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# *JPRS Report*

# West Europe

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# West Europe

JPRS-WER-88-008

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## GREECE

### **PASOK Government Scored for Lack of Unified Strategy**

35210039a Athens TA NEA in Greek 28 Nov 87 p 2

[Article by Pandelis Kapsis: "When Too Many Cooks... Kill the Chef?"]

[Excerpts] We know that "too many cooks spoil the broth". This is exactly what happened in preparing the 1988 economic policy. Many "got into the kitchen" but the effects on the economy were questionable. In any event, the solution is not to... kill the chef.

This is exactly what happened in the case of National Economy Minister K. Simitis. Everyone agrees that he was slaughtered. But it is doubtful whether Simitis' "sacrifice" will atone the sins of the economic policy or whether it will cover the contemptual treatment of collective action in the formulation of governmental decisions.

The premier's intervention raised serious questions over the way the government "changes its mind" but also over its improvisations in reaching its decisions.

In retrospect, one can see that the economic "policy", dispensed in installments over the last 2 weeks, was but an effort to reconcile diametrically opposed views—a package of measures in unstable equilibrium which broke down within 24 hours under the first pressure.

Indeed it appears that three different and conflicting views clashed in the government agencies which worked on the economic policy;

—The Simitis view which was based on the economy's needs and priorities and which held that any increase in social benefits should not endanger the achievements of the last 2 years.

—The views of the PASOK Executive Bureau but also of several ministers who, without possibly overlooking these needs and priorities, put greater weight on certain political priorities stressing at the same time the need for a unified political view for the government and the Movement.

—A third view was supported by certain ministers and was confined to electoral contingencies.

It is not unusual to have varied views within a party or government. To overcome them, however, a sincere dialogue is imperative.

There has never been such a dialogue in PASOK. Even when the austerity measures were announced, the focus was on the better days that were coming at the end of the

two-year period. From the very beginning PASOK viewed the stabilization policy as an undesired interlude unrelated to a comprehensive party strategy on the economy.

The inevitable effect was to raise expectations which were not in concert with a continuing effort for dealing with inflation and the deficits in the balance of payments. In this sense, the view of political stabilization as presented to and understood by the PASOK cadres themselves carried in itself the seeds of its overthrow.

Simitis occasional statements fell on deaf ears. The demise of stabilization was certain from the outset. On Wednesday the end was formally proclaimed albeit in such a "rude" manner.

7520/9738

### **Comments on PASOK's Seeming Course to Early Elections**

#### **Self-Sufficiency to Self-Catastrophe**

35210040 Athens KYRIAKATI KI ELEVTHEROTIPIA in Greek 29 Nov 87 p 9

[Analysis by Aristeidis Manolakos]

[Text] PASOK is getting ready for elections which, by the nature of things, it seems to be headed for before the end of its 4-year term of office.

It is getting ready on all fronts, including the following:

Politically, with a pre-electoral return to leftist populism. We had the latest manifestations in the "march toward the Gorgopotamos" by the prime minister and in the removal of K. Simitis, "the economy measures minister."

Administratively, with an intensification of endeavors for party controls over the state apparatus so as to help the government party in its electoral battle. Included in this are the mass of reactionary regulations that the skilled Menios Koutsogiorgas recently pushed through the Chamber of Deputies, the return of state radio and television to the constellation of heavy government propaganda, and the great stress in the Chamber of Deputies the prime minister put on whistle-blowers within the police when the incidents on the anniversary of the Polytechnic Institute occurred.

Organizationally, with the argument of PASOK's "popular reorganization" that—regardless of whether or not it seems to be producing results—places the government party in an electoral order of battle.

PASOK's electoral preparations do not mean that the prime minister has, at this particular time, made a decision as to the exact date for recourse to elections. What is being done is preparing the grounds for and

fostering the climate in which the prime minister's prestige as a "popular" and "national" leader will be reestablished so that he might undertake a new "great break" with the Right. In this endeavor the bases issue will be a "critical"—according to PASOK terminology—point.

According to certain information, since the prime minister knows that the most recent economic report will show inflation for 1988 to be greater than 1987 along with an increase in state deficits, he will not let this entire period go to waste. On the contrary, he is tending to take advantage of the "breathing spell" provided by the nominal increase in worker allowances during the first half of 1988 so that, without any serious internal obstacles, he will handle the bases issue electorally.

According to the same information, the scenario is simple: A "clog" in talks over the bases that lead to a warning to the United States that, according to provisions of the existing agreement, they are to withdraw their bases 5 months prior to the agreement's expiration. Practically, of course, this does not have any significance because the U.S. bases can remain another 17 months during which time a new government will have all its time to sign a new agreement.

On the electoral level, however, Mr Papandreou will have the argument, with all that this electoral atmosphere will entail, that he realized the "big break" as the super-defender of national interests—and just let the Left get furious and the Right talk about catastrophe.

This has to do with a scenario—a variation of the 1985 elections that, nevertheless, now presupposes the tolerance of the Americans, tolerance that ND is trying to thwart. K. Mitsotakis, with K. Karamanlis' consenting opinion, has transmitted to the United States the Right's decision to offer opposition in every way possible if it should decide to help A. Papandreou electorally on the bases issue.

This is somewhat how the stage set looks for 1988, a stage set in which there will be an attempt to resurrect the two-party system, exploiting its own deficiencies and inadequacies. PASOK once again is moving along with the logic of self-sufficiency without any forces being apparent in it that would be capable of reversing this course. The so-called forces of the proportional electoral system, that is, some in PASOK's executive office, parliamentary group and central committee, proved to be, in the case of the removal of Mr K. Simitis, the best allies of the strong wing of the so-called "Akhaians" (Koutsogiorgas and Livanis), all agreeing with the line of "pre-electoral allowances" and consequently were designated as rear guard leaders of the strategy of self-sufficiency. A self-sufficiency that in order that it be attained PASOK will get up to its neck in all kinds of sins and illegalities of a "political coup d'etat." That would be its disastrous and derisory end. We write this so that certain people might not maintain that they did not

know. When the foundations of an entire post-dictatorship structure creak, when it is certain that, after new bi-party elections, even worse days will follow just so that PASOK might make the simple proportional electoral system dependent on planned evocations or social concurrence—just as Akis Tsokhatzopoulos did in the Chamber of Deputies—means that it has not learned anything or understood anything. So, let it stride all alone to its self-destruction. Something that will be painful.

#### Leftist Vote Seen as Important

35210040 Athens KYRIAKATI KI ELEV THEROTIPIA  
in Greek 6 Dec 87 p 48

[Article by Panos Loukakos]

[Excerpts] So, are we heading for elections? At Gorgopotamos, Mr Papandreou gave pensions to national resistance fighters; in Akhaia, he gave compensation to those farmers suffering from the bad weather; and in Athens, he gave wage increases to workers. In turn, Mr Tsovalas promises tax relief, Mr Roumeliotis grants housing loans, while Mr Pottakis and his deputy ministers join in the dance by assuring farmers that they will collect masses of money.

Miracle, miracle the easily convinced people will shout. Suddenly, economy measures are abandoned, tax collection policy is abandoned and the public coffers are opened to all. Elections, elections, however, those less convinced will shout, those who long ago stopped believing in miracles and magicians.

Over the past few weeks the government has been trying to be convincing that the bad days definitely belong to the past and that the time for better days has come, something that has been promised by PASOK since 1985.

But for how long can this feeling of euphoria, that the government has been trying to foster, last?

The remaining important government economic policy officials do not hide the fact that there are limits to the economy and that this atmosphere of grants and promises cannot last more than 6 months. After that, the policy of pre-election paradises will "boomerang" and will strike those who inspired it if they do not manage, in the interim, to proclaim elections. And, of course, after the elections things will go back to where they were before, in other words to the economy measures policy, regardless of who is in power.

So the basis of the economy's given facts and on the presupposition that the government will implement its present proclamations and that it will indeed implement a grants policy, Mr Papandreou will be obliged to proclaim elections prior to the summer of 1988. This is so because it will not be difficult for him to do so despite his categorical present assurances to the contrary.

The pretext will be offered by the Greek-American negotiations on the bases. At some point these negotiations might be cut off on the initiative of the Greek Government. At that time, in an atmosphere of "national pride," the Greek people will be called on to vote and to rebaptize the government that will go all out for the electoral struggle. In 1985, PASOK used the presidential election as a pre-electoral "gulf." And it pulled behind it, willingly or unwillingly, the communist Left. In 1988, the bases will constitute the pre-electoral "gulf," with the most evident goal being, of course, to once again steal leftist votes.

The critical race in the next elections will not take place between Mr Mitsotakis and Mr Papandreou, as much as between PASOK and the KKE. And, as much as it may seem contradictory, ND's road toward power presupposes the KKE's electoral ascendancy.

The correlation of forces between ND and PASOK is at present almost a given fact. Those who were in between the two big parties seem to have already made their choices and it is perhaps difficult for them to once again change their opinion regardless of how many pre-electoral promises one or the other side give them. On the other hand, in the intervening area between PASOK and the KKE the situation still remains fluid. And as the 1985 elections showed, it is exactly this intervening area between PASOK and the KKE that could give the absolute majority of seats to Mr Papandreou.

If, in other words, the KKE and other parties of the Left were to obtain a percentage over 16-17 percent it would be impossible for PASOK to come out the number one party in the elections. If, on the other hand, this percentage were to remain at the 1985 level, the PASOK would maintain hopes of gaining a new electoral victory.

So, at this particular time, PASOK's main opponent is the KKE and not ND. The leftist voters constitute Mr Andreas Papandreou's basic goal. So, let not "leftist-leaning" measures, that were recently taken, surprise us. Let not the ouster of Simitis and all that will follow surprise us. PASOK is preparing at this moment a protracted operation for the stealing of leftist votes.

In 1981 and 1985 the operation was crowned with success. It is uncertain as to how much it will succeed in the coming elections, elections in which the KKE's position vis-a-vis Mr Papandreou and the leftist voters vis-a-vis PASOK will play a determining role.

#### **Papandreou Seen Burnishing Image**

35210040 Athens *ELEVTHEROTIPIA* in Greek  
5 Dec 87 p 9

[Analysis by Spyros Karatzaferis]

[Text] There is a smell of early elections in the air, regardless of whether Prime Minister Andreas Papandreou is constantly declaring that "elections will be held in June 1988," the time when the second 4-year term of office for the change comes to an end.

Doubts about the ending of the second 4 years could exist just from the categorical statement made by the government that "elections will be held in the summer of 1989."

A more generalized inconsistency in its promises, its statements and its visions support this view. There are, however, "tangible" events that lead one to believe that Andreas Papandreou, at least at this particular time—because he could once again change tomorrow—is sprinting toward elections.

First of all, just a few days ago, Mr Andreas Papandreou called on his really great talent to overcome the ugly picture that he himself had created about himself through his actions. This is so because everybody knows—and we know—that, at present, PASOK's biggest trump card to claim a third 4-year term of office is its star, namely Andreas Papandreou.

Mr Andreas Papandreou is to politics today what Mrs Aliki Vougiouklaki was to the theater for so many years when everybody used to curse her, criticize her and reject her but just the same her appearances were number one as far as tickets were concerned.

Being a genuine star, Mr Andreas Papandreou decided to change his appearance from one day to the next, from the good family man, the good prime minister, the good socialist, the hard-working, incorruptible and charismatic leader to once again become the Andreas Papandreou of 1981—the hope of the naive neo-Greek of good faith.

He drove out from his side the evil ones. He banished Mrs Dimitra Liani from the forefront of his personal life because her presence damaged the decorum of "the good family man."

He threw out Mr Georgios Louvaris from ITCO and put him in the back room because his visible presence turned the poisoned darts of his opponents directly to Kastri.

He brushed off Mr K. Simitis in a sensational manner in order to draw closer to the workers.

He is preparing Mr Theofanis Tombras for a soccer ball (header) to show that he is not afraid of anyone and, even more, that "no one has a hold on him."

He is changing economic policy with the danger of its being pitched and tossed around just so that he might show a pro-popular policy and he has begun to receive his ministers often for collaboration purposes to be convincing about his industry and to answer Mr K. Mitsotakis' criticism that he is not paying attention to the governing of the country.

Second, he has begun to abandon the calmness of Kastri and the leisure time at the "Astera" and has begun to communicate with the people. It started with meetings in

Aigio, Akrata and Patrai and will continue in Kalavryta and elsewhere. The endeavor to change Mr Papandreou's personal "image" has also aroused the Movement.

Third, in quick steps he is satisfying America and impressively improving Greece's relations with Turkey and Israel the goal being the serving of our national issues.

Simply put, the prime minister has set as a condition for the signing of the American bases agreement the safeguarding of our most important national interests, namely the solution of the Aegean and Cyprus questions.

**He asks the following from the Americans:**

1. Money and an increase of tourism to our country.
2. Legislating of the balance of forces between Greece and Turkey, in other words, at a 7 to 10 ratio.
3. Signing of a non-aggression treaty with Turkey.
4. Recourse to the International Court at The Hague for the setting of the seabed limits.
5. An acceptable framework for resolving the Cyprus question.

The Americans, always within the context of secret diplomacy, let the following be known:

1. It is possible that a formula might be found for the question of money.
2. As for an increase in tourism they proposed the recognition of Israel since Jewish tour operators handle about 80 percent of tourism worldwide. Relative contacts between Greek Government officials and Israelis have been held in the United States with the participation of American officials.
3. As for the remaining four Greek demands (conditions), the Americans have, since the summer of 1987, answered that "we are unable to arrange agreements to the detriment of a third party" and they suggested that talks should begin between Greece and Turkey and that they (the Americans) would offer "their good services."

The American voice was heard quite clearly in the ears of both Greece and Turkey and following the Greek-Turkish crisis last March Mr Andreas Papandreou and Mr Turgut Ozal began a novel dialogue including memoranda.

The dialogue with accompanying memoranda progressed by leaps and bounds and in a short period of time we reached the point of Mr A. Papandreou's statement on the eve of Turkish elections, statements that undoubtedly helped Mr Ozal a lot in the elections.

This was followed by the Greek prime minister's congratulatory telegram, Mr Ozal's greetings from the air, his note of thanks and the expected meeting of the two in Davos at the end of January.

Thus, everything points to the fact that tensions in relations between Greece and Turkey will diminish even more in the immediate future and Mr Ozal will be ready at any moment to repay Mr A. Papandreou in electoral help.

The scheduling of our national interests is undoubtedly a strong card for elections in the Greek prime minister's hand. And it is getting stronger with the bases issue being an open one that, of course, will close after the elections and PASOK's third victory.

So, the smell of elections is in the air but nobody can be certain about their smell with the charismatic Andreas Papandreou.

He could, for example, perfume the atmosphere with a pre-electoral scent that his opponents would smell and set out for battle. They would exhaust their ammunition and when they get tired Mr Andreas Papandreou would then enter the fray as a Change for the Change.

Andreas is never what he appears, as a former close associate of his told me. And he does not lose easily—I will add—because he has the talents of a real star. And his many faults are applauded.

05671/06662

**Papandreou Motives Seen Deriving From Fear of Losing Power**

*35210039b Athens I KATHIMERINI in Greek  
9 Dec 87 p 5*

[Excerpts] For A. Papandreou to stay in power it is necessary that he be taken off the hook. By whom? By those in his party who "question his leadership?" Following Simitis' departure no one or almost no one dares bother him. Except for unforeseen reasons... But Papandreou is not worried at this moment about his lieutenants. No. He hopes to be left alone by the Americans. And he hopes that the Soviet government, KKE and the "guilds" will come to his aid. All of them can do so. They can all come to his aid, but they can also cause unsurpassable problems for him. For this reason, he uses both threats and promises.

He "threatens" the Americans by saying that he will "break" the negotiations on the bases. This is the meaning of his strange statements that it is necessary for the Americans to prove that Greece "needs" the bases, that the bases are useful to Greece's—or rather his—interests.

He also threatens that if in the end they "give him the shaft" they will not have his signature on the desired five-year contract on the bases. Finally, he tried to "worry" the Americans by raising the specter of his possible rapprochement with Moscow.

His promises? They are obvious: Yes to the "bases of death"! Yes to the erstwhile "reactionary warmonger" Reagan who has now become a champion of peace! Yes to the settlement of Greek-Turkish differences and yes to the "calm waters in the Aegean" with Papandreu as the new [Elvtherios] Venizelos and Evren or Ozal as the new Ataturk guaranteeing the restoration of unity in NATO's southeastern wing!

Papandreu asks the Soviets to help him in various ways: to offer albeit a verbal guarantee for the inviolability of our frontiers—a much more impressive offer than the one given by Zhikov—in order to be able to use it against any third party—the United States or Turkey in this case. For this reason, as the pro-government newspapers reveal, he wants Gorbachev to speed up his trip to Greece.

What is he promising them? To develop his relations with the countries of Eastern Europe, push forward, as president of the EEC, relations between EEC and KOMEKON, and to help internationally the presentation of the Soviet views as he has already announced.

