's administration to take in hand Turkey's dossier on a political level and in a serious manner.

As for Turkey, there is a great deal of benefit to be derived by gauging the steps to be taken coolly and without falling prey to feelings. However, it must not be forgotten that mutual commercial sanctions, embargoes, never give the expected results and always end with those who initiated them being penalized. America has experienced many such cases and is still experiencing them.

12278  
CSO: 3554/96

## PENALTIES FOR NONSECULAR ACTIVITY TO BE STANDARDIZED

Istanbul CUMHURIYET in Turkish 22 Dec 82 pp 1,11

[Article "Penalties for Offenses Against Secularism Are Increased"]

[Text] The bill changing some articles of the Turkish Penal Code has been passed in the Consultative Assembly Commission.

According to the new bill, if the accuracy of a denunciation is verified, a penalty reduction is foreseen.

All monetary fines that became effective before the date the Turkish Grand National Assembly was first founded, are to be multiplied by 150.

ANKARA (CUMHURIYET Bureau) - The bill No.765 which proposed changes in some articles of the Turkish Penal Code was debated and passed in the Justice Commission of the Consultative Assembly. Penalties against secularism were made consonant with penalties specified in articles 141 and 142. A reduction of the penalty was foreseen in cases where the accuracy of a denunciation is verified. Furthermore, the Commission also debated and passed the bill proposing changes in the law passed before 1949 and raising monetary fines. Accordingly, all monetary fines specified by laws and regulations that came into effect before the Turkish Grand National Assembly was first founded, will be multiplied by 150. According to bill No.765 which proposes changes in some articles of the Turkish Penal Code, the upper limit of the heavy monetary penalty of 3,000 Turkish liras is being raised to 300,000 Turkish liras, the upper limit of the light monetary penalty is being raised from 1,500 Turkish liras to 30,000 Turkish liras/

## Offenses Against Secularism

Article 163 of the Turkish Penal Code has been changed by the bill. Anyone who, in defiance of secularism, founds an association with the aim of making the governments' economic, social and judicial basic regulations conform, even partially, with religious principles and beliefs will be given a heavy jail sentence of 8 to 15 years. At present, this penalty is 5 to 10 years. Those who become members of such a group or direct others to enrol, will be sentenced to a jail term of no less than 2 years. The penalties for those who repeat the offence of founding and directing such associations,



under false pretenses, will be increased by no less than one third.

Those who, in defiance of secularism, using religion as a tool, propagandize and preach that economic, social and judicial basic regulations should conform with religious beliefs and principles or to gain social advantages and personal influence, will receive heavy jail sentences of 5 to 10 years. In cases where acts are perpetrated through the media, penalties will be increased by one third to one half. In cases where the publication or the means of publication or the subject publicized are doing but little harm, a heavy jail sentence of up to 5 years will be handed down.

#### Accuracy of Denunciation

According to a paragraph added to Article 171 of the Turkish Penal Code, if one of those who commit the crimes listed in Articles 146, 147, 149 and 163 of the law, denounces the crime and the other guilty parties to the competent authorities, before an inquest comes to an end and if this is recognized as being the truth, in his case the death penalty will be commuted to no less than 15 years and a life sentence changed to no less than a 10 year, heavy jail penalty and heavy jail penalties and jail penalties will also be reduced by up to one fourth and readjusted.

In accordance with a paragraph added to Article 275, those who cause the loss, damage or destruction of any kind of document, map or furniture belonging to the state, in their keeping, will be penalized by a jail term of 3 months to one year and will be made to pay for the damage for which they are responsible.

#### Crimes Against the State

Those who, in order to commit crimes against the State, organize armed groups or bands as also those who run or participate in the activities [of such organizations] will be given a heavy jail sentence of no less than 15 years. Other elements of the group or band will be penalized with heavy jail sentences of 10 to 15 years.

In the case of offences by a group, where the perpetrator cannot be identified, the penalty given to each one for such acts will be reduced by one third to one half. In cases when the death penalty is requested, no less than 20 years and in cases where a life term is requested no less than 16 years of heavy jail sentences will be handed down.

In the case of the deaf and mute who are under 21 years of age, it was decided to readjust the decree of Article 55. Should the deaf, mute have reached 21, the death penalty will be replaced by 30 years and a life term by 24 years of a heavy jail sentence. In other cases, the penalty will be reduced by one sixth.

Also, according to the change made in Article 65 somebody who is an accomplice to the crime, before or while it is being committed, if the penalty requested is death will be sentenced to no less than 20 years and if it is a life term he will receive no less than 16 years of a heavy jail term.

After the bill is debated in the plenary session of the Consultative Assembly, it will be taken in hand by the National Security Council.

According to the bill passed yesterday in the Justice Commission of the Consultative Assembly, which proposed changes in the law passed before 1949 and advocated the raising of monetary fines, fines specified in all laws and regulations that came into effect before the date the Turkish Great National Council was first founded were multiplied by 150. Penalties on taxes and dues that have to be paid within set dates and fines which are in the nature of a compensation and increase in proportion to the damage, are excepted.

The bill projects a ninetyfold increase in fines set by laws that came into effect prior to 1939 and were passed by the Turkish Great National Council, a sixtyfold increase in laws that became effective between 1940 and 1945, a thirtyfold increase for fines between 1946 and 1959, a fifteenfold increase for fines between 1960 and 1970, a ninefold increase for fines between 1971 and 1977, as also the amounts specified by laws implemented between the dates of 1978 and 1980, were multiplied by 3.

According to the bill, the fines to be imposed on misdemeanors will be no less than 1,500 Turkish liras and those on felonies no less than 3,000 Turkish liras.

After being debated in the Consultative Assembly, the bill will be sent to the National Security Council.

#### Misdemeanor, Felony Sanctions

Furthermore, the bill proposing changes in Law No.647, regarding the implementation of penalties was passed in the Justice Commission. The bill specifies fines of 150 and 300 Turkish liras for misdemeanors and 300 and 600 Turkish liras for felonies, corresponding to each day [in jail].

With this bill, if the guilty party does not pay the fine within a set period of time, in accordance with a decision of the Attorney General, each day spent in jail counts for 300 Turkish liras and he will be imprisoned accordingly. However, fines of less than 300 Turkish liras will correspond to one day in jail.

In Juvenile Courts, even if the fines are converted into short terms of restricted freedom these will not be turned into imprisonment. Should someone convicted pay the balance of his fine, after 300 Turkish liras are deducted for each day he stays in jail, he will be freed. The bill will be debated in the plenary session of the Consultative Assembly.

## SEP-OCT EXERCISES OF 2D FOREIGN INFANTRY REGIMENT

Paris KEPI BLANC in French Dec 82 pp 15-17

[Text] This series of activities began at the Caylus camp with a maneuver of the 31st brigade, lasting from 21 to 30 September. There, soldiers from the 21st RIMa [Naval Infantry Regiment] and legionnaires from the 2d REI [Foreign Legion Infantry Regiment] met for a sort of rehearsal of the demonstration they were to give at Canjuers on 15 October, before President Mitterrand.

Barely was the Caylus exercise over when the legionnaires of the 2d REI received their orders to leave for the "Lacaune" exercise, which took place in a region between Saint-Affrique and Beziers, on 2 and 3 October. Part of the exercise was conducted in a nuclear environment.

In the designated area, the legionnaires had to flush out an enemy and destroy his positions. The first serious engagement took place during the night. The enemy was quickly routed and was unable to resist the regiment's attack.

These 24 hours of nonstop combat were quite instructive. For the first time, the VAB [Forward Armored Vehicle] were used with maximum effectiveness in a context comparable to that of modern warfare, characterized by rapid operations and a diversity of situations. The VAB proved their reliability and suitability for combat. The legionnaires showed that they could adapt to their new equipment and use it with maximum efficiency.

As soon as the "Lacaune" exercise was over, the regiment began the "Navarin" exercise in the night from 3 to 4 October.

Separated into two companies on VAB and one helicopter-borne company, reinforced with elements from the 21st RIMa, the 2nd REI was to fight against the 14th infantry division. It started from

Orange and headed northward. During the first few kilometers, it came into contact with enemy reconnaissance elements (AML and AMX 10-RC). The companies then continued until reaching the Drome, where they arrived before the enemy, surprised while falling back.