From KKE and the KKE-controlled "guilds" Papandreu asks for time—until 1989. He wants them to stop the strikes. He wants KKE to say "yes" to the Gorbachev visit. And, naturally, he wants KKE to end any "unholy alliances" with the New Democracy Party. He does not ask much! In exchange, he promises to accept a unified Greek General Confederation of Labor—split it, that is, between PASOK and KKE—, a dialogue with it on the incomes policy after the election and, of course, some kind of simple representation electoral system acceptable to KKE. How about threats? Early elections, for openers. With the reinforced proportional system. And anything else that will keep KKE in the doghouse. This explains the "unless..." which has become a headline in his own newspaper.

These, in short, are the legitimate explanations of all that Papandreu said while in Copenhagen and of all the subsequent "clarifications" he himself or his spokesman made.

But what is really hidden behind his word? What is it that obsesses the Premier and drives him to such broad tactics, statements and threats for the first time since he came to power. In this case too, the explanation is legitimate: fear. Fear that all is coming to an end; that his Movement's loss of the people's support is inevitable and irreversible; that his own "perestroika" has failed and that no ashes are left for PASOK's rebirth. But how far can Papandreu's fear go? Two days ago, he avoided threats toward two targets. Toward the EEC which gives

him the money (which in the last analysis is the money that keeps our faltering economy on its feet). Instead of threatening he gave "proof" of being a good "European". But he is not to be believed after the way he drove out of his government the only European—not in quotation marks—former Minister of National Economy K. Simitis. Second, he did not threaten Turkey because he wants Turkey to refrain from taking advantage of his period in trouble now under way. Specifically, to refuse acceptance of the American bases were they to leave Greece; or to avoid anything else the overactive Turkish diplomacy or Turkey's merciless military machine may come up with.

But if he gets "scared" will he go so far as to threaten EEC again? Or Turkey, our ever lurking ally, this time, however, for real without the "theatrics"? If all else should fail?...

7520/9738

### Background of, Comments on Simitis Resignation

#### Opponents' Reported Machinations

35210036 Athens TO VIMA in Greek 29 Nov 87 pp 4-5

[Article by I. K. Pretenderis]

[Text] A strange thing! On this past critical Wednesday, when the government's income policy changed and Minister of National Economy Simitis was led to resign, everyone was occupied with other things!

M. Koutsogiorgas and A. Livanis? They—as is explained officially—knew nothing about those things the prime minister announced in the Chamber of Deputies. Of course, Koutsogiorgas visited him on Wednesday morning, while both of them met with Papandreu at six in the afternoon, two hours before he took the floor of the Chamber. Obviously, however, they had other things to discuss.

The PASOK Executive Office? "We are not headhunters," explains K. Laliotis, clearly implying that they never sought to have Simitis "beheaded."

The syndicalists? Although they knew nothing, after midday Wednesday, about 20 PASOK syndicalist cadres conferred on Kharilaou Trikoupi street with Laliotis and St. Tzoumakis. G. Gennimatas, of course, met with Papandreu but there were so many other issues in his province which he had to discuss.

Furthermore, Papandreu was particularly clear during the Council of Ministers meeting on 27 November: Really, no one knew about his decision and there was nothing going on behind the scenes. This statement is a credit to the prime minister in that he takes absolute

responsibility for his decision. On the other hand, however, it is very hard for one to believe that the prime minister of a country charts the income and economic policy for the coming year by himself and in secret.

If there is something certain, it is that Simitis knew nothing! He patiently listened to the prime minister's positional speech in the Chamber and departed, without applauding, for Papandreou's Political Office. There—in front of Koutsogiorgas who was unaware of anything which had happened—he submitted his resignation and left to compose it in writing.

Of course, one could maintain that all those who spent last Wednesday talking about various issues had certain characteristics in common. Such as, for example, that they all disagreed with the "Simitis policy" or that most had participated in repeated meetings to work out the income policy for the coming year. The decisions had been taken, however, the ASOP [Supreme Economic Policy Council] had approved them, the appropriate minister had announced them and so, at ease, they could devote their Wednesday to other business in their province.

What happened, however? Why did this apparently calm Wednesday lead to "Simitis' disappearance" from the Ministry of National Economy and not V. Daniil's resignation from the Panathenian?

#### The ASOP Mystery

On Tuesday the Supreme Economic Policy Council met. As soon as the meeting ended Simitis announced to journalists the new income policy for the public sector. This policy—explains Simitis in his letter of resignation to the prime minister—"was decided on after repeated meetings and in absolute agreement with you." In his answer, Papandreou expresses understanding for the reasons for the resignation but says nowhere that he knew nothing or disagreed with the policy decided on.

On Friday, however, we had a new version. According to what the prime minister said to the Council of Ministers: "...in the last ASOP, one question remained open: the issue of the ATA [Automatic Cost of Living Readjustment] postponement. Decisions had not been taken yet. Simitis, Tsovolas and Katiforis were entrusted with the task of examining this issue. In subsequent contacts which occurred the position given was for the loss in the wage-earners' incomes from inflation to be covered at the end of 1988." This—explained the government spokesman, I. Roumbatis—was not made clear by Simitis during his announcements to the journalists.

These "subsequent contacts" would, of course, have to have been realized in an oppressively short period of time since Simitis made the announcements shortly after the meeting. And thus he was able to announce that the "average real income of the workers will increase at least 2 percent" (TA NEA, 25 November). The man was clear!

Maybe, however, they agreed on certain things in the ASOP and Simitis announced other things? Luckily, the prime minister and Koutsogiorgas and Gennimatas and Tsovolas and Roumeliotis and quite a few others were present at the meeting. He could not have! Someone out of all of these people would have noticed that he had agreed on certain things and was hearing other things on the television.

Repeated investigations showed, at any rate, that Simitis is burdened with a dark past. Specifically, he has been a champion of a "tight-fisted" stabilization policy since 1985, just like the rest of the government.

Last summer, however, the grumbling which had been heard until then began to take on a face. In Kastri and at the Maximou Mansion, repeated meetings were convened, the subject being the general directions of the economic policy as would be depicted in the prime minister's speech at the DETH [Salonica International Fair].

There Simitis appeared with a first piece of writing which was returned to him because it was inadequate. He collected criticisms from Koutsogiorgas, Gennimatas and Ms. Vaso Papandreou. Gennimatas and Koutsogiorgas were in favor of a more open policy of economic allowances: The present minister of labor had rehashed that old theory about "economic development through strengthened demand." Koutsogiorgas did not express a wider economic opinion—at that time he had not yet written his article on liberalism in TO VIMA—but, in general, he measured the political cost from a tight-fisted income policy. Vaso Papandreou distinguished herself from the other two since she gave emphasis to the "development" branch.

The Koutsogiorgas-Gennimatas front functioned even after its return to the government. In the beginning—it is true—Simitis was not under fire personally. On the contrary, many things were charged to his advisors, N. Garganas and John Spraos, who, it was believed, dealt with the situation through econometric contours! More generally, however, the staff at Syndagma Square was accused of "technocratism" and an "apolitical economic policy."

At the beginning of October, the economic policy began to be discussed more specifically, in repeated meetings of government organs. Within the last month and a half, the ASOP has met neither more nor less than three times and the KYSYM four times, while Simitis has had three to four partial collaborations with the prime minister (by themselves or with other government functionaries). For years we have had to look for such a faultless functioning of collective government organs!

The friction points constantly returned. Gennimatas often noted the need for a more open income policy and believed that without this he would not be able to achieve an arrangement in the syndicalist field. He

expressed his viewpoints, for example, at the 9 October ASOP meeting, and was corroborated by Koutsogiorgas and Pattakis. One of his requests (which was subsequently accepted) was to not deduct imported inflation when calculating the inflation which will determine income increases.

Pre-electoral horizons seem to have intruded more and more into Koutsogiorgas' cogitations (it was then that the idea of elections in the spring of 1988 began to be discussed), while other ministers also were availing themselves of the opportunity to seek a more comfortable income policy hoping that, in this way, they could more easily handle the sectors in their jurisdiction. Thus Koutsogiorgas began to acquire a clientele for his opinions, even more so when his jurisdictions and his role as "super-vice-prime minister" inspire reverence around him.

On all these things, Simitis vigorously resisted. The complaints now began to be transmitted to the prime minister and, in fact, in an effective way: It was incidentally reported, among other things, that "Simitis himself" was ruining the positive picture which had been created after the prime minister's announcements in Salonica. Consequently, this was not a Koutsogiorgas-Simitis disagreement but a contrariety between Simitis and the prime minister's speech in Salonica!

The inevitable personal factor was not slow in making its appearance. Simitis showed no inclination to "surrender jurisdictions" to Koutsogiorgas for the economic sector, of which he is in charge as minister of national economy. Furthermore, he did not hide the fact that he entertained well-founded doubts about the breadth of Koutsogiorgas' economic theory. Thus, until the end he persisted in his opinion, "find me a reason to yield," and insisted on drawing the attention of his colleagues to fiscal balances and the need to curtail deficits in the public sector.

#### Duel in the Green Sun

It is clear, however, that the ascending power in the ministerial party is Koutsogiorgas; it is not at all certain that he is more interested in fiscal balances than in the coming ballot-boxes. Simitis has become more and more isolated, to the extent that Koutsogiorgas expands his alliances.

First, there is A. Livanis who maintains good relations with Simitis but—as the 22 November TO VIMA noted—lately has agreed considerably with Koutsogiorgas.

Then there's the Executive Office. Here things are more complex because Koutsogiorgas' relations with the Executive Office members are not exactly serene although, at the same time, no one in the PASOK Executive Office has broached the issue of Simitis' withdrawal.

To put it frankly, neither has Koutsogiorgas discussed the issue. The Executive Office, however, has expressed two kinds of criticism to Syndagma Square:

First, that the party was not called on to participate, even a little, in working out the income policy.

Second, the "technocratic style" of the YPETHO [Ministry of National Economy] is in opposition to the more "political style" which the Executive Office is trying to cultivate. Moreover, there is also related grumbling about an income policy which is being formulated technocratically, without taking into consideration the "mass movement" and its vehicles and without improving the psychological climate within which reconstruction could go forward.

On Tuesday afternoon the Executive Office was informed of Simitis' announcements during its meeting. There were objections, one or two asked for the party to intervene to overturn this policy; reactions of the social organizations were conjectured and, finally, cool-headed thinking prevailed: first to see the syndicalists, then to talk with the appropriate ministers, and, finally, to intrude upon the prime minister and seek some corrective alteration of this income policy. No one broaches the issue of Simitis!

The next day, Wednesday, Laliotis and Tzoumakis summoned the syndicalists (GSEE [Greek General Confederation of Labor], syndicalism sectors, syndicalist cadres of federations...) and the opinion was: "If you want to counteract, it is your right, but do so in logical frameworks so there can be some corrective movements through a dialogue."

G. Papandreou maintained an even more cautious stance, a caution he held on to until the end of the "Simitis affair," since the next afternoon he met with the prime minister and afterwards left for Delfi to take part in an international forum of the Delfi European Center.

All day Wednesday, Kharilaou Trikoupi street could send out grumbles, but not thunderbolts. It was more than clear, however, that pressure was being exerted by the syndicalists and that the party would look very kindly on a correcting (if not an overturning) of the announced income policy.

In no case, however, had the Simitis issue been broached. Furthermore, the minister's resignation would surprise Kharilaou Trikoupi street, as much as the rest of the world, and, in fact, the "partisans" (now and former: from Tsokhatzopoulos to Katsanevas) would exert assiduous efforts to dissuade Simitis, without result, of course.

All these things, however, have to do with the periphery, because the decisions are made by the prime minister. There flock the primary "fellow-conversers" (led by

Koutsogiorgas) but also with the press under their arm. The newspapers have created a climate which no minister of national economy in the world would want to confront.

The prime minister's "fellow-conversers" are promoting one figure this time: that this, the "other policy," would cost very little. "Twenty billion," they maintain, "which can be found." What is twenty billion compared to the social agitation which is in danger of breaking out? And the ultimate argument: A movement of the prime minister in this direction would have not only political but also personal benefit. "Bravo, Andreas, save the world!" wrote AVRIANI the next day. So, the stage for the prime minister's intervention in the Chamber was erected piece by piece. After hours and days of meetings, the economic policy took its final form two hours before the Prime Minister took the floor of the Chamber.

And Simitis? It does not take much wisdom for one to understand that the minister of national economy possessed enough dignity to depart from the government along with his policy.

Which people have been aiming at this? Which simply did not take this into account? No one can know! Here we have Tritsis who remained in the government in spite of all the jurisdictions for policies and draft laws which were taken from him. G. Petsos publicly denied the car affair and continues to go to his ministry. Why were they afraid that Simitis would send the letter which he sent? "But it was the prime minister's intervention," Koutsogiorgas told him after his oral resignation, obviously believing that, when the prime minister intervenes, words of dignity do not help.

#### Rendezvous in the Spring?

Finally, Simitis did not accept the Ministry of Education which they offered him. (This ministry is passed around as a compensation every time a minister of national economy leaves: they offered it to Lazaris in 1982 and to Arsenis in 1985!) Nor did he leave only for reasons of dignity: his letter clearly noted that he was leaving because he believes that the policy chosen "endangers the efforts of two years," giving a warning, at the same time, for the future (of the economy and his own!).

And in the spring? What will happen in the spring if the fiscal balances are disturbed to a point that they get out of control and if inflation starts ascending, as many forecast? The most probable thing of all is that elections will take place. Unless another "20 billion" is found to be distributed again next year! In the final analysis, the developments on Wednesday may prove to be a forerunner of early elections far more than half a score of Mitsotakis' "inflexible acts." Apparently, the ministerial party has decided to cut by itself, one by one, the bridges which would lead it up to June 1989!

#### Resignation's Repercussions Weighed

35210036 Athens I KATHIMERINI in Greek  
27 Nov 87 p 4

[Editorial: "What Democracy?"]

[Excerpts] The protagonist in the crisis—there is a formal government crisis, but in essence, as we will show below, it is a crisis of our system of government itself—is, unwillingly or not, in principle, the man beheaded on the evening of 25 November in the Chamber of Deputies. Simitis: even for his political adversaries, a man unquestionably honorable, sincere and responsible is a victim nevertheless of the theory, "let us rescue whatever we can from the destruction."

For the thinking citizen, there are two interpretations of how the "drama," which surely has not yet ended, began and how it developed:

First: Andreas Papandreou acted on the evening of 25 November under pressure from "friendly" newspapers which, in a body, condemned his income policy. He ought to have foreseen this reaction, however, as well as that of the various "donors" from GSEE [Greek General Confederation of Labor], etc., and of his "partisans," whom he also appointed. If he made a "mistaken judgement" on such a serious matter, then we have a prime minister who literally does not know what his left hand is doing when he himself is doing things which are correct but "disagreeable." In other words, we have a government with infighting, headed by someone who decides and "undecides" according to the "pressures" of the moment.

What will happen, however, in the case of an unwanted national crisis? Will the "party functionary," for example, in Soufli, Evros, or that one in... Methoni have to be asked? And if they disagree? Will PASOK's newspapers solve the problem? Or those of the Left? And if these disagree?

These things are being contemplated today by the simple, intelligent citizen and he shudders!

But there is also the second interpretation: Andreas Papandreou, after "advice" from his "close" advisers to prepare, in cold blood, Simitis' beheading, thinking: "First he announces the unpleasant things and then I come out and correct them. And I become pleasing to the 'rabble!'"—as he still persists in considering the majority, at least, of the people.

If things happened this way, the situation is even worse: At the head of a government with infighting is a prime minister ready for anything! The object is to be kept in power. And for the most "unorthodox"—to put it mildly—movement, it is enough for his own "authority," his own "popularity" to be saved.

Since things, particularly economic affairs, can only get worse, however—as all the objective observers forecast—we will have to expect other even more “unorthodox” actions from Papandreou.

How far will they go? This is precisely the question which is now tormenting not only the “prudent,” not only the “shrewd,” not only his adversaries, but all Greeks! Even those who are the most “nincompoopish” in his estimation....

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### **Government Changes for Dimokritos Research Institute Draw Fire**

*35210034 Athens I KATHIMERINI in Greek  
21 Nov 87 p 9*

[Article by Eirini Khrysolora]

[Text] Following 30 years of operation, the “Dimokritos” research center is now in the process of radically changing its character. The law on research enacted in 1985 and the relevant amendments made in the summer of last year are now gradually being implemented, despite the vigorous opposition these have provoked.

It is anticipated that by next summer a series of steps will have been completed relating not only to matters of personnel merit ratings and to the administration of this center, which have given rise to the strongest opposition, but also to matters concerning the courses that scientific research will be taking there.

#### **The Director**

According to the scientific director of the center, N. Andoniou, some of the aims involved here, among other things, are for the center to become more outwardly directed, to become more closely linked to industry and scientific education, to give priority to research programs that can have direct applications, and to at last cease being characterized solely in terms of its activity in the nuclear sciences.

This new orientation is being questioned by scientists at the center, for many reasons. First, because—as is pointed out—“applied research cannot take place without a very deeply rooted basic research.” Second, because in any case cooperation with industry cannot advance beyond the levels allowed by the development of the latter, and moreover this development is going on even now. Third and chiefly, because the new structure of the center by means of which this turning outward is supposedly promoted and the orientation to “practical” goals really serves quite other objectives.

What specifically is this new structure? First of all the Greek Atomic Energy Committee is being dissociated from the center; in the future this committee will assume an advisory and oversight role on matters of nuclear

science, will undertake the issuing of permits for imports of nuclear materials, will handle international relations, representation in international organizations involved with matters of nuclear power, and so forth. The “Dimokritos” research center will—henceforth—consist of eight institutes, of which at least three, microelectronics, materials science, and information and telecommunications, are regarded by Andoniou as being definitive of its new orientation. The priority being given to these institutes can also be seen from the budget for these sectors. The other five are of a more traditional character: They are the institutes of nuclear physics, nuclear technology, physical chemistry, biochemistry, and radioisotopes.

#### **“Our People”**

It is being asserted by scientists at the Dimokritos that what will really be served by the creation of these institutes will be the chance to appoint certain “government insiders” to managerial posts within the institutes. These institutes, it is typically stated, are in any case unable to function autonomously since the requisite infrastructure does not exist. It is asserted in addition that the present-day success of the “Dimokritos” lies precisely in the fact that it is a multi-discipline center, where there are opportunities for cooperation and interaction.

The matter of the appointment of the institutes’ directors will have been definitively settled by the start of 1988. The nominating of candidates has already begun; these will be reviewed by evaluation committees, whose recommendations will be submitted to the minister.

Moreover, a storm of protests has also been provoked by the idea of merit ratings for the researchers and their inclusion, by the summer of 1988, in employment positions corresponding to the hierarchical structure of the universities. The scientific director of the center asserts that this sort of thing is necessary and that among other things it will check the brain-drain to the universities, but many scientists are questioning not only the objectivity of the committees that will do the reviews, but also the utility of this measure, since in any case—as they state—already (and ever since 1974) the scientists must pass through a succession of reviews in annually submitting qualification sheets.

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### **ITALY**

#### **DC, PCI Comparisons; PSI Tactics Discussed**

*35280085 Rome LA REPUBBLICA in Italian  
31 Dec 87 p 4*

[Article by Giorgio Rossi: “With De Mita and Natta as Directors, the Year of Movement Begins; and All Await the DC Congress”; “Already in January Parliament Has To Tackle Some Institutional Reforms”]

[Text] Rome—Everything leads one to believe that beginning in the next few weeks Italian political life will experience an acceleration. There are many things, and

very different things, that could happen in 1988. However, one can certainly say as of now that the new year will not be one of stagnation or impasse, but one of great movements and changes. Meanwhile, there will be two dates of great importance: the DC congress at the end of April, and, immediately thereafter, a round of partial administrative elections that will involve several million citizens. It seems obvious that until the conclusion of the DC sessions Gorla will remain in the saddle: neither his party nor the PSI have any interest in roiling the waters for the present.

The importance of these two events is obvious. For months now, a major political operation has been underway sponsored by De Mita and Natta: perhaps with different intentions, but certainly converging in some aspects. The plan seems aimed at improving the functioning of our democracy, but also at unblocking plans, reopening a dialogue that is today paralyzed by the inhibiting power of the Socialists. To achieve this, there is need for a great purifying rinsing that will eliminate preexisting commitments and prejudices, and bring back into the field the Communist Party and enable it to become, like all the others, an active protagonist in the political balances. Naturally, no one can at this time predict the attitude and decisions that the PCI will assume at that point. However, all that could certainly facilitate alternative concepts that could proceed through a revived agreement of the left: with resulting birth of the famous "complete democracy" (two alignments that can alternate in governing the country on the basis of the choice of the electoral body).

### Two Significant Outcomes

Thus far, De Mita and Natta confirm that the concept of a governing agreement between the two parties (return to the "historic compromise") does not exist, that it is something from the past, that it can no longer be proposed. However, it is indisputable that there are various suggestions in the DC establishment, even if not for the immediate future. Yesterday, two DC individuals of stature, Deputy Secretary Scotti and Minister Gava, performed significant sorties. Gorla had stated in an interview that after the DC congress nothing would change, neither in regard to the government nor the political policy. Not in respect to the government, said Scotti, but in regard to the DC policy "there is no longer a governing formula, an alliance with strategic significance," and thus "we need to build new alliances." This legislature does not have alternatives, "but the future prospects are different." Very long deadlines, then? Not even that: because no one knows how long the legislature will last. The voters, Scotti said further, have charged Christian Democrats and Socialist to guarantee stability, but if things were to change, "the path would be that of returning to the voters."

If possible, Gava (who is De Mita's principal ally) was even more clear: in an article in *MATTINO* he reminded that the breakup of the unity government of 1947

occurred because of the Cold War and the splitting of the world into two blocs: but today, with detente, "new possibilities open up (...), even more so since for years all have been saying that once the ideological barriers fell the decisive factor between the DC and the PCI would be foreign policy."

Naturally, this does not mean that the Christian Democrats really intend to unload the Socialists and form a government with the PCI (also because one would have to see if the PCI agreed, today rather an improbable development). More than anything else, it all has the aura of a pressure, a deterrent aimed at making the Socialists "more reasonable." Which makes it possible to foresee the possibility of agreements on specific topics, on issues of great importance that would find the PSI opposing or intractable: what is occurring in many councils is significant.

### Resumption of Contacts

All this has to cause concern to Craxi: who in fact has to some degree facilitated a resumption of contacts with the PCI, a detente that has become rather more pronounced. The political laboratory of this new phase in Italian politics will in the coming year be that of the institutional reforms. Craxi knows that a difficult game is beginning for him, but one that could open great prospects. His article today in *AVANTI* to commemorate Pietro Nenni is that of one claiming leadership of the left in order to modernize the state: "Time is not working for the left... There is the need for renewal so as not to perish... Under the impulse of the PSI, the left has strengthened and found a new representativity... The scope for renewing and consolidating the ties between the citizens and the institutions is now very limited..."

Already in January the Senate will tackle some of the possible reforms. Then, when the finance bill has been approved, it will be the Chamber that has to get down to a real parliamentary session devoted to institutional topics. All confirm that they will begin by tackling reform of Parliament and regulations. However, quickly thereafter the topics will become more painful: the first is likely to be the election system for local administrations, almost an experiment in anticipation of the political electoral law. On these points are at stake not only the better functioning of the institutions, but also the prospects of any political force. There are some not unimportant differences in objective among the major parties, yet they would all, to some degree, prefer a lesser fragmentation of electoral choices.

### Dress Rehearsal

Craxi hinted a few weeks ago, and, as we have seen, the DC deputy secretary hinted yesterday. In this context—the "vote-catching" by La Malfa—the recent ballets on Fascism and "legitimization" of the MSI become clear. And the dress rehearsal could very well be the spring administrative elections.

## Examination of PCI's Quest for Change

### Central Committee Breaks From Tradition

35280067a Rome L'ESPRESSO in Italian  
6 Dec 87 pp 14-16

[Article by Francesco De Vito: "Perestroika Rome-Style"; first paragraph is L'ESPRESSO introduction]

[Text] How to revive the PCI while avoiding the temptations of the historic compromise and the subordination to Craxi? Occhetto and D'Alema, new leaders of Communist Headquarters, have a solution: to break with the heritage of Togliatti and Berlinguer.

A month ago, toward the end of October, Achille Occhetto had promised in the columns of RINASCITA "a new political discourse that would introduce also elements of discontinuity in the political culture of the PCI." In his report opening the Central Committee session at the end of last week, the Communist deputy secretary went even beyond that commitment. In all the 73 pages of the text, discontinuity and break were the most recurrent terms. Break with whom? With the two sacred phenomena of Italian Communism after Antonio Gramsci: Palmiro Togliatti and Enrico Berlinguer.

Naturally, it is not a matter of an unconsecration like the one Nikita Khrushchev carried out for Joseph Stalin, or that Mikhail Gorbachev is undertaking for Leonid Brezhnev. It is something more subtle, but not therefore less significant politically.

In this way, the new generation of Communist leaders, in particular Occhetto and his closest comrade-in-arms Massimo D'Alema, who in a series of articles and interviews had more broadly anticipated the change, are campaigning to legitimize themselves as the new leadership of the party, proposing on a political level, more than that of a graphic transposition, the necessity for a generational replacement.

The premise from which Occhetto started is the crisis of the Italian political system, of which the latest problems of the Goria government are an example, derived from the exhaustion of the so-called "consociative democracy," which for Togliatti was "progressive democracy," and for Aldo Moro the broadening in successive phases of the democratic bases of the state through a system of co-optation of political forces, first in the opposition. In this context, "the intelligence and political realism of the Togliattian inspiration consisted in not putting the government issue on the carpet at that time in terms of an alternative to the DC." In Berlinguer, then, "the historic compromise proposal aimed at carrying to the ultimate consequences the process of broadening democracy" according to the Togliatti model. And also the democratic alternative advanced at Salerno in 1980 after the failure of the historic compromise "risked being, and has sometimes actually been interpreted as, a proposal that was still part of an old vision of the Italian political

alignment, as a proposal that did not completely take into account the elements of a break and of real discontinuities that had been objectively identified and that were undergoing an acceleration as a result of the Socialist initiative." Both are thus indications of a past that has been superceded. Their idea of the "confrontation among the major political forces in the country, the idea that their confrontation was enough to produce renewal, is on our shoulders." Never in a report to the PCI Central Committee, however, had anyone tackled so explicitly the legacy of Togliattism and Berlinguerism. If the confrontation among the basic components of Italian democracy—Communist, Socialist and Catholic—belongs to the past, what does Occhetto propose to the PCI today? Above all, to commit itself to a task of profound reform of the political system, a real and true "perestroika." This means putting in first place the issue of institutional reforms, creation of a second republic, with rules by which the government will be based on programs to be carried out and not on preestablished alignments, and by which the coalition power will no longer be an "extraparliamentary power" and a "license for blackmail and exclusion."

In this context, one could also provide solutions to the issue of the secret vote in Parliament, and one could rethink the electoral laws themselves, meanwhile introducing majority-nature correctives in regard to the regions and communes.

In respect to the formulation of the Florence congress, the correction is profound. There, the concept of the alternative was based essentially on the priority political understanding between the two major parties of the historical left, the PCI and the PSI. And every time the two parties, for one reason or another, entered on a collision course, it became inachievable.

Now, by contrast, the idea of the alternative is based essentially on definition of a program of reform of the political system around which the available forces of progress and renewal can coalesce.

However, anyone who feared that collapse of the Florence formulation would lead to recovery of the "consociative democracy" must to some degree change his mind. More than a tactical choice, the alternative seems to be becoming, in Occhetto's formulation, a sole strategic choice, a point of no return based on a break with the preceding Communist culture. And possible confrontation points that would have to be settled with the DC, for example on institutional reforms, would be a contingent factor that would not contradict the strategic objective.

Thus, we are not saying that Occhetto's turning point must necessarily lead to a more intense struggle with the PSI. Rather, the PCI deputy secretary credited Bettino Craxi's party with having perceived from the outset that "a new phase in Italian politics had begun," however, he

criticized it for not having pointed out "any solution to the crisis of the present political system." The relationship that seems to look ahead is not an old way of understanding the ties on the left, that leads to recrimination when these ties crack. Rather, it is a relationship of challenge and competition among political forces that accept a reciprocal autonomy.

Occhetto's turning point sets itself two objectives, one of an internal nature and the other of external nature. Inside the party, it seeks to provide a response to the alienation, the genuine uneasiness that spread after the election defeat in the spring and that launched a nervous and divisive debate, a process of delegitimization of the leadership group, a flowering of clubs that seek outside the traditional channels new forms of communication, confrontation, and political formulation.

The effort is to replace the initial inertia not by restoring an authority that no longer exists, but rather by a legitimation based on a capacity for leadership and innovation. Externally, the objective is to emerge from a stall situation, one of political passivity, by choosing a ground where action can develop in the whole field, that of reform of the institutions.

The deputy to Alessandro Natta has for the moment provided only the outline of this turning point. The framework that will provide substance to it will come later. In a new meeting of the Central Committee on party problems, called for January, that will have to respond to the difficult and in many respects unresolvable problem of what a mass party should be in a society as diverse as the one in which the mass parties were born. The task that a committee on institutional reforms is tackling, discussing in particular a new electoral law reflecting the German mixed system, on the pattern of a proposal submitted by the vice chairman of deputies of the independent left, Franco Bassanini. It must have come primarily from the office for program, whose coordinator, Alfredo Reichlin, in a long article that appeared in *POLITICA ED ECONOMIA*, advanced the following ambitious proposals: develop a programmatic policy that unifies the various souls of the party and of the movement that is inspired by the Left, and offer ourselves to govern a major Western capitalist country.

Exactly because the framework still lacks the basic pieces, Occhetto's turning point has not convinced everyone. In the debate that the Central Committee engaged in on Thursday the 26th, Friday the 27th, and Saturday the 28th of November, were revived the same splits and same political divisions as in the June and July sessions, which then spread into the peripheral organizations to also erupt in the press.

Napoleone Colajanni, among the most restless exponents of the meliorist wing, has said, for example: "I do not believe that Occhetto's report can provide adequate

responses to the uncertainty of positions present in the body of the party. Formulations that are often too generic hinder the development of an operation to regain the political initiative."

Another exponent of the same category, Gianfranco Borghini, regards it as misleading to use the necessity for an all-fields policy in contrast to searching for a unitary relationship on the left, and added: "At the Florence congress we laid out a course (European left, preeminence of programs, etc.), but then we moved in a substantially different direction, with the risk that instead of becoming a modern reformist party we might become a kind of radical mass party."

On the other side, that of the Left, Pietro Ingrao, just as he had already forewarned at the leadership meeting, has developed a reasoning different from Occhetto's, which he considers inadequate to face the Communist crisis and the more general crisis of the country.

The opinion of the party's Left was that, after the election in June of the deputy secretary with the opposition of the right, there was a need to create a center-left axis. Occhetto's opinion—which remained of a Togliattian nature in this matter—was instead that the party should be governed by a strong center, even by cutting off both the extreme wings.

In any case, it does not seem that an intention to harshen relations with the Socialists should be attributed to Occhetto. The evening before the report to the Central Committee, Wednesday 25 November, the PCI deputy secretary went for supper to La Majella restaurant with his companion Aureliana Alberici. At another table Bettino Craxi, Claudio Martelli and Massimo Pini were eating. Pointing to Craxi, Occhetto whispered to the restaurant owner: When we come to agreement with that one, socialism in Italy will be strong."

[Box, p 16]

The objective that the PCI set for itself at the beginning of the membership card campaign was to have 80,000 more members in 1987, so as to reverse the trend of slow but steady drop that had been underway for more than 10 years. However, this year's membership drive ended up with a further decline, more pronounced than in the past. As of 24 September, the latest announcement prior to the end of the drive, there were more than 45,000 members less than at the same period of the previous year. However, there is one even more alarming fact: for the first time, the decline affected also the major federations of the Red regions. In Bologna, for example, there was a decline of 1,987 members, in Modena 2,034, Ravenna 1,271, and Reggio Emilia 2,949.

Only 23 federations out of 125 slightly exceeded the number of members for the preceding year. Among the major cities, the greater losses were in Milan (1,080 members less) and Naples (2,700 less). Rome, on the

contrary, came very near to its goal of 30,257 members. Among the smaller federations, the larger losses were at Pavia (1,363 fewer members), Teramo (1,180 fewer), and Pescara (1,124 fewer).

The membership campaign for 1988, the first managed by the new leader of the organization, Massimo d'Alema, opens this week with the customary "10 days," marked by section meetings, new member parties, branch work and "house to house." This will be the trial by fire for D'Alema. The proposed goal is to moderate the decline, possibly end it, to demonstrate that the new ruling group is capable of ending the party crisis. Also his predecessor, Gavino Angius, set similar objectives, with a 3-year plan to revive the PCI, reform the national sections, and establish political initiative centers open also to non-members, but he was not very successful.

### Occhetto Expresses Optimism

35280067a Rome LA REPUBBLICA in Italian  
5 Dec 87 p 5

[Interview with PCI Deputy Secretary Occhetto by Gianni Rocca; place, date not given]

[Text] Rome—[Question] Is the honorable Occhetto now satisfied?

The deputy secretary of the PCI has the minutes counted. Because in addition to the routine of his office he now has the problem of traveling around for the party, taking its pulse after the recent Central Committee meeting, the one that many papers, LA REPUBBLICA included, described as "Occhetto's turning point."

[Answer] "I believe I can respond affirmatively. I have the impression that we are leaving the phase of self-consciousness, the crisis of identity, which had sharpened after the election defeat of the latest "policies." I feel that there is a recovery of the party, even though much still remains to be done. Basically, the positions among us, even the most different, had in common the desire to return to waging politics, to opening a new stage. In short, to return to making the whole weight of the party felt. More than a turning point, we needed a signal of discontinuity. It appears to me that we have provided that."

### Break With Past

[Question] You talk about discontinuity, which is the opposite of the so-called continuism. Would you please translate from the political jargon: did your decision at the latest Central Committee meeting to put at the top the issue of institutional reforms represent a break with the past?

[Answer] "Please, with the need for clarity that everyone is reminding us of, there is no call for nominalism. I say that in the acute times of crisis our party has always been

able to find words of great political courage and intellectual audacity. What were the famous Togliattian turning point of Salerno or the notable Berlinguerian "jump" in connection with weakening of the propulsive push of the Soviet Union if not two innovative responses to political and ideological problems facing the party, the left as a whole, and the very requirements for democratic development of our country?