During the following night, surprise attacks gave them control of the bridges, essential access routes for continuing their northward course. Then, preceded by the 7th company which gained control of the key points by helicopter-based assaults, the motorized companies, given wings by the VAB, destroyed the enemy resistance, and kept them from preventing the 2d REI from reaching the Isere and camp Chambarran, where the exercise came to an end.

Once again, this maneuver showed the excellent quality of the VAB, with which the legionnaires will quickly become quite familiar.

7679  
CSO: 3519/232

## BRIEFS

MORE THOMSON RADARS IN BRAZIL--Thomson is the leading specialist in Brazil's skies. The radars that scan the Amazon region or the Rio Grande have been "made in France" for a long time. Two facilities were developed in 1976 by Thomson, with a control center located in Brasilia. The success of the first two systems then led to a third. Acting in cooperation with local industry, the Brazilian government has awarded Thomson a contract to modernize the nation's aviation infrastructure. The contract amounts to over 1 billion francs. Brazil is heavily in debt, in the amount of over \$85 billion, but it is buying equipment. For the recent events in Argentina have pointed clearly to the need for a Latin American country to have what the experts call "a broad radar coverage." Until now the equipment had too limited a range, which is a handicap. And as both the civilians and military use the "electronic eyes" of the airspace in Brazil, the military definitely wanted very long range systems. Just in case...This operation is accompanied by a technology transfer, in accordance with the "Brazilianization" policy, which requires that more and more equipment be made locally.

[Text] [Paris LES ECHOS in French 22 Dec 82 p 4] 7679

CSO: 3519/232

## LOWERING OF MILITARY SERVICE AGE PLANNED

## Bill Prepared

Athens I VRADYNI in Greek 12 Jan 83 p 1

[Text] The Ministry of National Defense is preparing a bill which provides for the call up for military service of youths at age 18 instead of age 19 as is the law at present. Most probably the same bill will provide for the abolishment of deferments.

The bill, which will radically reform the entire draft system is, according to reliable sources, in the last stage of markup. In any event, the entire subject seems fraught with many problems and difficulties which will require careful study in order to be overcome.

## KKE Negative Reaction

Athens RIZOSPASTIS in Greek 13 Jan 83 p 1

[Text] The Central Committee of the KKE made the following announcement regarding the drafting of youths at age 18:

"As reported in the press, a bill which is about to be introduced in the Chamber of Deputies provides for the drafting of youths at age 18 and the drastic curtailment of student deferments. It is a measure which serves:

"First: The plans of the NATO Staffs to maintain an excessive number of men under arms, a number which does not reflect in any way the real needs of our national defense.

"Second: The aspirations of the governing class to influence youths at their most sensitive age in a reactionary environment which continues to exist in the Armed Forces, the hampering of their progressive political orientation, the blunting of the expressed desire of the draftees for better living conditions in the camps.

"The plans for call up for military service at age 18 are not new. The Right attempted to put them into practice, unsuccessfully, of course, because the outcry of the new generation was unanimous, united, immediate and determined, as expressed in the joint communique of all the democratic youth organizations in May 1979.

"No concrete steps have been taken to date for the solution of the acute problems which the young draftees face--reduction of service time, the democratization, the strengthening of the constitutional rights of the draftees and the improvement of their living conditions--as PASOK had promised before the elections. On the contrary, the plan to call up youths at age 18 is being promoted.

"Today, as in May 1979, youth will unitedly fight the application of this measure. It will not permit additional curbs of its right to education, the curtailment of the possibilities of choices for a career, the reactionary interference in its education.

"It will struggle decisively for the broadening of its right to education, for the solution of the problems of youth in the service."

9731

CSO: 3521/154

## COMMENTATOR ON GROWTH OF DEFENSE BUDGET

Rotterdam NRC HANDELSBLAD in Dutch 17 Dec 82 p 7

[Report by P.A. de Vrije, former administrator of the School of Economics of the University of Amsterdam: "Annual Growth of Defense Budget is Indeed 3 Percent."]

[Text] At the just-concluded meeting of the NATO ministers of defense, the Netherlands was praised for its defense efforts. In the Memorandum of Explanation on the defense budget, the department complains that during past years the growth has been stuck at an average of 1½ percent. It is stated that, if that continues, the fulfillment of tasks of the armed forces will be endangered.

Is that a contradiction? During the past few years defense expenditures have indeed risen by almost 3 percent (in addition to the price compensation). With that, the growth of Dutch defense expenditures was 50 percent higher than the average growth in the other European NATO countries. The argument of poverty no doubt contributed to the plan in the government accord of the Lubbers government to allow defense expenditures an annual real growth of 2 percent in the period 1983-1986. That is an unusually high growth for that period, which cannot be realized by other NATO countries.

Former Minister [of Defense] Van Mierlo showed the Second Chamber on 4 February this year that the growth of defense expenditures was halved. Through economization measures and under-compensation for price increases, Defense was to have had an additional 1½ instead of 3 billion guilders for the period 1978-82. However, there are a number of errors in that calculation.

In the first place, the department sees under-compensation for price increases as economizations. That is rather unusual. When D'66 [Democrats '66], in a similar case, submitted a motion to the Second Chamber for the Department of Education and Science to compensate universities for additionally increased energy prices, it was rejected.

Secondly, Defense is not taking overspending of the budget into account. In the period 1978-1982 actual expenditures amounted to 2.2 billion guilders over what was budgeted.

Thirdly, the calculation does not go into the fact that Defense has transferred a budget amount to another department (Transport and Waterways). This makes it seem as if the expenditures rose 200 million guilders less after 1980.



Finally, the department is calculating with nominal amounts, which is deceptive since a number of years are totalled together. A true calculation, in which the above-mentioned errors have been corrected, shows that the expenditures of Defense have risen by 2.7 billion guilders (in 1978 guilders) since the 1978 NATO agreement. Taking into account the corrected price index, that is a real growth of 2.8 percent with respect to the 1978 budgeted level for every year after that.

Thus, if we remember that the NATO agreement contains the clause: "3 percent growth if the economic situation permits it," and we look at that economic situation, then it becomes clear that Defense has managed to get off scot-free in the many economization rounds. The real growth of 2 percent which is budgeted in the Lubbers' Cabinet government accord for 1983-1986 thus causes suspicion that that will be the case again in the future also.

Further it should be remembered that the government accord stipulates that additional costs for defense orders which result from compensation contracts will no longer be charged to the defense budget. This comprises a sizeable hidden increase. The extra amounts for such orders could amount to many hundreds of millions of guilders. Already just for the planned acquisition of the Patriot missile (1 billion guilders) the licensed production in the Netherlands will amount to an additional 300 to 400 million guilders.

#### No Insight

The real growth announced by the Lubbers Government is not based on an insight into the defense tasks necessary for the security of the Netherlands. The defense note and the 10-year plan to be included in it have been postponed to the second half of 1983. However, that is also not expected to come up with a clear weighing of available means and the security to be acquired thereby for the Netherlands for each arms system.

As has been customary, arms acquisitions are only explained by a reference to the barely surveyable long-term arms acquisition plans as drawn up within the NATO context. With respect to the purchase of the Patriot missiles, for example, strong doubts exist as to the logic of that arms system for defense. Yet the obsolete system (the nuclear Nike missiles) is automatically replaced. This obstinate automatism has resulted in a rapid increase of the share for arms acquisitions in the defense budgets from under 15 percent in 1970 to 28 percent now and 38 percent in 1990.

#### Notable

Two aspects of the growth of Dutch defense expenditures are notable: the relationship to domestic expenditures and the relationship to defense expenditures abroad.

If we look at the defense expenditures in relation to the net national product and in relation to the total government expenditures (not including transfers), then a tendency for growth appears. In the post-war period, defense expenditures increase for the first time in 1978 as a share of the national income and as a share of government expenditures. In 1978 the defense share of the national

income amounted to 3.5 percent; in 1982 it is 3.8 percent. The share of government expenditures grew in the same period from 15.9 to 17.1 percent. What is curious is the coinciding of the turning point in the post-war trend with the transition of the economic recession into an economic crisis.

With respect to the other European NATO countries a curious development is also taking place. In the European NATO countries defense expenditures had a real increase of 1.8 percent per year in the period 1978-1981; in the Netherlands this percentage of growth was 50 percent higher.