"With the latest Central Committee meeting we wanted to underline that a political phase of our country has ended irreversibly, and that before us are new issues that require new responses on the part of all, not only of us Communists."

[Question] It is curious that De Mita also thinks that things were going much better in the times of De Gasperi and Togliatti, even in the confrontation of the two alignments that they led.

[Answer] "Yes, that is true: between Togliatti and De Gasperi there were never winks, upsets, or under-the-table understandings. The confrontation was real, hard, but the perception of the national interest was present on both sides. And, I would add, a clear evolutionary vision of democracy. A democracy that must be rooted in society, promoted and broadened."

[Question] However, those are far-away times, unrepeatable. A lot of water has gone under the bridge. What does the crisis we are experiencing derive from?

[Answer] "Look, this crisis started a long time back, it had a long incubation. I put the turning point in Italian society at the end of the 1960's. The society had already grown enormously, it was calling for profound transformations, a quality jump in the method of controlling development and in the very functioning of the political system. Unfortunately, what prevailed was the logic of political alignments and not that of concrete programs. In short, there was not any substantial reform of politics, despite the abundant efforts of Moro and Berlinguer. It was no accident, precisely because of the failure to transform that system, that the national solidarity experiment got bogged down."

[Question] De Mita maintains that he brought up as early as 1982 the subject of political reform, that is, of the parties and their relationship with the citizens, but that he was left alone, even derided.

[Answer] "I would not question De Mita's sincerity. I can only say that he also did not practice what he preached. His obstinate persistence in the "iron five-party setup" was in fact in profound contradiction to the other aspiration. In that context, his very statements on the alternative could have turned out to be a ploy that stiffened the alignments, and thus hemmed in the political battle, rather than liberating it. In short, a static approach as opposed to dynamism. By this I do not wish to say that he was the only one who erred."

[Question] In fact you yourself, Honorable Occhetto, fully recognized, at the last Central Committee meeting, the serious lags by your party.

[Answer] "Certainly, we also showed up late for the appointment. Indeed I said more: I recognized that Craxi's party perceived before others the profound modifications that had occurred in the country and the inadequacy of the political forces in facing them. However, having said that, we also emphasized that Craxi has not dealt with the necessary consequences from this intuition: he has not come to terms, and has not called on others to do so, with the need to point out solutions to reinvigorate the political system; in short, the PSI secretary has limited himself to exposing the defects of a political system that had exhausted its 'propulsive drive,' and—if we want to be clever—to using them. But in this way—whether he wanted to or not—he has contributed to destructuring the political system, to making it even more ungovernable. However, the crisis has now reached such a point that it no longer provides any profit in position. Even Craxi, from this aspect, is weaker today than yesterday. If there is not a radical turning point in the political life, the Italian Republic will founder over a cumulation of weaknesses, with serious risks to its very existence."

#### Rules of the Game

[Question] Thus, if I understand you, we must start from zero?

[Answer] "In reality, one never starts from zero. At the Florence congress, we ourselves had already understood that the policy of alignments was finished. That is why we aimed at programs and the idea that the program should no longer be the result of alignments, but vice-versa. Today we want to explain with maximum effort that this reversal involves a comprehensive reform of the political system, and thus also redefinition of the rules of the game. The core of our analysis, today, is that what is needed is more governing ability. What do I mean? That the solutions to be given to the basic problems of society must be identified. The parties must regain the planning capacity, and the government regain leadership effectiveness. These are two essential factors, because one cannot govern without programs, and the programs have to be proposed by government. Unfortunately, in the phase we are going through, the relationship between parties and government is in open contradiction, with the ones hampering the other, and vice versa. The latest crisis, provoked by the Liberals, is the lowest point reached in the degeneration of the political life and struggle. For this reason, we are thinking about a government that should receive a 'programmatic confidence' and 'constructive no-confidence,' that they would protect from the ambushes of particularisms, of pure party thought patterns. Thus, we think that an alternative government should in turn be based on a program that

really coalesces a social bloc profoundly interested in a policy of transformation, prepared also to pay costs, if necessary, but as a function of a very clear and visible goal of change."

[Question] It appears to me that the current Gorla government is not responding at all to these needs.

[Answer] "The danger of this government lies precisely in its weakness. I mentioned previously the crisis provoked by the Liberals because it publicized the power of interdiction that today even a modest political force possesses. It was a negative example given to the country, because in this way the 'individual,' the 'special interest' becomes a general pattern of behavior, it sinks into the fiber of the social body, it poisons it. And if the social fabric unravels, fragments, then it all becomes useless, politics becomes a subsidiary factor, there is increasing scope for other powers, it loses credit among the people, and renounces its function of coalescing and guiding the processes of the country."

[Question] In fact, the people are increasingly moving away from the party, and the disinterest in politics is growing.

[Answer] "That is precisely the danger. The end of the ideologies has been hailed as an important cultural phenomenon. This is true, but it has left a void that no one has been able to fill by giving new ideals to political action. We think that a joint commitment of the political forces that understand the necessity for a turnaround, for opening a new and higher phase for the democratic life of the country, and that put institutional reforms in this context, could again bring the people to regard the public good as their own. The desire for change is present in everyone, even if in a confused way. We are not addressing only the political forces; we are addressing all the dynamic forces in the country; we are calling on them for an active commitment both to overcome obstacles and to defeat instrumentalism. It is a new constituent phase that is opening. We will not permit that it become enmeshed in petty games. Moreover, some people are beginning to understand that we are serious." [Question] Who, for example?

[Answer] "Look here. This is an article in IL POPOLO. I will read to you the passage I underlined: 'The PCI is thinking about a challenge, not against any individual, but to advance everyone together; for the first time, it is putting the other political parties on the same plane, without a priori preferences.' It seems to me that the DC paper hit the mark. That is indeed our objective. We need to see whether it is really also the objective of the DC. Whether it really wants to transform the political system of the parties."

[Question] The Socialists seem to me to be more cautious, however.

[Answer] "Yes, indeed, the PSI seems to me to be still cautious and rather silent. Yet, a few days before the Central Committee session, Craxi said in an interview: 'There are underway, and they did not begin today, by us and around us, powerful transformations that incur the necessity for changes, even radical ones, in the analyses, objectives and patterns of political action. On the major institutional, economic and social issues, it is necessary to create and implement a certain convergence of the forces of the left, and more generally the forces of progress. This would be a very good thing.' We agree completely: it would be a very good thing. It is enough to want it."

[Question] But when you mention institutional reforms, you, like the others, one cannot escape the feeling that you are talking about a book of dreams. There are now so many things to be changed, the accumulated delays so great, and the party and patronage incrustations so extensive as to make one think that years and years will be needed.

[Answer] "I do not believe such a pessimistic view. Certainly, the damages are visible, but the important thing is to find the way to solve the problem. We, and not only we, believe we have found it. Certainly, if the whole battle were to be reduced to some retouching of the election law or the way of electing a mayor, then we would gain little ground. An institutional reform has to have at its center its highest forum, Parliament. And then we have to decide whether a single house can be adequate for legislating, as we believe. And whether such a large number of members of Parliament is really necessary, and whether the present voting mechanism of the preference vote for being elected should remain unchanged, even though it is a possible vehicle for corruption. And then, as I said previously, what should be the real power of action of the prime ministership, and what should be the mechanisms of 'confidence' and 'no-confidence' on which a government should stand. And this is only the beginning of a serious reform of the institutions."

#### **An Italy To Be Refounded**

[Question] Certainly an inspiring project but...

[Answer] "Don't interrupt me, please. I would like it to be clear that to us it is not simply an institutional engineering matter. There are those who fear and those who hope that we can limit ourselves to having our say on simple retouchings, perhaps even playing a mediation role in this area, a low-level one, between the DC and the PSI. Don't interpret us in this way: you would be wrong! And I would also like to add that it is nonsense to talk about a weak reformism relating to renewal of the political system. In reality, what is involved is a reform stronger than one can imagine, also for society. Why has the problem we have put at the center—renewal of the political system and the state—aroused such interest? Why not talk only to the political insiders? Because

everyone feels that there is something profound that is not working, that is jamming daily, and that concerns real problems that are everyday and affect each citizen: hospitals, transport, taxes. When we talk about the state, we are also talking about the social state, that is, how the society stands together in a more just and modern way; we are talking above all about a new economic democracy, and about a new representational ability of the trade unions, a problem that is also central in the crisis of the political system."

[Question] In short, an Italy to be refounded?

[Answer] "Just so. I believe that there will be many resistances to change, and not negligible. Nevertheless, we are ready to play the big game. Now we want to 'go and see,' as they say. We want everyone to lay his cards on the table. We do not believe in 'everything and quick,' because we know that this is not possible in politics. We accept the method of gradualism, but on one condition: that it derive from a general clarification that brings the major constitutional forces into agreement on the goals of the general directions. The time has come for all, not only for us, to make a jump in quality. In conclusion, the institutional reform must contribute toward a government that really wants to change the method of governing."

[Question] Best wishes, Honorable Occhetto.

[Answer] "Best wishes to the country. It really needs them."

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#### **PORTUGAL**

**Azorean Separatist Movement Advocates 'Atlantic Front'**  
35420046 *Lisbon SEMANARIO in Portuguese*  
9 Jan 88 p 64

[Text] The FLA [Azorean Liberation Front], an Azorean separatist movement, advocates in a statement the formation of an "Atlantic front" that would include the archipelagoes of the Azores, Madeira, Canary Islands and Cape Verde and whose aim would be to "reinforce each one's relative position in the struggle for political self-determination" for the islands' inhabitants.

/06091

#### **SWEDEN**

**Carlsson, Westerberg Debate Seen as Preview of Campaign**

**Welfare-State Role Argued**  
36500034 *Stockholm DAGENS NYHETER in Swedish*  
8 Nov 87 p 2

[Editorial: "Carlsson Answers Westerberg"]

[Text] The verbal exchange between Bengt Westerberg and Ingvar Carlsson provides a hint of what next year's election debate will be like. The Liberal Party will talk

about the Social Democrats' socialist goals and the "tyranny of small steps." The party cannot really expect to get an answer to this in the usual sense of the word. The Social Democrats will not discuss social systems and ideologies this time.

On several occasions Westerberg has quoted from the work, "What is Social Democracy?" which Ingvar Carlsson helped to write. It says among other things that the choice between reformism (i.e. Social Democracy) and revolution (i.e. communism) is a question of procedure—"not who is more socialistic." Reformism will use gradual changes to achieve "a complete change of society" and in that sense "reformists are also revolutionary." The Liberal chairman has also quoted a statement to the effect that there does not seem to be any room for privately-owned companies in a society that has been completely transformed by the reformists.

In his speech in Eskilstuna on Saturday and in the general political debate Ingvar Carlsson was obviously on the defensive. "People do not believe that Social Democracy has the same goal as communism. People do not believe that we do not want to have any individually owned companies." That was all! In Riksdag he countered the same criticism by pointing to achievements. The state business sector grew during the nonsocialist years but has decreased since then. The Social Democrats have drawn private capital into the Joint Post Office and Commercial Credit [PK] Bank, the State Steel Corporation [SSAB] and Procordia. Employment in the private business sector declined in the period 1976- 82 but has increased since then. The same is true of the number of doctors in private practice, Carlsson stressed, a remark aimed at the Liberal campaign for private initiative in the health care sector. He concluded by saying that with this defense against Westerberg he was deliberately leaving his "whole flank open to Lars Werner." He was prepared for that!

In the past attacks like Westerberg's usually touched off a counteroffensive. The real goal of the critics was to destroy welfare policy, turn back the clock, give hard-boiled egoism the upper hand! The "ideological debate" would then be off and running.

Westerberg received a fairly feeble response from the nonsocialist papers. VASTERBOTTENS-KURIREN (liberal) said tactfully that the Social Democrats should be reproached more for a desire for centralism than for socialism, while NYA WERMLANDS-TIDNINGEN (Conservative)—of all papers!—considered it unseemly for the Liberal leader to depict the Social Democrats as "shady types who are communists at heart." EXPRESSEN (liberal) talked of "platitudes."

Such words must surprise Ingvar Carlsson, at least. If the nonsocialist newspapers consider it impertinent to remind people of what the Social Democrats are working

for in the long term, as shown by their own words and deeds, he will have an easier time than any of his predecessors. He should not expect this state of affairs to last forever.

There is always tension between the pragmatic and the ideological within the Social Democratic Party and the most important task of the party leadership is to allow both elements to come into their own. After the wage-earner debate, if not before, we know that Bengt Westerberg's main thesis is correct. If the Social Democrats are serious about their ideology, if they turn general program statements into decisions concerning how society should be organized in economic respects, we will suffer from loss of freedom and standardization. This is not just a slanderous remark about the labor movement but a conclusion that many concerned Social Democrats have also drawn from the debate on wage-earner funds.

The party often behaves pragmatically, especially when most things are going well, as has been the case since 1982. When reality is harder to cope with the traditional ideology usually reappears. In a crisis they tend to seek their roots and derive inspiration from collective Utopias. In everyday political life there is a fondness, which varies in degree from time to time, for solutions that are in tune with the original anticapitalistic ideology.

The next election is always in the thoughts of a party leadership and a government. Policy is formed in an interaction with opponents. What a Social Democratic government actually does is far from the Social Democratic policy we would be subjected to if the labor movement was not aware of the danger of an election defeat. Ingvar Carlsson's and Kjell-Olof Feldt's practical policies are a poor reflection of the thinking and trends among active members of the movement, even though they still inspire great confidence.

It would be an admission of failure if we didn't tolerate a discussion of long-term goals. Westerberg's persistent questioning is in no way unjustified.

#### **Tax, Budget Issues**

36500034 *Stockholm DAGENS NYHETER in Swedish*  
11 Nov 87 p 2

[Commentary by Hans Bergstrom: "Christmas and an Election in Sight"]

[Text] Olof Johansson speaks more eloquently about lowering the value-added tax on food than we do, Lars Werner exclaimed when the party leaders met for a debate at the state civil servants' congress. And he was quite right.

Everyone brought Christmas presents for the wage earners with them. The leaders of the Center Party and the Left-Communist Party [VPK] promised lower taxes on food, a tax cut that would be only partially financed by other increases.

Finance Minister Feldt brought along payroll tax reductions totaling 3.5 billion kronor—without canceling the health insurance improvements (which the organizations requested last year) that the taxes were meant to finance. He also stated that income taxes would be reduced by 3.5 billion kronor at the end of the year, primarily in the form of increased basic deductions.

Liberal Bengt Westerberg and Conservative Lars Tobisson wanted to add further reductions in marginal taxes without linking them to any specific savings in the area of public spending.

They all had arguments for guaranteeing increased real wages in 1988 without forcing the unions to seek such high nominal wage increases that the competitiveness of Swedish industry would be undermined. But is the struggle for real wages the main driving force behind excessive nominal wage increases? Isn't it more a question of the struggle to preserve or change relative positions? In that case the political Christmas gifts will not make much difference.

The decline in world trade and the international economic crisis that have posed a tangible threat in recent weeks were conspicuously absent from the party leaders' debate. Doesn't this affect the public sector? Yes, to a very large extent. If it becomes a reality the finance minister will have to recalculate his revenue estimates. Then there will be no billion in unanticipated value-added tax revenues as a result of domestic buying sprees. And in that case no one could enact or negotiate any increases in real wages.

Production growth is the only thing that will provide a basis for increases in real wages, Feldt made this clear in a moment of plain speaking. There is a risk that 1988 and 1989 will be very poor growth years. All forecasts also indicate a deficit in the balance of trade which means that we Swedes will consume more than we produce.

Olof Johansson also joined Lars Werner in attacking the government's "cash limits" on state authorities. There was no question that the Center Party leader had logic on his side when he asserted that this is a variation on income policy, since at the same time the government is of the opinion (confirmed by Feldt during the debate) that wage developments for public employees should not lag behind those for private employees. In other words this is a kind of norm for the entire labor market if it is to be regarded as functioning at all.

Will the number of civil servants in county governments' environmental protection units be cut if the state contracts end up at a higher level than 4 percent? That question from the Center Party leader hit the mark.

Two other elements were especially worth noting from a political point of view. One concerned conditions for nonsocialist cooperation. The Center Party leader deviated noticeably from the other opposition representatives. He stressed the distribution rather than the growth aspects in central tax issues, among other things. And he tried to make the Center Party something of a spokesman for large groups of public employees within the framework of the system. At the same time the Center Party preserves its nonsocialist credibility by cooperating constructively on efforts for a joint family policy, the elimination of funds and the sale of state enterprises (where the Center Party presented the most thoroughly prepared material).

The other point was the question of the tax burden. Kjell-Olof Feldt was silent when the Conservative leader's deputy, Lars Tobisson, asked if he agreed with the goal the prime minister presented in the general policy debate in Riksdag: to reduce the tax burden to the 1982 level, in other words a reduction of around 60 billion kronor. Feldt's debate time was over, a fact that he did not regret.

#### Opposition Parties Ill-Prepared

36500034 Stockholm DAGENS NYHETER in Swedish  
14 Nov 87 p 2

[Commentary by Goran Schuck: "Opposition Unprepared for Recession Threat"]

[Text] Not only does the government's luck with the economy seem to be running out. Its economic assessments are also out of step with the times.