This is particularly notable because the Netherlands already spends a relatively high amount (as a share in the gross national product) on defense. Only Greece, the United Kingdom, Turkey, France and Portugal spend more, on a relative basis.

The Netherlands spends more, both on a relative- and absolute basis, on defense than the non-NATO countries in West Europe. Even in comparison to Sweden, the country with the highest absolute and relative expenditures of all the non-NATO countries in West Europe, the Netherlands spends more: Sweden 3.2 billion dollars/3.1 percent of the gross national product and the Netherlands 4.9 billion dollars/3.3 percent of the national product.

The announced defense note could indeed be a coming-to-one's-senses with respect to the arms acquisition plans of the department as they develop in the NATO context. Thereby it would be necessary to break with a policy such as the one being pursued now in which, within the mechanism of automatic replacement, there is room only for the delay of orders.

So far that type of policy proves to be leading to an unjustified growth of the arms acquisitions share in the total defense budget and to a growth in the size of the defense budget as a whole, which in the current economic conditions no longer bears any relationship to the growth of the other expenditures. The Dutch Government ought to submit the necessary information to parliament, so that the functions of arms systems for domestic security can be weighed against the available means.

8700  
CSO: 3614/33

## POLL FINDS INCREASING SUPPORT FOR MILITARY DEFENSE

Oslo ARBEIDERBLADET in Norwegian 29 Dec 82 p 7

[Text] More people think that defense funding should be reduced compared with the number who think it should be increased, but the majority, 61 percent, said the defense system gets an appropriate amount of money.

This was shown by an opinion poll conducted for ARBEIDERBLADET by the Norwegian Opinion Institute. The survey also confirms similar surveys with regard to support for the armed forces. As many as 87 percent of those interviewed support our having a military defense.

The survey shows only minor changes compared to a similar survey made in September 1980. The number of those who think we should have a military defense and those who think defense funding is adequate turned out to be 5 percent higher in both cases, compared to the results 2 years ago.

The questions were asked in the first half of November and 1,000 people over the age of 15 were interviewed. They were asked the following questions: "Do you think defense funds should be increased, reduced or that current levels are adequate?" and "Do you support or oppose our having a military defense?"

Some 20 percent of those interviewed said defense funding should be reduced, while 15 percent said it should be increased. Both figures are 2 percentage points lower than they were 2 years ago. More men than women said the armed forces should get more money, while more women than men said the armed forces should get along on less.

The biggest change in views on defense spending occurred among Conservatives. Two years ago, 32 percent of Conservative voters said the defense budget should be increased. Now 23 percent feel that way.

The survey showed that there is overwhelming support for our having a military defense, with 87 percent answering yes when asked if they support military defense. One in 10 said they opposed this, while 3 percent were not sure. Some 91 percent of the men said they supported military defense, while 84 percent of the women gave that response.

6578

CSO: 3639/53

## MINISTER URGES MORE TRAINING TO PROTECT AGAINST ABC WEAPONS

Oslo AFTENPOSTEN in Norwegian 13 Jan 83 p 3

[Article by Einar Solvoll: "Some Officers Get Orientation on Atomic Weapons"]

[Text] "Norwegian officers have no practical insight that can put them in a position to effect the use of nuclear weapons," Defense Minister Anders C. Sjaastad said in the Storting yesterday. Stein Ørnhøi of the Socialist Left Party brought the matter up and wanted to know to what extent Norwegian officers are being trained abroad in the use of atomic weapons.

Minister Sjaastad answered that at the outstart Norwegian officers do not get such instruction, but only instruction in defense against ABC weapons and orientation about procedures for possible use of nuclear weapons.

"We know that nuclear weapons are a part of and are available to the forces that we must be prepared to have to defend ourselves against in a possible conflict. For that reason we cannot ignore the fact that an aggressor may use nuclear weapons against targets in Norway. For that reason it is important for Norwegian officers and units to be trained and equipped so that they can defend themselves as well as possible against the effects of nuclear weapons," the defense minister said.

Minister Sjaastad also reported on how this orientation is done, and mentioned that most of the instruction that is taking place abroad is carried out at an allied training center in the FRG. A number of 1 to 3-week courses are given there every year for officers and civilian officials and employees from the NATO countries.

"In these courses information is given about the principles of use of nuclear weapons, including procedures, selection of targets, effects, and defense measures. About 50 Norwegians take part in these courses annually," the minister explained.

In conclusion the defense minister said that the need for credibility of our armed forces necessitates our giving our soldiers instruction in protection against ABC weapons. "If we neglect to do so the staying power of our forces will be reduced and the soldiers will not be able to get the protection they need if such weapons should be used against them," said Minister Sjaastad.

8815

CSO: 3639/52

## PROPOSED F-18 PURCHASE, OFFSET PACKAGE EXAMINED

Madrid EL ALCAZAR in Spanish 30 Dec 82 pp 10-11

[Article by J.L. Jurado Centurion: "FACA: Economic Offsets, the Key to the Negotiations"]

[Text] With the prime minister's approval of the signing of the LOI (letter of intent, or precontract authorization) for the acquisition of 84 F-18A Hornet fighter-bombers built by the McDonnell Douglas Corporation for Spain's FACA [Future Combat and Attack Aircraft] program, the first phase of the contest between the major European aircraft enterprises and their American competitors which vie fiercely to secure the contract from the Spanish Government is concluded. But winning this battle, even though it involves a major step toward final victory, is not definitive. The executives of the American firm will still have to negotiate with the Spanish representatives about the "forgotten" economic and technological offsets called for by a contract of such scope, and while the technical competition has been arduous, the economic competition does not promise to be any less so.

#### Requirements of the FACA Program

After the draft Treaty of Friendship and Cooperation between the United States and Spain, initialed in 1976, was rejected--a treaty under which the United States envisioned a plan for gradual modernization of the Phantom C aircraft (of 1966) by converting them into model E's until Spain acquired a fighter-bomber more in keeping with the 1980's--the "deal of the century" was repeated for the second time in its Spanish miniversion.

On the first occasion in 1977 the [French] Mirage F-1 won out over the then incipient [American] F-16, and the result was Spain's purchase of 42 Mirage F-1 type CE and 6 Mirage F-1 type BE planes

from France's Dassault-Breguet Aviation. Spain already had 15 BE aircraft dating back to 1974. At present, and since the affirmative answer to the problem of whether there was a real need for Spanish defense to launch the FACA program--whose cost, some 400 billion pesetas (of which 250 billion are for the acquisition of the aircraft), together with the Ministry of Defense's 1983 budget for 230,689 billion pesetas (2.04 percent of Spain's Gross Domestic Product) was subjected to a large number of amendments in Congress in March 1982--attention is once again focused on the already evaluated alternatives.

On the "long list" there were evaluated among others with lesser chances the American F-14, F-15, F-5E, F-16, and F-18 aircraft in addition to the European Mirage 2000 and Tornado. The F-5E Tiger built by Northrop Corporation was eliminated in short order because of its excessive modesty, insufficient for the technological level of Spain's air forces as were for the exactly opposite reason the F-14A Tomcat and the F-15 Eagle, overly sophisticated and which exceed by far the needs of Spain's air defense. The controversial Tornado of the Italian-German-British Panavia turns out to be expensive in offsetting the delays in its program (production had been scheduled to begin in 1975), but its major difficulty in meeting Spain's needs is its being one of the last aircraft designs without diversified capabilities. The Tornado IDS is specially designed as a low-altitude attack bomber and even though Britain has unilaterally developed the ADV or F-2 type as a fighter plane exclusively, the extremely high cost of a sophisticated aircraft in this decade makes it essential for it to fill the twofold function of a fighter-bomber and this requirements therefore eliminates the Tornado from the contest.

With four competitors out of the running, the "short list" has been reduced to the F-16, F-18, and the Mirage 2000. Among other things the new fighter-bomber is required to have the following characteristics:

- Adaptability to changes throughout the decade which represents its average life expectancy;
- Capability to absorb future weaponry systems;
- Reasonable cost;
- Participation of Spanish enterprises in the program;

- Friendly political relations between buyer and seller;
- Facility in securing spare parts of production in Spain; and
- Readiness of the producing aircraft company to transfer advanced military technology to the buyer's industry for its maintenance or development.

In some aspects the Mirage 2000 is superior to the American candidates. It is a little lighter than these (14,800 kg), has a higher ceiling (18,000 meters' operational ceiling although it can perform interception duties up to some 25,000 meters).