On 19 October the New York stock exchange began its decline; only a few days before, the government had presented a fairly bright picture of international developments which included an anticipated growth of between 2 1/2 and 3 percent in the U.S. GNP. Now considerably more pessimistic estimates are being made in various quarters. But apparently we will not find out what the government thinks about the matter until January, when next year's budget plan is due.

Of course it takes time to decide what a sudden turn in the market will call for. It is true that the opposition parties have had the advantage of being able to present their motions on economic policy much later than the stock market decline began. Even so it seems that the risk of a quick change from an overheated economy to a potential recession has tended to strengthen each party's conviction that the proposals it had already presented were good ones; lowering marginal taxes for the Conservatives and the Liberals, eliminating the value-added tax on food for the Center Party.

But the underlying arguments for the motions are actually of greater interest than the proposals themselves. The Conservatives have the most ambitious plan with an estimate alternative to the long-range report (LU) in

which they try to show how much better the Swedish economy could be with a lower tax burden. But there is hardly one correct figure in the Conservative motion, because all the material was presented in a report on 13 October—less than a week before the stock market decline. One cannot state now with the same assurance that GNP growth will be 2.8 percent instead of the 2.3 percent estimated in LU, etc.

But what remains is the important distinction the Conservatives make between competitiveness on the one hand and developmental capability on the other. The party maintains that repeated devaluations have tended to help preserve a business structure that is unprofitable in the long run; companies in "old" branches have been strengthened as a result of a more favorable cost situation, while high-tech branches have developed more slowly than they have in comparable countries. Structural changes have been hampered, which limits future potential.

The Liberal Party's motion contains a detailed analysis of the reasons for the increase in tax pressures in recent years: from 50.1 percent of GNP in 1985 to an estimated 56.4 percent in 1988. This 6.3 percent increase can be divided into increases in the direct taxes and indirect taxes and fees paid by households—4.6 percent—and company tax payments—1.7 percent.

About a third of the amount paid by households is due to the fact that their relatively heavily-taxed incomes have risen more quickly than the GNP; in this instance the increased taxes are a result of the fact that wages have risen at the expense of capital. Another half percentage point of the tax increase is due to automatic forces—the decline in oil prices has provided leeway for the increased consumption of goods subject to value-added taxes. The main reason why businesses are paying more in taxes is that they have exhausted their possibilities for allocating profits.

But 2 percent of the increased tax burden is the result of deliberate tax increases, according to the Liberal Party. They refer primarily to increased employer taxes, new property taxes and marginal tax increases resulting from inadequate protection from inflation. While wage earners' nominal incomes have risen by 22 percent over 3

years, the tax rate has only been adjusted by 10 percent. Seen as a whole the politically determined tax increases add up to about 20 billion kronor.

In what form this money should be returned to households is another question. The Liberals, like the Conservatives, advocate an unfinanced reduction of marginal taxes prior to the contract negotiations, while the Center Party explains in its motion that this would contribute to overheating the economy even more. However that risk no longer seems to be so immediate; but should it really be seen as a political task to try to provide room for an increase in real household income when it looks as if production growth will be weak? Rather than causing new deficits in the balance of trade and public finances, market conditions should be allowed to make an impact.

The fact that we find it so difficult to balance foreign payments is connected by definition with the lack of domestic savings. Companies have quite rightly started borrowing to pay for their investments instead of sitting on large amounts of cash. But household savings also show minus figures and savings in the social insurance sector, primarily the Swedish Insurance Pension [AP] Fund, are declining. The only thing that has really improved is the state budget balance.

This is an economic concern, but also an ideological one. Both the Conservatives and the Center Party oppose increased public savings in their motions and want to replace them with household savings. The Liberal Party does not disagree but regards it as necessary to accept net public savings as long as household savings do not show an increase; this means pursuing a tight fiscal policy.

But in the name of consistency the Conservatives and the Center Party want to ease fiscal policy in order to reduce public savings. Households would then make their own decision as to whether Sweden will achieve balance in the area of foreign payments; increased consumption would mean larger deficits. Thus the Conservatives and the Center Party are setting the stage for a new economic crisis. One must hope that they are not serious about this.

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## DENMARK

### Defense Minister Collet Reacts to NATO Criticism of Funding

#### 'Serious Shortages, Weaknesses'

36130036a Copenhagen BERLINGSKE TIDENDE  
in Danish 2 Dec 87 p 10

[Article by Kermit Norlund: "Sharp Criticism in NATO"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] Brussels—A NATO report yesterday showed that the other NATO countries are worried about "serious shortages and weaknesses in Denmark's defense." Collet is satisfied with Worner as NATO's new secretary general.

According to Defense Minister Bernt Johan Collet a great many weaknesses in the Danish defense system were brought out yesterday during the meeting of defense ministers in Brussels.

This occurred partly in the annual review of conventional defense in NATO countries and partly in talks with the defense ministers of various countries.

Collet said the Danish weaknesses were also brought up in a talk he had with Frank Carlucci, the new American defense secretary.

"Our allies pointed out serious defects. They also noted the imbalance between our gross national product—in other words our ability to supply adequate resources for defense—and our actual contributions to NATO.

"The situation is so serious today that our allies are urging us to contribute more to the joint defense effort," said Collet, who told us that the countries unanimously advised Denmark to at least maintain our defense system at the current level and replenish stockpiles.

At the same time Bernt Johan Collet expressed his pleasure that the NATO countries can now agree on West Germany's candidate for secretary general—Defense Minister Manfred Worner.

He regretted that the Norwegian candidate, former Prime Minister Kare Willoch, had withdrawn, but emphasized that both candidates are "very capable." Collet expressed full confidence that Worner will fill his role as the "alliance's man" when he succeeds Lord Carrington of Great Britain next summer.

Manfred Worner declined to comment yesterday on the fact that he will now be the only candidate when the foreign ministers meet a week from now to decide who will fill the NATO post.

### Paper Attacks SDP Demands

36130036a Copenhagen BERLINGSKE TIDENDE  
in Danish 3 Dec 87 p 16

[Editorial: "Below Average"]

[Text] Denmark's new defense minister did not bring unqualified good marks home with him from his first regular NATO defense ministers' meeting. The annual review of the alliance's defense efforts took a grave view of Denmark's contribution, which was the subject of severe and at times harsh criticism in many areas. At a time when the effectiveness of conventional combat forces is assuming increased importance, critical eyes have become even more aware of the weaknesses produced by an inadequate investment in this area.

In light of the current negotiations on a new defense compromise, the annual report card should provide thought-provoking reading for the parties in Folketing that would be satisfied with funds that are felt to be considerably below average. This criticism is not new, but it is more extensive than before and hits the mark when it points to an imbalance between Denmark's contribution and our capacity—in light of the situation in other NATO countries.

The future prospects for Danish defense do nothing to allay the concern of our allies. Therefore Bernt Johan Collet is right when he says that the Social Democratic demand for a zero solution in connection with the new defense budget would really be a minus solution. The minimum demand must be that Denmark's defense is not eroded further and that will require increased appropriations.

### Paper on Shultz' Comments

36130036a Copenhagen BERLINGSKE TIDENDE  
in Danish 5 Dec 87 p 12

[Editorial: "Incisive Criticism"]

[Text] The criticism aimed at Denmark's NATO policy in recent years by American Secretary of State George Shultz on Thursday was both correct and incisive. No one can be in any doubt that the criticism was aimed especially at Folketing, not specifically at the government, which has long had to look on while over 20 agenda reservations were approved.

If our NATO allies had followed the wealth of Danish advice, the NATO alliance would have been weakened to the point where the Soviet Union would have felt no need to start negotiations on the future of European medium-range missiles. It should be obvious to anyone with even a minimal sense of reality that only NATO's ability to stick to the original 1979 decision—in spite of the Danish and Greek reservations—produced the missile agreement that will be signed in Washington on Tuesday.

And Foreign Minister Uffe Ellemann-Jensen has not been slow to admit that his American colleague, who is coming to Copenhagen a week from now, is right. The Danish government has had its own policy—and Folketing has had another. The Folketing majority should now approve a final agenda item expressing satisfaction that our NATO partners ignored the Danish appeals. The Soviet Union negotiates only if there is no other alternative. NATO's insistence on implementing the missile decision ensured that there was none—after the original negotiating moves had been rejected.

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## FEDERAL REPUBLIC OF GERMANY

### Coherent Forward Defense Demands Unit Initiative, Reserves

36200036 Bonn TRUPPENPRAXIS in German  
Nov/Dec 87 pp 597-584

[Article by Maj Peter Rzczewski (Gen Staff): "Defense and Reserve Coherence"]

[Text] [Box] Even though the concept of "coherent forward defense" is frequently used and represents a constantly recurring demand on all levels of tactical training, regulations fail to provide binding definitions. The following article tries to explain how important a "coherent forward defense" is and how its effects relate to the deployment of reserves on the brigade and division level.

"O400 hours...the brigade was without reserves. All forces were engaged...pressure mounted everywhere. The 2d Battalion reached position A7 where it destroyed 20 tanks and all accompanying infantry. At 1700 hours, the commander of the 3d Battalion, Oded, reported that a large Syrian unit had managed to bypass position A9 and was advancing along the tapline toward Juhader. Another breakthrough was reported from the region surrounding A 10, whereupon the deputy commander of the 2d Battalion decided to lead a company of tanks southward to Telaski to alleviate the pressure...at 1800 hours, all three major Syrian advances became evident: more than 100 tanks had crossed the front lines in the southern section and as many had broken through along the tapline to the road to Kudne. In both cases, almost an entire brigade had succeeded in breaking through the lines. In the region around A 10, a unit of undetermined size broke through with tanks and infantry..."(1)

This authentic report describes one of the most serious tactical scenarios—the loss of "coherent forward defense." In this case, the problem is aggravated because the brigade is unable to throw in fresh reserves. Given our current strength in the conventional field, such a situation can equally well occur in the defense of our country, such as when a Bundeswehr brigade, after an enemy attack with little warning, needs to cover the deployment of allied forces. Consequently, the concept

of "coherent forward defense" has come into frequent use and represents a constantly recurring demand on all levels of tactical training. To quote from HDV 100/100, Nr 2702: "...it is essential to maintain a coherent forward defense and to hold your ground...."

Since regulations fail to furnish binding definitions of this term, this article reverts to criteria published in 1980 by Lt Col (Gen Staff) Klenner.(2) He maintains that a coherent forward defense exists as long as: positions that are essential for the defense are still under control of the defending forces; a unit's ability and substance to execute operations are not at risk; military engagements proceed as planned and coordinated by the commander; the defense avoids fragmentation and refrains from fighting several barely connected skirmishes; and cooperation with neighboring forces is maintained.

These criteria take on different meanings and characteristics depending on what level of operations is under scrutiny. This article will restrict its examination of these criteria to the brigade and division level where it will discuss the necessity for, and the consequences of the deployment of reserves.

### Key Positions

#### "Positions that are essential for the defense are still under control of the defending forces."

This criterium deals with the control of crucially important territory by a division or a brigade (Nr 2706).(3) As an operation is planned, key positions are pinpointed. These will have to be retained under all circumstances, and if lost, must be recaptured. Key positions attain their importance for the most varied reasons.

A key position can be the presumed intermediate or end target of the enemy; it can also represent a cornerstone of one's own defense or it can be nothing more than territory that must be covered by firepower. Defense of key positions often requires the deployment of reserve troops.

To operate successfully, it is important for a brigade, as the crucial unit in a combined forces engagement, that only the truly essential parts of a territory are declared to be key positions. Only then will it be possible to determine areas of concentration and to coordinate plans for different levels of operation with overall command strategy. Too many "key positions" will not only weaken the defense from the very start, but will also deprive the command of operational freedom.

In case an engagement takes an unexpected turn or encounters localized difficulties, it must remain possible to elevate a previously unimportant piece of territory to a key position. It is up to the brigade commander to recognize such a situation early enough to designate new areas of concentration. In most cases it is less costly to

throw in reserves at the right time for either reenforcement or containment than to later stage a counterattack to recapture the lost territory (Nr 2722).

**"A unit's ability and substance to execute operations must not be put at risk."**

Substance here refers to a balanced relationship among a given unit's fighting power, tactical strength, and mission. Whether a fighting force can successfully deal with a mission depends, among other factors, on the soldiers' experience, their willingness to fight, and the quality of leadership. A brigade commander can still assess such factors in his units all the way up to the forward edge of battle (Nr 1018), but from the distance of a division such an exact knowledge of the "batallion at the front" is no longer possible.

It is necessary on the brigade level to replenish losses of varying degrees from early on. However, in such a case, the replacement of men and equipment is only partially effective. A brigade commander must above all strive to retain the initiative through the possible use of reserves and he must use his personal knowledge of his men, their leaders, and the embattled territory to stage localized counter-offensives. In this way, critical situations can get nipped in the bud, and may even lead to increased freedom of operation (Nr 2761). Since the introduction of Army Structure 4, conditions have improved in this respect.

On the division level other criteria guide the decision when to use division reserves for the replacement of losses incurred by forward positioned brigades and units. At first, other means of operation will be employed to secure a coherent defense, such as a relocation of combat units. Any decision to reenforce the front lines with division reserves must be thought through very carefully because it will always mean their fragmentation (Nr 1034).

A division has to aim at using its reserves only when the enemy's main attack is imminent. This is the only way for a division to save its most powerful offensive and defensive weapon with which to completely defeat an invading enemy (Nr 2762). For this reason, a division will attach its reserves and other assigned replacement units to a brigade before the onset of battle. That way, a division can arrange from the start for the availability of maximum fighting power and freedom of operation.

**The Progression of Battle**

**"A battle progresses as planned and coordinated by the commander."**

A commander's leadership must be noticeable before as well as during battle. It is of less importance for a brigade than for a division that all plans are in place before the onset of battle. Only after a brigade has received all its additional combat, operations, and logistics support has the time come for a detailed planning of operations.

During a battle, a division will only rarely succeed in quickly reassigning troops. A division's advance planning assumes increased importance, should the enemy plan to use air, artillery, and electronic warfare.

In case of electronic warfare, a brigade commander is still in a better position than a division commander to directly influence his troops. Small distances suggest the use of mobile command centers to secure unified leadership. It is rarely possible to exert such immediate control on the division level. Another example to this point is the difference in time it takes to relay and execute a brigade order as compared to a division order.(5)

More or less the same observations apply to the formation of areas of concentration—another means by which a commander can retain the initiative in a battle. Because of the area a brigade covers, it is possible to shift areas of concentration rather quickly. This is particularly true for the redirection of concentrated artillery fire. Because of the advantageous relationship between an artillery's firing range and the depth of a brigade, only a simple traversing of guns will suffice. Such a possibility has its limits in the case of a division however, because of its different width and depth. For such reasons, it must be stressed again that division commanders must decide most combat operations before the onset of a battle because, once the battle rages, there is little room left for manoeuvring—a point this article will explore further.

The commander's direct influence on the brigade level is of critical significance during a battle. Because of the proximity of a brigade's forces and reserves and their high mobility, the commander can react especially effectively, and thus can be instrumental in maintaining a coherent forward defense.

**The Significance of Initiative**

**"The defense must avoid fragmentation by refraining from fighting disconnected skirmishes."**

An examination of the principles behind the Warsaw Pact's offensive strategies reveals that attacking units will aim for fast and forceful penetration so as to underrun opposing anti-tank fire and the possible use of tactical nuclear weapons. Our strategy of containing the enemy by mobilizing considerable force at the forward edge of battle—a tactic that practically requires the occupation of this entire area—cannot with certainty prevent isolated breakthroughs of this nature, because it allows for weaker areas deeper in the formation.

Awareness of this fact, can actually bring advantages. When the enemy penetrates the front lines, he will expose his flanks—a situation that encourages counterattacks (Nr 2761). It is also an opportune moment to

regain lost defense initiative. It is an essential responsibility of organic reconnaissance to prevent a fragmentation of forces and a separation of the major units that carry a combined forces engagement.

Other important prerequisites for maintaining a coherent forward defense involve successful delaying tactics or forward based engagement, because both wear the enemy down and force him to open his lines of defense. As the battle progresses, it becomes crucial to recognize shifts in enemy concentration and to outmanoeuvre them successfully. The ability to do just that, ensures an ever-increasing operational edge that will take the initiative from the aggressor.

The substantial means for gathering intelligence on the division and higher level provide first data for planning, preparing, and executing defense strategies. These data are then constantly supplemented by intelligence originating within the units. Another requirement to prevent the entire operation from dissolving into isolated skirmishes is—as outlined in the previous section—the necessity to execute the commander's directives uniformly and on every level.

On rare occasion, a situation might arise where—in the name of defense coherence—encircled troops should not immediately seek to rejoin neighboring forces, but rather to keep on fighting in an effort to tie the enemy down and to attack him as he exposes his flanks in a forward push (Nr 2761). Such an action can provide the command with enough manoeuvring space to force the decision of the battle elsewhere. The tactic of holding on to "cornerstones" can be of critical importance for successive operations on the next higher level (Nr 2765).