It is somewhat faster but less efficient at low altitudes and in subsonic flight than the F-18 and especially the F-16. Its take-off and landing difficulties, characteristic of Mirage aircraft because of their large delta wings, have been overcome in the 2000 model through the use of hyper-supports and a CCV electronic control system (also installed on the F-16). The SNECMA M-53-5 turbojet engine, with double airflow and simple shaft, is simpler and more resistant but consumes more fuel than the American models. In terms of missiles the Mirage 2000 compares with the F-18 since the French plane carries MATRA Super 530, MATRA 550 Magic, and Sidewinder missiles, while the American aircraft has Sparrow missiles (radar guided) and Sidewinder missiles (infrared guided). The F-16 is clearly inferior. The Mirage 2000 can carry 5,800 kg (the F-18, 5,520 kg) of mobile weaponry and its stationary armament, two Defa 30-millimeter guns, with alternate firing rates, is superior to that of the F-18 and F-16 (with one 20-millimeter cannon).

But one of the great drawbacks of the Mirage 2000 is that its RDI radar unit built by the French Thomson-CSF [General Radio Company] has not been developed yet whereas the F-18 is already in the process of finalizing its own radar equipment. Possibly the most decisive factor weighing against the purchase of the French fighter-bomber has been France's "aggressiveness" in its commercial competition with Spain, a fact which could lead to a "reprisal" by our French neighbors in their supply of spare parts in case of economic confrontation with us.

#### A Quarrelsome Hornet

By the summer of 1978 the only aircraft remaining in full competition were the American F-16 and the F-18A Hornet. The F-16, built by General Dynamics Corporation, is a smaller, single-engine

plane, maneuverable and lighter than the F-18A, and enjoying a greater range (3,200 km). Each F-16 would cost \$11.2 million, but this price tag would rise to \$16.5 million once auxiliary services, spare parts, pilot training, and other items connected with this plane were factored in. The Spanish armed forces would use 96 of this craft.

The F/A [fighter-attack] F-18A Hornet is somewhat slower than its competitor but more sophisticated electronically and better in covering long distances. Equipped with two engines, it has greater power for attacking ground targets. Its price tag of \$15.2 million each (\$21 million with all its equipment) would enable the Spanish Ministry of Defense to purchase 84 of them.

The contest between General Dynamics and McDonnell Douglas has been very hard in the past 4 years. General Dynamics has maintained for 3 years a delegation of technicians negotiating with Spanish enterprises the coproduction of the F-16 in Spain, and until the summer of 1982 General Dynamics was convinced that it was going to get the Spanish contract. But subsequently, without providing additional explanations and causing surprise and indignation among its competitors, Spain's option tilted toward the F-18A Hornet aircraft.

The pressures came from all sides. The U.S. Navy, which is interested in the purchase of 1,383 F-18's, after criticizing the fighter-bomber's lack of independence in flight, hastened to send a report to the Spanish Ministry of Defense to make sure that the Hornet was still in the running: For the U.S. Navy the Spanish contract represents insurance that the initial price of \$20.5 million will be maintained before the threats of McDonnell Douglas to raise it. The U.S. Navy's criticisms of the plane's operational range, its tank and its take-off problems seemingly apply only to its use on aircraft-carriers and would not affect Spain. The American White House is possibly also interested in Spain's purchase of F-18's to get McDonnell Douglas out of its financial bind and to base the defense of the southern flank of the Atlantic Alliance (in Greece, too, the purchase of the Hornet is being considered) on F-18 fighter-bombers to offset the use of the F-16's, which represent the majority in northern Europe.

Furthermore, the major defect on the F-16, its low ceiling, would leave us in a weak situation in intercepting a possible attack by Algerian Mig 23's and Mig 25's or Moroccan Mirages. King Hassan II has expressed to Washington his concern because the United



States is considering selling sophisticated F-18A's to a Socialist government [Spain]. In truth, what inspires the Moroccan king's fear is the air superiority which Spain would reassume in the region through its acquisition of this fighter-bomber and which he could not offset by purchasing over 100 F-16's now on order for Morocco.

#### The Negotiation Which Never Got Under Way

While technically the F-18A seems to be the most suitable fighter-bomber to cover Spain's air defense until the end of the century, this does not mean that the offsets which compensate in part for such major expenditure for our economy in recession and allow us to create new employment will be ignored. The approval by Prime Minister Felipe Gonzalez of the signing of the letter of intent with its corresponding "signal," which the last Council of Ministers' meeting of the previous government in late October 1982 had agreed would involve an outlay of \$8 million, makes appropriate the renegotiation of the price of the F-18A and of its pertinent offsets by the United States. Also, in order not to give absolute assurance to McDonnell Douglas in the 3 months remaining prior to the deadline for the signing of the definitive agreement on 31 March 1983, other fighter-bombers, especially European ones, will be assessed.

The Spanish Government is aware of the fact that the only way to become independent of the major aircraft companies is our complete integration in the European aeronautical industry and for that purpose, after skipping participation in the ruinous Tornado program, Spain will take part together with Italy, Germany, and Britain in the ACA (Maneuverable Combat Aircraft) program, taking advantage of the lessons of the earlier project of these three countries.

What still causes surprise is the intransigence of McDonnell Douglas, which takes for granted the contract apart from the offsets, and the clear abuse involved in the Americans' statements that these will be negotiated only after the agreement is finally signed. With reason, some of our businessmen characterize the accords as "reminiscent of the Third World," meaning that Spain would not manage to assimilate advanced aeronautical and electronic technology, so important for our future. Thus, our offsets might end up consisting merely in our sale of shoes, oranges, and tourism. How can it be that under such conditions McDonnell Douglas should have been given a firm option?

One of the annexes of the proposed contract includes industrial cooperation with access by Spanish firms to the American weapons market; the creation of joint companies; the production and maintenance of American material intended for Europe by Spanish enterprises; and the possibility of Spain's offering its products to the U.S. Department of Defense.

Other annexes specify cultural cooperation even though it is possible that there might be negotiations on the side. Spain is discussing the construction in our country of 76 of the 84 F-18's as well as the possibility of investments of foreign capital in this sector and the opening of new markets for our military technology (when the Mirage purchase agreement was signed, France pledged to promote Spain's CASA 212 in the French-speaking world).

Another problem with the Americans relates to spare parts, extremely expensive and in many cases not available. Except for the F-5A's, built in Spain between 1968 and 1971, the Sabre, Starfighter, and Phantom aircraft were highly deficient in this respect.

The Spanish Air Force now has in its MACOM (Air Defence Command) two squadrons totaling 36 F-4C Phantom aircraft, two squadrons comprising 21 Mirage III EE's and 6 Mirage III ED's, and two other squadrons with 44 Mirage F-1 CE's and 3 Mirage CE/BE's.

Spain's MATA (Tactical Command) has a squadron of 12 F-5A's, 2 F-5B's, and 8 RF-5A's. Finally, MACAN (Air Command of the Canary Islands) has a squadron of [unquantified] F-5 and RD-5A aircraft and 2 F-5B planes.

The Mirage F-1's continue to be highly operational and they still have a few years of lifespan left, but the F-5's and F-4 Phantoms are outdated and will gradually be withdrawn when the new FACA planes start entering into service between 1986 and 1989, not before because of the long waiting list given that the American inventories are exhausted. When these FACA aircraft become operational, Spain will have 130 to 150 modern fighter-bombers that will guarantee its defense.

2662

CSO: 3548/67

## BRIEFS

NEW SPACE ACTIVITIES GROUP--The National Center for Space Studies (CNES) and SOPEMEA (Company for Perfecting Aerospace Materiel and Equipment) have cooperated in creating a joint subsidiary, Intespace. Its role is to expand commercial activities in the area of space experiments, including planning and design, both at the national and international levels. Tests of equipment installed on Ariane, particularly satellites, will be in the domain of Intespace, which is currently holding discussions with Brazil. "The goal of the operation is to have CNES contribute part of the capital," explained Marcel Cado, chief executive officer of SOPEMEA and Intespace. Besides CNES and SOPEMEA, majority and equal shareholders (45 percent each), Matra, Thomson-CSF and Aerospatiale will share the remaining 10 percent. [Text] [Paris LE NOUVEL ECONOMISTE in French 27 Dec 82 p 45] 9720

CSO: 3519/225

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