A brigade must then decide whether it can deal with an enemy by itself or whether it has to forestall the fragmentation of its defenses by containing the enemy after it has broken through the front lines, so it can facilitate a successful deployment of division reserves. One needs to keep in mind though, that ideally a division will deploy its reserves only for the purpose of reestablishing its own coherent forward defense or to take advantage of the possibility to decide the outcome of the battle.

In order to react appropriately, a division depends on overall battle strategy as well as on the smooth flow of information to and from brigades. Only with a clear picture of the situation in mind, can a division commander decide where the enemy is concentrating, how much time is available, and whether fragmentation must be held in check by either pulling back the lines of defense or by deploying division reserves.

#### **Boundary Lines Between Units**

**"The cooperation with neighboring forces remains possible."**

The Warsaw Pact tactic dubbed "bold thrust" and the deployment of operative manoeuvre groups serve the objective of opening a breach at the line where two units

interface, since this area is particularly difficult to defend. In such a case, too many factors forbid the prescription of pat solutions. Some of the factors that will influence a decision in this respect are the characteristics of the terrain, the center of enemy concentration, the kind of available support, and which units share boundary lines (tank units, armored infantry, home defense, and airborne units).

Normally, a brigade will be fully occupied with the task of securing its main line of defense. Thus, it becomes of great importance what sort of forces a division and its assigned corps can mobilize to seal off or contain breaches occurring at unit interfaces, such as swarms of anti-tank helicopters and anti-tank mines deployed by multiple rocket launchers, to give two examples.

Even though such means result in quick reaction, they are most effective when used in conjunction with combat troops. It follows once more then, that it is necessary when planning a comprehensive strategy to fully arrange for the deployment of reserves, for reconnaissance, liaison, and mutual fire support, so as to give the enemy no clue about where to stage his breakthrough actions.

#### **The Deployment of Reserves**

Before discussing the preceding observations and their implications for the deployment of reserves on the brigade and division level, it might be useful to examine some basic facts first. Nr 2720 in HDv 100/100 deals with the importance of reserves.

In general, reserves are intended to reenforce forward defense, to contain enemy forces that have broken through front line defenses, and to lead counteroffensives.

Without any reference to a specific level of operation, these three tasks appear to be of equal importance. An additional requirement is, that reserve units be highly mobile (Nr 2720, 2721). Furthermore, reserve units are expected to diminish in strength as the level of operations decreases.

On the lowest level, this can amount to a complete abandon of reserves, provided the next higher level has sufficient reserve capacity (Nr 2720). Consequently, small units are forced to recruit their reserves exclusively from forward-based, non-committed forces. Such a tactic is only feasible because of the short distances between small units and the intimate knowledge of the terrain. There exists a situation though, where the rapid deployment of such non-committed forces can also aid major units in either capturing or maintaining the initiative.

The proportion of reserves to already deployed forces, as well as their absolute strength create a situation where reserves—especially on a lower operational level—can only do so much. In order to be effective at all on the lower levels of operation, reserves have to be called in early.

Priorities	1.	2.	3.
Brigade Reserves	Containment	Counterattack	Reinforcement
Division Reserves	Counterattack	Containment	Reinforcement (partial)

Too many factors forbid pat answers to questions about the strength, composition, and deployment of reserves on the division and brigade level (Nr 2720). However, based on Nr 2761 and 2762 in HDv 100/100, certain universal conclusions are possible:

A brigade's mission-specific structure does not evolve until its operations, combat, combat support, and logistics units have been put into place. This means that a brigade is able to react quickly and effectively in response to unexpected situations that might develop during the course of a battle. To take full advantage of such flexibility, brigade reserves will, in general agreement with overall strategy, plan, prepare, and practice several quite different deployment scenarios. Short distances and immediate availability of reinforcements are the special advantage of brigade reserves. However, the deployment of brigade reserves are limited by certain priorities.(6)

A division will part with many of its units well before the onset of a battle. These units will either become directly attached to various brigades or will be readied to cooperate with them. This will leave the division with a diminished capacity to react to unexpected developments on the front—an acceptable fact, since it is theoretically the primary responsibility of the front-line command to clear up such situations.

Apart from its responsibility to monitor on-going operations and to assign additional forces, the deployment of reserves is—as already mentioned—a division's most important way to directly affect the course of battle. As a rule, a division reserve unit is roughly of the same size as a brigade. Even with extensive planning and preparation, it will take a unit that size quite some time to complete its mission—a fact which limits the deployment of division reserves (Nr 2762), but at the same time ensures maximum effectiveness in the case of deployment.

The relationship between strength, space, and time endows division reserves with a special ability to stage massive counter-attacks for the purpose of both maintaining a coherent forward defense and to contribute critically to the outcome of the battle.

### Conclusion

This short evaluation of Lieutenant Colonel Klenner's criteria for a "coherent forward defense" has led to the distinction of several important differences in the deployment of reserves on the division and brigade level.

A detailed analysis of the entire defense framework as it pertains to the division and brigade level, including aspects of terrain, weapon categories, structure, and enemy threat, will reveal additional differences that the general scope of this contribution cannot address.

However, the differences that could be isolated will naturally be reflected in the deployment of reserves—one of the most important means by which to either maintain or recapture a "coherent forward defense".

### Footnotes

1. Herzog, Chaim, "Entscheidung in der Wueste—Die Lehren des Yom Kippur Krieges", Ullstein Verlag, Berlin-Frankfurt-Wien, 2nd edition, 1975, p 99 and p 119.
2. Klenner, Dietmar, Auffangen, in: Truppenpraxis 4/1980, p 284.
3. HDv 100/100, 1973. Further references to this item will appear directly in the text.
4. Brand, Dieter, Fuehrungsgrundlagen in der Heeresstruktur 4, in: Kampftruppen 1/1981, p 5.
5. FueAkBw, Fachgruppe Fuehrungslehre Heer, Arbeit-sunterlage 6/48 "Zeitbedarf fuer die Befehlsgebung."
6. Kommandeur 5. Panzerdivision: Merkblatt fuer den Einsatz von Reservern zum Verstaerken in der Gefechtsart "Verteidung", Diez/Lahn, Feb 1983, p.1

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### FRANCE

**Military Spending, Restructuring Discussed**  
35190025a Paris *LE FIGARO MAGAZINE* in French  
28 Nov 87 p 89

[Interview with Francois Fillon, 33 years old, the youngest Commission chairman at the Assembly]

[Text] [Question] The 1988 defense budget authorizes the launching of several large-scale equipment programs. Can France afford concurrently the new Leclerc combat tank, a nuclear aircraft carrier and the Rafale combat plane?

[Answer] The nuclear aircraft carrier represents in a way the price which France must pay to hold its rank and fulfill its missions, especially in the Mediterranean. The first nuclear aircraft carrier will roll off the arsenals in

1992-1993. With regard to the Rafale combat plane, I deeply regret that a European cooperation agreement was not more seriously sought. We are now noting the result: Two programs for future combat planes are competing in Europe.

[Question] The 1988 military budget authorizes a decrease of operating expenses. Does not the effectiveness of the armed forces risk to be reduced because of it?

[Answer] I do not think so, but it is true that our pilots' training hours cannot drop below the ceiling reached this year. Having said this, the military program law set up parameters for the training of the armed forces and the 1988 budget respects them.

There are important sectors of productivity in the military. We can therefore save without lessening the effectiveness of our defense. To achieve this end, however, we must dare to temper with our structures. Let us take the air force, it made a tremendous effort to reorganize its bases. Their number was substantially reduced, while the size of the work force assigned to a given installation increased, in return for which the general services and the command can be carried out in a more rational manner without affecting efficiency.

Why not do the same for the land army? Furthermore, it is not against it; rather, it is the politicians and the deputies who are not ready to allow the shutdown of the barrack or the base in their district or town. Operating expenses for this year were slightly reduced (0.2 percent in constant francs), the armed forces will therefore have to improve its productivity without losing its effectiveness.

[Question] Are you in favor of reorganizing the national service?

[Answer] Totally. After the improvement of productivity in the military and the reorganization of its facilities, the reorganization of the national service seems to be the third necessary stage of an overall reform. The strictly operational needs of the three services are less than the size of the contingent. Why not affect to strictly military missions a contingent of volunteers who would enlist for an 18-month tour of duty while drawing a kind of salary? The others would then be called for a very short training tour to be carried out in their region. They would then be recalled a few weeks each year, always in their region. That is what our Swiss neighbors do and the system runs very smoothly.

This formula would make it possible to carry out a true defense policy, both civilian and operational, toward the territory. In addition, and it is far from being a small advantage, it would make all Frenchmen equal before military obligations. Today, close to 30 percent of the young people fail to do their military service; it is hardly admitted in public, but it is a reality.

6857

### Cost of Military Activities Increases

35190025c Paris LE MONDE in French 8 Dec 87 p 18

[Text] The Ministry of Defense asked Parliament for a supplementary budget of 2,153 billion francs for 1987, in order to cover its expenses due to the overseas activities of the French armed forces. This request is substantially higher than last year's request, which amounted to 1,609 million francs, and it appears on the 1987 draft supplementary budget, which is called the "supplemental."

In reality, this request, submitted to Parliament, is exceedingly smaller than the cost of operations conducted outside of metropolitan France by the three French armies and the national gendarmerie (LE MONDE dated 2 October), whether these operations occur in the Near East, Africa or overseas departments and territories.

As a matter of fact, the real cost of these operations has been estimated at 2,894 million francs for all of 1987, as compared to a 1,836-million-franc estimate for 1986. The increase is due mainly to operations conducted in Africa and off the Gulf, in the Gulf of Oman.

Thus, unscheduled expenses for the Chadian-Libyan conflict amounted to 1,695 million francs in 1987 and navy involvement, in the vicinity of the Gulf, to 620 million francs, or an average daily expense of 4.6 million francs for the French "Epervier" Plan in Chad and 4.1 million francs for the Gulf operation which only began last August. It should be noted, furthermore, that these estimates cover only what the armed forces call an "overcost," that is to say, expenses which are added to the cost of the armed forces in France during normal times.

The overcost chargeable to the operations in Lybia amounts to 138.6 million francs and the dispatch of land army and gendarmerie reinforcements to New Caledonia is estimated at close to 421 million francs.

Included in the other 1987 expenses is an overcost of 18.9 million francs due to the wage increase given French observers stationed in the Sinai and to the dispatch of detachments to Guiana for upgrading security at the Kourou Space Center. To the extent that Parliament will retain a "supplemental" smaller than the true needs of the armed forces, the ministry of defense will have to resort at the same time, within its own 1987 budget, to the transfer or redistribution of its initial credits.

6857

### SNECMA Reports Large Losses in 1987

35190025b Paris LE FIGARO in French  
19/20 Dec 87 p 17

[Text] The National Company for the Study and Construction of Aircraft Motors (SNECMA) is about to end the year with a negative balance. Bernard Capillon,

chairman and managing director of the company, recently confirmed this fact by recalling that, as of 30 June, losses were already amounting to 162 million francs. While unable to give a figure for the losses that will be reported, he said: "We will show a large negative balance by the end of the year." SNECMA showed a profit of 46.2 million for last year and of 76.5 million for 1985.

Military motors are the cause of this poor showing: Over these past 2 years, the inability of the Dassault company to sell combat planes has affected SNECMA activities, since SNECMA motors equip the Dassault planes.

On the other hand, the civilian sector is doing much better with, for example, the CMF 56 built jointly with the American company, General Electric. Over 2,000 units have already been delivered and the threshold of profitability, set at 3,000, will be greatly exceeded: Those less optimistic estimate that at least 5,000 units of all types, from a 10-to a 15-ton thrust for the Airbus A 340, will be built.

The turnover for civilian motors amounts currently to 55 percent of the overall figure, which exceeds 10 billion francs, 80 percent of which from exports. The ratio between the two sectors shifted gradually for the benefit of the civilian sector and Bernard Capillon believes that "this situation will continue."

The only military program currently under development is the M 88 with a 7 1/2-ton thrust. The chairman and managing director declared: "It must therefore be done, the more so as military activity is essential to a large-scale motor industry." For the time being, the schedule is being respected: It will be tested on the ground in 1989 and will fly in the Rafale of Dassault in the spring of 1990.

Like many industrialists, the SNECMA is subject to situations beyond its control, such as market conditions and the fluctuations of the dollar. The civilian market is currently "good and promising," including conditions for the future rapid turbo-propeller engine being jointly developed by General Electric and SNECMA (35 percent). As mentioned, the military market is "bad, but, given some time, should recover."

6857

## GREECE

### Details on Country's Participation in 'Irangate' Affair

35210037b Athens PONDIKI in Greek 20 Nov 87 p 3

[Text] 1. A bill of lading 2. Two telex messages. 3. Three letters.

These are the new documents revealed today by the PONDIKI, which:

- show most impressively Greece's participation in "Irangate," about which so much has been written abroad, but with many suppositions, questions, and certain gaps
- throw a dazzling light on the involvement of a Greek company in the whole affair!

More specifically, they show:

First, that ammunition of Belgian and Swedish origin was moved via Piraeus to Iran.

Second, that ELVIEMEK (Greek Explosives and Ammunition, A.E.) was the window dressing that permitted this movement.

Third, that the same company obtained the requisite export certificates, so as to hide the actual ultimate destination, which was the Iranian port of Bandar Abbas.

Fourth, that in order to hide the tracks of the protagonists of this venture and to avoid "embarrassments" here in Greece, a subsidiary ELVIEMEK had also been formed, with its headquarters being Monrovia in Liberia!

Fifth, that in order to pay for the various transactions, there was also an illegal exporting of foreign exchange from Greece.

What are these new documents?

1. A telex message by the Swedish company Scandinavian Commodity of Karl Erik Smits—who not only is dealing in arms and so forth but, according to articles published the other day in Belgian newspapers, "was recruited by the CIA"—to the Belgian ammunition company PRB, dated 5 February 1985, in which it is clearly stated that ELVIEMEK is getting a commission for the shipping of ammunition. The telex says:

"For Mr. Ph. Jous and Mr. J. Paquet, PRB

"Subj.: S162—Detonators

"Thanks for your telex dated 4/2. We understand that the order is now placed and confirmed through Messrs. ELVIEMEK. The conditions were agreed upon earlier with you and the time of delivery taken into consideration, also your inventory and this cannot be used against any other contracts. We are now advised about the opening of L/C [letter of credit] and will confirm the receipt as soon as the same is available to us.

"Regarding the commission to ELVIEMEK, we will pay for this.

"We thank you for your agreement to cover 10 0/0 P/G [prepayment guarantee] which is needed because the contract is made on A and F value and not FOB. The guarantee will be reduced by 50 0/0 against each shipment.

"Best regards Scandinavian Commodity"

2. A transoceanic bill of lading sent by the Belgian PRB to ELVIEMEK- Monrovia, dated 8 March 1985 (that is, one month after the telex) in which it appears that the ship Katja transported ammunition with a net weight of 378,720 kilograms to Piraeus from the port of Zeebrugge. The shipping charges were paid in advance, without it being known by whom and in what way.

3. A letter from PRB to the Belgian bank Credit General (date: 11 July 1985), in which it asks the remittance which ELVIEMEK of Greece had sent to it to be charged to its account. The letter reads:

"PRB to Credit Generale Brussels Attn: Mr. Loriers 11 July 1985

"Gentlemen:

"Concerning remittance of 392,000 [sic] German marks—by order of ELVIEMEK-Greece.

"Subsequent to our communication, we are giving you below the supporting evidence on the remittance in question:

"Our invoice FP 5236 of 11 July 1985 for 392,800 German marks,

"The quotation B1 of the permit 58522243 for clearance through customs. 'We confirm that this payment is exigible.'

"The value of the sum of the remittance will be carried to the credit of our account number 191.1541604.46 at your bank.

"We thank you in advance and give you our regards."

"PRB A.E."

4. A letter from the PRB to ELVIEMEK of Athens revealing that the International Import Certificates were issued in Greece—that is, by the YPOVI [War Industry Service]—which the Belgians needed to justify exporting ammunition from their country, with the (fictitious) destination of Greece, while concealing the true ultimate destination of Iran. The latter says:

"From PRB to ELVIEMEK

"Subject: Primers 175 (4,45) - Proforma Invoice

"Ref telephone conversation this morning.

"Enclosed you will find our Proforma Invoice for delivery of Primers 175 (4,45) with the new price of DM 39.70.

"We kindly ask you to send us at the earliest and by courier the International Import Certificate enabling us to obtain an export license."

5. Another telex message from ELVIEMEK, this time to the PRB with the date 3 June 1985, in which it is confirmed that ELVIEMEK obtained export certificates, but which also says that the transporting was being done in another way: by air. The telex says:

"From ELVIEMEK to PRB

"Attention: Mr. Jous

"Item: cb1 powder

"Confirm your order as follows.

"Quantity: 1,000 kilos

"Quality: cb1 type 1-spec, mil-p-60356 a

"Time of delivery: Prompt from stock to be delivered by air.

"Price: bf. 995.00 per kilo fob

"Payment: Net cash in advance.

"Pls. rush by DHL your PF-invoices and your confirmation that prices are true and correct and that no price list is available, in order to obtain the necessary import certificate.

"Also please advise us gross weight of product."

All this confirms by documents the relevant newspaper articles here and abroad on this affair (mainly those of V. Zisis in the ANDI, who had given the most complete picture in a series of articles), which presented ELVIEMEK as most likely a piece of window-dressing to conceal the movement of arms to Iran via Piraeus; all this also gives the lie to the Belgian (as well as the Greek!) customs offices which a few days earlier had been saying categorically that there had not been any movement of weapons or ammunition to Iran from the ports of these two countries!

But what is most significant is that ELVIEMEK obtained the certificates of final destination from the YPOVI, while at the same time it obtained the permits allowing the boats to depart again from Piraeus or Lavrion from the services of the Ministry of Foreign Affairs.

For those who do not remember the story:

According to what has been written at various times in the press, the companies belonging to the Swede Karl Erik Smits, Grenor and Scandinavian Commodity, shipped ammunition of Swedish, Belgian, and Dutch origin to Iran via Greece with the cooperation of the Belgian PRB and certain Danish arms merchants, and with the help of ELVIEMEK.

Smits was recruited by the CIA at a time when Oliver North was trying to gain contacts with officials of Iran.

This affair involved not only certain Greeks but also Italians, Spaniards, and South Americans (editor's note: As we wrote 3 weeks ago there are also South Americans on the Administrative Council of ELVIEMEK!), and others.

What now, then?

There is no doubt any more about the participation of ELVIEMEK in this affair. Of course, it is not yet known how many cargoes there were and in precisely what ways they were transported to Iran, or how much foreign exchange has been exported illegally. But:

There are questions about to what extent this deal was known about by

1. The Greek customs, 2. The YPOVI, 3. Certain people in the government.

12114

### **Projected Solution for U.S. Bases: Change to NATO Units**

*35210037d Athens EMBISTEVTIKO GRAMMA in Greek 11 Nov 87 p 5*

[Text] It is considered more or less certain in diplomatic circles—although strictly speaking the negotiations on the bases have not yet begun—that the chosen solution with respect to their operation will be that of a consolidation of certain of these with Greek bases and their redesignation as NATO bases.

Thus the relevant procedure will provide for the closing of some of these bases—to be precise, a reduction in certain of their activities—since they will be consolidated. But, according to reports on this matter, the negotiations are coming along very slowly. On the other hand, there is also the precedent of a slow pace of negotiations under ND governments. This delay will make it possible both for the elections to come first and also for certain of the military facilities to have been “closed”—because of consolidations (for example, the Ellinikon base). In this way the government would improve the credibility of its claim that it has carried out what it promised to the Greek people. And if it were to win the elections, it could argue for the nation's need for the continued operation

of some of the remaining bases, which in being consolidated with Greek ones—and therefore “under national control”—would be redesignated as NATO bases.

It should be noted that in a period of mutual trust K. Papoulias and his Spanish counterpart had come to an agreement to coordinate their efforts and initiatives on the issue of the American bases in both countries, since as is known, the relevant issue is unresolved in Spain as well. The agreement was made because the two governments believe that a joint forceful stance could bring positive results vis-a-vis the United States.

12114

### **Review of Arms Sales to Middle East**

*35210037a Athens ENA in Greek 5 Nov 87 pp 24-28*

[Article by Al. Kasimatis and G. Pekhivanidis]

[Text] In Late October thousands of weapons were loaded onto foreign merchant ships from three ports in our country their destination being the warring countries of the Middle East. From the ports at Oropos, Lavrion, and Kymi, in great secrecy, the holds of three boats were filled with automatic weapons and ammunition for their new owners.

On 18 October the Iranian ship “Azawaraa” dropped anchor off the coast of Lavrion. For 5 days the ferryboat “Evgenia P.” transported boxes containing automatic weapons manufactured by the Greek Arms Industry (EVO). Flat-bed trucks, on which wooden boxes covered with tarpaulin had been placed, waited at the port. The Evgenia P. “moored” alongside the Azawaraa and its crane transferred the boxes one by one to the ship's hold. Then the ferryboat returned to the port and the trucks with emptied beds moved out to allow the other still-loaded trucks waiting at the port to get close to the Evgenia P. The loading was supervised by personnel of the EVO, who bore arms and who coordinated their actions by means of portable radios.

A legal exporting of 2,000 tons of small arms! An affair that went as far as the Chamber of Deputies where a relevant interpellation was introduced! Similar exports were made also from the ports of Kymi in Evvoia and Oropos in Attiki and again they involved small arms. But in these cases neither the way in which the loading was done nor the destination of the cargoes became known.

These weapons sales concern only the “traffic” in the latter days of October. On 12 October a cargo ship of a Panamanian company loaded with 800,000 rounds of ammunition left the port of Pakhi, Megara. Each bullet cost \$0.80 and the destination of the cargo was Port Sudan. The exporting was entirely legal, and the cargo was insured against all risks with a special paragraph in the contract explaining that the insurance company would cover any losses that the cargo may sustain, even in belligerent areas.

### Who Our Customers Are

Thus Greece (especially since 1980) has been selling on the international market everything from bullets and rockets to helicopter spare parts. This year the agreement that PYRKAL [Munitions and Cartridge Company] has with Iraq on supplying about 400,000 105- millimeter artillery shells expires. In addition we have sold small quantities of ammunition to countries of Africa and Asia, as well as to certain European countries.

According to reports from the WASHINGTON POST, at one time Greece was selling arms to Libya and to Syria. But it should be pointed out that the reports in question from the American newspaper have never been confirmed, and it is possible that the publishing of these was prompted also by political expediencies of the times. Another country that is said to be one of our customers is Iran. According to reports in Iran, we are supplying them with ammunition and it is possible that certain quantities of the ammunition being transported from Greece to "neutral" ports of countries which are not in a belligerent state may change hands and end up in Iran.

In recent years PYRKAL has exported about 20 percent of its production, and sales by this company to foreign countries are something on the order of 2 billion drachmas! At the same time, the EVO has been giving emphasis to its exporting activity and has carried out substantial exports of small and medium-sized caliber guns, explosives, ammunition, and complete weapons systems.

Nevertheless, these companies are proceeding with their exports without having the "protection" of the State—at least to the degree that this happens with the arms industries of other countries. Because of our nation's problems, and certainly because of the threats that our country faces from Turkey, it is essential for us to have a developed arms industry that can satisfy the needs of the Greek army. Therefore both the EVO and PYRKAL accept orders from the Greek army which barely cover their operating needs and thus, to a certain degree, they are forced to export.

But in order to cope with the international competition, they are compelled to sell their products wherever they can. Precisely the same thing is done by all the arms industries, especially those of the European states, with the only difference being that those have the full support of their state. Sales of their products are almost always linked to "lobbying" by their diplomatic representations with the authorities of the country that desires to buy, aimed at having their own bid given preference.

On the other hand, the Greek arms industries try to conclude agreements only by using their own people. As one industrial official observed, those who are in a position to lobby for concluding an agreement on selling weapons shrug it off, saying "don't get me involved." "It is a frequent phenomenon," says the same person, "for

us to lose out on bidding for supplying ordnance solely and simply because the commercial and military attaches of other countries have lobbied effectively."

### How the Agreements are Concluded

Coexisting in parallel with the arms industries of the State (PYRKAL, EVO, EAV [Greek Aircraft Industry], and so forth)—which produce everything from bullets, rockets, and small arms up to parts for combat aircraft or helicopters—are also about ten private companies, which take similar orders on a super-contracting basis. Such orders usually concern sighting equipment (for both night and day), armor-platings for carrier vehicles, and so forth. Experts state in their appraisals that since the beginning of the 1980's decade, the only countries that have shown an increase with respect to what they produce and export to the area of the Middle East are China, France, Sweden, and Greece. Thus, our country occupies sixth place in the totality of suppliers of ordnance to the greater Middle East area.

The agreements in question are concluded mainly via authorized "third parties," and preferably in cities of the involved countries that are to receive the ordnance. Quantities, value, and responsibility for delivery are conveyed to these "third parties," which move the weapons by means of ships that usually bear flags of Latin American countries. The insurance policies for the cargoes are drawn up on the basis of the shipping contracts and are safeguarded in the vaults of the National Bank. In these policies, compensations are provided amounting to a sum of \$1 million on up, whereas the provided cost of insurance, on a worldwide level, rarely exceeds 10 percent of the actual value of the cargo.

According to experts, behind the "warlike" image of every country that exports weapons what usually prevails is the interests of the international "cartel," which ultimately makes both the demand for and also the trade-offs of these transactions. For example, Swedish and American companies have created the cartel of military technology. Swiss and West German companies have created their own corresponding cartel of chemical agents, with their destination being countries involved in military hostilities. If we take into consideration also the already familiar petroleum cartel, it is easy to come to conclusions about the role that a country outside these interests is called upon to play. It is an open secret that agreements on a worldwide scale are now made more "on a private basis" than on the level of nations.

Thus, the presence of our country in this very profitable market is prompted also by the agreements it has realized up to now with gigantic arms companies (Mirage, General Dynamics, and so forth). Ever since the start of the decade of the 1980's, the geographic position of Greece has aroused a new interest in connection with the political- strategic changes in the area of the Middle East.

Gradually, our country has begun to accept super-contract work on the basis of its know-how about spare parts and ordnance for sensitive and high-precision equipment.

This cooperation, as well as the traditional ties of friendship between Greece and the Arab countries, has given an additional impetus to transactions of this sort. It is typically said that both the international cartel in food-stuffs and the cartel in weapons has found our country to have the most representative role of an "intermediate seller." Why not?

12114

### Disadvantages Deriving From Purchase of French Mirage

35210033a Athens EMBISTEVTIKO GRAMMA  
in Greek 4 Nov 87 p 1

[Text] Following the scandal of the "Magique 2" missiles which the government procured at excessively high prices—despite the advantages of the American-made Sidewinder—procurement of French aircraft is becoming a major issue. This is because, notwithstanding the government's arguments about different sources for Greek armaments, recommendations of the Air Force General Staff to the Government council for National Defense [KYSEA] are negative with regards to the Mirage 2000.

It is reported that according, to the recommendation to KYSEA, the French proposal is inadequate in terms of offset benefits and for this reason the company's rating was low. In addition, the Mirage 2000 has the highest loss rate over the life of the aircraft (an estimated 20-year flying time).

Specifically, with regards to offsets, offers of firms in terms of percentages on the contractual price for procurement were as follows:

1. Panavia (tornado): 80 percent of the contractual price.
2. McDonnell-Douglas aircraft: 42 percent.
3. General Dynamics (F16): 80 percent.
4. Dassault (Mirage): 40 percent.

The recommendation adds that the evaluated rate of the standard commitment was expressed as a percentage of the procurement price and that this percentage is expressed as a rating for each company in terms of offsets. Thus, we have:

- a. General Dynamics' rating 67 percent.
- b. Panavia, 45 percent.
- c. Dassault, 32 percent.

d. McDonnell-Douglas, 21 percent.

With regard to the qualitative reliance of the Mirage 2000, the Air Force General Staff noted that "another point to be made is the loss rate (accident index) and the additional cost to the program for replacement of losses, in order to maintain the 100 aircraft figure." These data are shown in the following table:

Aircraft	Loss Rate	Remaining A/FM	Loss A/FM	Flying Life
Tornado	4.72	77.92	22.08	467,200
F-18	3.46	83.24	16.76	484,500
F-16	5.67	74.50	25.50	453,000
Mirage 2000	6.00	73.00	27.00	450,000

7520/9738

### ND Charges Politicization of Military, Threat to Security

35210033b Athens I VRADYNI in Greek 11 Nov 87 p 1

[Text] ND Chairman Kon. Mitsotakis characterized the unrestrained and determined politicization of the military by the PASOK government as "a national crisis."

In a comprehensive and momentous statement issued after he was updated on defense matters by the ND Parliamentary Group at a meeting attended by Honorary Chairman Evang. Averof, Mitsotakis also dealt with other burning issues connected with national defense:

—He expressed his grave concern because our defensive ability is weakened compared to Turkey and because our defense budget decreased from 19 percent in 1981 to 12 percent, while at the same time, the public deficit reached 1.3 trillion drachmas.

—He pointed out that the partisan incursion into the country's Armed Forces is so deep that there exist today 30 vacant Air Force colonel positions created by unjustified retirements (by blacklisting officers).

—He warned that the purchase of materiel for the Armed Forces should be publicized and openly conducted to avoid the impression that the criteria for such purchases are profits and commissions of party officials.

7520/9738

## SWEDEN

### In War Both Powers Seen in Race for 'Aircraft Carrier' Sweden

36500044b Stockholm SVENSKA DAGBLADET  
in Swedish 18 Nov 87 p 2

[Article by Colonel Per Blomquist: "Race for Gotland a Possibility"; first seven paragraphs are SVENSKA DAGBLADET introduction]

[Text] The defense bill from this spring contained portions of a security policy analysis on which there was complete political agreement, according to Colonel Per

Blomquist, the chief of the Alvsborg regiment and defense district.

According to the bill a direct confrontation between NATO and the Warsaw Pact countries in central Europe is unlikely. It is more probable that the alliances will reinforce their strategic positions through an escalation that will affect bystanders.

Col Blomquist says that the "Gotaland aircraft carrier" with its 40 air bases is attractive to both blocs.

There could be a race for Gotaland, he writes.

This disturbs Per Blomquist, who has heard from both political and military sources that the defense of Skane and western Sweden could be reduced or even eliminated, in the case of Skane.

He himself has a different opinion.

Skane and western Sweden are vital to the defense of the nation. A failure to realize the importance of southern and western Sweden when it comes to food supplies, the credibility of our neutrality, in short the preservation of our independence, indicates a lack of involvement on the part of the politicians, according to Blomquist.

The defense agreement between the Social Democrats and the Liberals [FP] did not really indicate a changing trend. Arms reduction can continue.

Against this background the Supreme Commander [OB] wants a discussion of the Swedish defense doctrine and is calling for a debate on defense goals—a strategic-operational analysis. He says the politicians are talking about funds and details instead.

On the other hand one of the proponents of the defective agreement, Hans Lindblad of the Liberal Party, criticized the military leadership in his commencement address at the Royal Academy of Military Sciences. Hans Lindblad called for a description of a reasonable threat to Sweden. He himself usually ends up by describing technical threat scenarios without any connection with strategic and operational conditions.

However the criticism from both sides is justified. A public defense debate is necessary even if the topic is a sensitive one, especially for defense politicians.

The defense bill from the spring contained portions of a security policy analysis on which there was complete political agreement. It may be important to focus our attention on several points in this context.

After emphasizing the serious and negative change in the military situation in the Nordic region, the bill says:

"It is hard to imagine any situation where either power bloc would start out by trying to conquer and maintain control over large portions of the other's territory through a frontal attack in central Europe."

There is little to object to in that. A major war on the continent seems extremely unlikely at present.

But the government and the bill continue:

"However in a confrontation between the power blocs it is conceivable that either side will try to secure strategic positions by means of military operations in a limited part of the European area prior to an anticipated broadening of the conflict and these developments could also affect our area."

What does this mean in practical terms? State powers and politicians express themselves in a cryptic way on sensitive matters. If one demands plain language from the OB, it is reasonable to expect it from the politicians too.

A confrontation between power blocs led by the Soviet Union and the United States could arise in other parts of the world, in the eastern Mediterranean, the Persian Gulf or the Indian Ocean. We hear about this every day in the mass media.

#### Gotaland

The confrontation-conflict could spread. Therefore, according to the bill, it might be safer for the power blocs to provide further safeguard for themselves in sensitive Europe. But they will not move against any of the Warsaw Pact or NATO nations. That could lead to a major war, something they want to avoid. It would be better to move against a neutral state as a preventive measure, for example Yugoslavia or even Sweden, "our area."

In this context the "Gotaland aircraft carrier" is of great interest.

It would be important for NATO to use "advanced defense"—a very current NATO term—to strike a deep blow at the Soviet Union and thus among other things prevent the Soviets from bringing up reinforcements through Poland. In this way NATO could fly around the strong Warsaw Pact air defenses between the Baltic Sea and the Alps. The many air bases in southern Sweden and Skane would "safeguard strategic positions prior to an anticipated expansion of the conflict."

The Soviet Union and the Warsaw Pact countries bottled up in their base area would need southern Norway primarily for defensive reasons but also to support the Red Fleet in the Norwegian Sea and further south. But

Norway belongs to NATO and is therefore taboo. Southern Sweden is a suitable substitute, making it possible for the Warsaw Pact lands to have both better protection and a great striking power against NATO out across the Atlantic.

Thus the "Gotland aircraft carrier" is a goal for both power blocs for "military operations in a limited part of the European area," to quote the government and the spring defense bill once again. There could be a race for Gotland.

Therefore it is entirely logical when the bill notes that Sweden is desirable as an air base area, but that the power blocs will also be anxious to prevent the other side from gaining control over this area.

There are divided opinions in both political and military circles in Sweden concerning which parts of the country would be especially attractive in this context.

What is needed is an analysis of how the generally recognized interest the major powers have in the Nordic region might be expressed militarily. Partly in the present unstable but not static situation and partly if there are changes in terms of balance or the level of tension.

#### Upper Norrland

Upper Norrland has long been in the forefront. There are good reasons for paying attention to this part of the country. The enormous Soviet base area on the Kola peninsula, which includes strategic nuclear arms, is the main reason for the present shift in the center of gravity toward the North Atlantic and the Nordic region. But this does not mean that upper Norrland is the most exposed part of our country under all circumstances if the power blocs want to safeguard themselves. To further reduce the total number of Army brigades by about 35 percent for economic reasons, and then earmark 40 percent of the remainder for upper Norrland, as we saw in a TT "leak" from the OB's defense report (FU'88), seems very unconvincing!

#### Eastern Sweden

There has been increased emphasis on east central Sweden since the talk of a coup became fashionable, primarily because of the submarine debate and the appearance of "spetsnaz" commando units. There is much that can be said against such a coup, strategically and operationally. Here however I will just remind my readers of something that has also leaked out. It is said that a coup against the capital would paralyze all opposition in the entire country. In that case people in Stockholm obviously have little confidence in our total defense with its basic concepts of decentralization, administrative authorization laws and the psychological defense slogan that "any announcement that mobilization and resistance should be discontinued is false."

But civilian leaders in the east must become more active in peacetime if they are to have a positive influence on the shocked population of the capital if the worst should happen! And in addition to having their service weapons available, the director generals in the administration should participate in the security policy debate and persuade the so-called general public, not to be confused with the "grass roots," to "change its mind." As we know we live in a critical time, with not only submarines, TIR cars and spetsnaz units but also the murder of a prime minister on the street. Mental preparedness is needed. This costs nothing but involvement.

As late as around 1980 a Defense Committee, of which Hans Lindblad happened to be a member, felt that the defense of east central Sweden could be reduced.

The idea behind this was to save money. And this was accomplished. But the committee decided that the south-western parts of the country were especially exposed. This opinion should have been strengthened by the greatly improved performance of attack planes since then and by what has been said here about the "Gotland aircraft carrier."

#### Abandon Skane?

However it is being said in both political and military circles that the defense of Skane and western Sweden can be reduced. And there are even discussions about abandoning Skane and carrying out our defense in darkest Smaland. Defending Skane calls for tank units and that is expensive.

Skane and western Sweden are vital to the country's supply system. A large part of the nation's population lives there. A failure to realize the importance of southern and western Sweden when it comes to food supplies, our neutral credibility, in short the preservation of our independence, suggests a lack of involvement on the part of our politicians.

Perhaps the defense politicians are caught up in military technocratic arguments, which is always dangerous, but especially dangerous when the strategic conditions are changing drastically. But what are the other politicians and people in positions of authority doing in the area of total defense?

We are now more exposed to pressure from both great power blocs. Our Swedish territory is of primary interest to both sides. There could be a race to gain access to the "Gotland aircraft carrier," for example, in the context of a confrontation, even one in another part of the world. Preparations for this race are being made in peacetime. In the event of a crisis both sides will do everything they can to mislead us with respect to means, methods and the direction of operations.

We must now analyze our changed strategic situation in an open and objective debate. All politicians and people in positions of authority in the total defense effort must become involved. The defense system does not belong to the generals!

06578

### **Center Party's New Defense Spokesman Concerned About Baltic**

*36500044c Stockholm SVENSKA DAGBLADET in Swedish 15 Nov 87 p 8*

[Article by Elisabeth Crona: "Gotland a Resource for Defense"]

[Text] "I am glad that the Liberal Party now realizes that it was a mistake to reach an agreement with the Social Democrats on defense. But the realization came a little late."

Gunhild Bolander will now be the Center Party's main spokesman on defense issues, succeeding Gunnar Bjork who is moving to the Finance Committee. In an interview with SVENSKA DAGBLADET Bolander criticized Liberal Party leader Bengt Westerberg severely for having "divided the nonsocialist front" on defense.

#### **Wants Better Insight**

"Now that he understands that it was not a good idea, he has written a letter to the Social Democrats. But of course he was not alone in having a poor basis for the defense agreement."

In the future Gunhild Bolander wants Riksdag members to have better ongoing insight into the investigations of the Supreme Commander [OB]. She welcomed the fact that the OB is now speaking out publicly and sending signals about deficiencies.

Gunhild Bolander has been a member of the Defense Committee for 2 years. But her interest in defense goes back longer than that. Before the 1982 election she relentlessly pursued the question of the white zone off Gotland, her home island. Her list, supported by Center Youth people, among others, beat that of Defense Minister Torsten Gustafsson. "Unexpected and difficult," she herself says, as she had always been in the circle around Torsten Gustafsson before that.

#### **Soviet Threat**

Prior to the current defense agreement she put special emphasis on Gotland defense issues. She was especially disturbed by a thesis advanced by the former Foreign Ministry expert on international law, Ambassador Bo Johnson Teutenberg: With its constant ostentatious patrolling of the area close to the Swedish territorial boundaries by ships and planes, there is a risk that the

Soviets are trying to establish a common law usage precedent in the white zone. Later they could cite this along with international law in future deliberations.

"That made me uneasy. Therefore I want more airplanes based at Visby field and the Center Party proposed a half division of Viggen planes. We also saw the Draken as an acceptable alternative. But here the Liberal Party made a remarkable turnaround. Now we will not get Draken planes at Visby field before 1992.

"But the debate has had the result of influencing the Air Force. Incident preparedness is better than it was before. In addition I have gained sympathy for my view that the defense system should not look at Gotland as a burden but as a resource for surveillance purposes."

"Myrende Farm, Atlingbo, Romakloster" is Gunhild Bolander's home address. Her struggle for the family farm and a domestic role as farm housewife, as she puts it herself, goes well with her views on defense preparedness.

She talked about a defense conference that lasted several days where there was a lot of conversation and food and coffee were served every other hour.

"But we only consumed a quarter of it. That is typical. We take it for granted that we will always be surrounded by food. But after 14 days without going shopping, crackers are the only thing that would be left in a Swedish household."

#### **Islanders Support Defense**

It is no accident that the Center Party has several defense politicians who come from Gotland.

"It is obvious that we have a more positive attitude toward a strong defense out there," Gunhild Bolander said.

She reminded us that Gotland was occupied by the Russians as late as 1808. Immediately afterward a popular army was established on the island, Gotland's national guard. Tales of the occupation were passed down from one generation to the next.

#### **Saw Fires From Latvia**

From her childhood during World War II Gunhild Bolander recalls how boat after boat bearing Baltic refugees came to Gotland and how the Gotland farms were opened to the foreigners:

"We also saw when they burned Latvian cities. I remember a night with fire in the sky and the sound of cannons. We are that close."

She has a past in the peace movement and says she understands this response to the superpowers' arms race:

"Involvement is good and I believe the peace movement is sincere in its activity. But I am not really convinced that it understands the entire problem.

"And the fact that we in Sweden have a strong defense that is not geared for assault is part of the peace effort."

Being a female defense politician means being constantly surrounded by men—all of whom have compulsory military service as a common denominator.

"It isn't just draft stories but also basic training that we women have missed out on."

Gunhild Bolander is sympathetic with the girls who are pioneers in the Armed Forces.

"I was on board a coastal corvette where two girls shared their quarters with 10 male draftees. I think those girls must be very strong," she said and drew a private sigh of her own at the thought of the enormous amount of work in all the complicated aspects of defense that lies ahead of her.

06578

#### **Paper Views Prospects for Remaining Neutral in War**

*36500044a Stockholm SVENSKA DAGBLADET  
in Swedish 11 Nov 87 p 2*

[Editorial: "Supreme Commander's Wishful Thinking"]

[Text] Swedish territory, especially our vast air space, has become increasingly important for the superpower blocs from a security policy viewpoint. That also increases our chances of staying outside a major conflict. Neither side is prepared to let the other seize control of this strategic asset.

This analysis was presented by Supreme Commander [OB] Bengt Gustafsson at a press conference Monday evening. His reasoning is hardly convincing. If possession of Swedish territory is given a much higher priority, the powers concerned might reasonably be prepared to make a considerable effort to acquire control over it as quickly as possible. For some time now the only state with the available military resources for such an operation has been the Soviet Union.

Therefore in a major conflict in Europe that uses conventional combat forces, at least in the beginning, we cannot rely on the assumption that any type of balance situation will spare us from involvement. The deterrent effect of our own defenses will play an important role. The assailant must consider the costs involved in an attack on Sweden. If the value of Swedish territory increases, the price should be raised accordingly—in other words, the striking power of Swedish defense should be increased.

It would be surprising if the military leadership did not basically share this opinion. However they know as well as others—including our close neighbors, unfortunately—that the strength of Sweden's defense system has not kept pace with the development curve of the potential threat to our country. While Sweden and northern Europe have become of increasing interest from the point of view of security, our military capability has been substantially reduced.

Bengt Gustafsson himself mentioned the potential threat to our air space. Decades after World War II, Sweden built up an air force that is equal to most countries in terms of capacity—with the exception of the superpowers, of course. At that time, however, the range of most Soviet planes was limited. Very few would have been able to operate effectively over our country. Now the capability has been drastically strengthened at the same time as we have cut the number of our jet fighters in half.

Perhaps it is these disturbing trends, to put it mildly, that have led the OB to succumb to what looks like wishful thinking. When the resources appropriated by the politicians are inadequate for the purpose of maintaining a defense system of adequate strength, it is tempting to reduce the dangers with a quick stroke of the pen instead in order to make the equation add up.

But of course there are other conceivable situations besides an all-out war in Europe and in this context Bengt Gustafsson's views can be a useful reminder of the need for the greatest possible balance in our immediate vicinity. Scandinavia borders on a superpower and it is of vital importance for us to prevent our part of the world from being turned into an exclusively Soviet sphere of interest.

Most of those in charge of security policy realize this. Even so, in this respect too a policy is being pursued that goes in the opposite direction. Sweden is officially calling for a nuclear-free zone in the Nordic region—that classic Soviet showpiece whose aim is to get Denmark and Norway out of NATO and thus deprive them of American protection. The Social Democratic congress recently decided to apply new rules to foreign fleet visits, a decision that was immediately translated into national foreign policy. The extended effect will be that the ships of the big western powers will no longer be welcome in Swedish ports. As we know the Soviet Union does not always bother to ask permission to visit our inner waters.

So the policy that Ambassador Orjan Berner summed up so well—if perhaps somewhat unintentionally—in his book, "USSR and Scandinavia," continues, undisturbed by systematic submarine violations:

"In reality, Stockholm's foreign policy line in areas important to Moscow, i.e. armament questions in Scandinavia and Europe, has seldom coincided so exactly with Soviet standpoints as it has in the 1980's. On the other hand defense policy has never met with Soviet

approval, primarily because the military appropriations were regarded as being too large. Now they are substantially smaller in relative terms than they were previously."

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**Armed Forces To Get New Protective Suits for Chemical Warfare**

*36500044d Stockholm SVENSKA DAGBLADET  
in Swedish 26 Nov 87 p 14*

[Article by Helena Thorfinn: "Plastic Bags Will Protect Against Chemical Weapons"]

[Text] An ingeniously designed plastic bag will protect Swedish soldiers if they are exposed to chemical attack. The plastic bags, which are made of material that acts as a barrier to toxic liquids, will soon be mass produced.

Defense Materiel Administration bureau director Sone Thoren has been involved for some time in coming up with better protection against chemical weapons, so-called C weapons. So far the military has only been able to provide troops with raincoats and tight clothing as protection.

The new C-liquid protective suit is made of a laminate of polyamid and polyethylene and is no larger than a 33-centiliter beer can when it is rolled up. A trained soldier can don the plastic bag in less than 10 seconds and it provides protection for up to 6 hours.

**No Toxic Gases**

"In that length of time the soldier can get to a decontamination center where the bag can be burned," said Sone Thoren who added that no toxic gases are produced when the bags are burned.

The protective suit consists of three parts. A large bag to draw over the body and two smaller ones for each leg. The large bag contains a hole for a gas mask and space for the arms. In the two smaller bags the part for the feet is reinforced with a sheet of polypropylene.

"We had three different firms submit design and material proposals," said Sone Thoren. "This model was by far the best and should be mass produced soon."

**Basic Protection**

The new C-liquid protective suit is part of the basic protection against chemical weapons that all military personnel will be provided with. During basic training draftees will be provided with three outfits and eventually the entire Swedish population may be supplied with the protective outfit that has been called "the world's most complex plastic bag."

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## EUROPEAN AFFAIRS

### Norway, Canada May Join Soviets in Arctic Projects

36390023 Oslo AFTENPOSTEN in Norwegian  
10 Dec 87 p 12

[Article by Morten Fyhn: "Norwegian-Canadian Initiative: Cooperation in Arctic"]

[Text] Canada and Norway would like to take part in broadly established cooperation with the Soviet Union concerning questions of common interest in the North. But a concrete Soviet follow-up to the initiative that Party Chief Mikhail Gorbachev came forth with in Murmansk this fall will have to come first.

Foreign affairs ministers Joe Clark and Thorvald Stoltenberg both extended a hand of cooperation to Gorbachev when they talked about the North yesterday at a Norwegian-Canadian conference in Tromso. Stoltenberg emphasized that Norway and Canada have a positive basis for playing a constructive role in working toward ensuring stable and sensible progress in the Arctic, because of their location at the crossroads between the superpowers and by virtue of the many bonds that unite the two countries.

#### Challenge

Stoltenberg pointed out that it is a question of challenges of great scope, in both the areas of security policy, environmental protection, science and international law. In the wake of the INF agreement, he emphasized that it is of decisive importance to avoid reductions' in weapons systems leading to tension-creating ventures in the North.

In Norwegian quarters, one is looking forward to a follow-up of Gorbachev's cooperation initiative in practical politics, said Stoltenberg, who emphasized the importance of clear borderlines and jurisdiction terms for progress in cooperation in the Arctic.

#### Security and Defense

Norwegian-Canadian cooperation in the Arctic ought to be able to be strengthened in areas like research and science, the extraction of natural resources and environmental protection, also as far as increased contact between the countries' ethnic and cultural minorities is concerned. Foreign Affairs Minister Stoltenberg also began speaking for closer cooperation as far as questions relating to security and defense are concerned, and relating to the challenges that arms reduction efforts raise in the Arctic.

#### Longstanding Traditions

External Affairs Minister Joe Clark stressed the importance of Canada's longstanding traditions in the Arctic, and said that the country is now actively advocating the strengthening of cooperation with its arctic neighbors. "If progress is to be made in working on meeting the challenges that the North confronts us with, the countries that are most affected must share with each other the experience, information, ideas and technology that exist. Norway and Canada are particularly suited to taking the leadership here," Clark said.

"We ought also to take advantage of the new climate in East-West relations, to bring about peaceful cooperation between all arctic nations," Clark stated, who thought that deepened cooperation with the Soviet Union will be able to be to mutual advantage.

#### Clarification

After the fashion of what Norwegian reactions to Gorbachev's speech in Murmansk were like, the Canadian authorities would also like to have clarification from Moscow concerning what Gorbachev's cooperation initiative in the Arctic can imply.

Canada is in the process of strengthening its defense, and in this connection is going to procure nuclear-powered submarines. These will not just be placed in service in the Atlantic and Pacific, but will also be used to detect and counter enemy naval activity under the ice, External Affairs Minister Clark pointed out. As far as Gorbachev's views of security problems in the North were concerned, Clark remarked that the Soviet leader did not name the Barents Sea or other ocean areas in the Soviet Union's direct vicinity.

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## FEDERAL REPUBLIC OF GERMANY

### Editorial on Dominant Issues During West German EC Presidency

36200050c Frankfurt/Main FRANKFURTER  
ALLGEMEINE ZEITUNG in German 31 Dec 87 p 12

[Editorial by Peter Hort: "Look Out, the Germans Are Coming"]

[Text] The New Year's fireworks welcome a new president into the European Community: the FRG assumes the presidency in the circle of 12 member governments for half a year. Like the Danes before them and the Greek who are to follow, the Germans will at once feel the burden of this task which rotates among the 12 members. The beautiful opening words about continued progress toward unification and strengthening of the Community are barely spoken when the gray reality returns to European policy. It extends from the struggle against the continually growing mountains of beef and

butter to the struggle for more moderation in the demands upon a budget plagued with chronic deficits and to the reins in the hands of an oversized bureaucracy, which immediately wants to put a program into effect to respond to all of life's vicissitudes. In view of the short period of time—a year and a half—the presidency has little maneuvering room in which to guide the super-tanker called Europe onto a better course.

The time seems especially short this time. At the failed summit meeting in early December, governments leaders were in agreement that they wanted to meet again at a "special summit" on 11 and 12 February. That means that Chancellor Kohl and Foreign Minister Genscher have only 5 weeks to prepare for an especially difficult council meeting; its outcome will determine whether the community can organize itself to reform from head to toe or slowly become bogged down in a deplorable state of affairs which is of their own making.

The "Delors package" is up for debate with its far-reaching suggestions for decreasing agricultural surpluses, increasing structural funds for the poorer member countries and new regulations for individual receipts and a rebate for Great Britain. Since February, this most important financial reform of the Community since its founding has been discussed with more or less unsatisfactory results, whereby once again each member thinks, above all, of its own interests and the greatest possible protection of its own treasury instead of the demands of the Community as a whole which has grown larger (and more expensive) since its "expansion to the south" by admitting Spain and Portugal.

Will the "rich" Germans be successful where the Belgians and Danes were not? Will Kohl and Genscher be capable of the exertion of energy that finally brings the limping Community of 12 a step forward? The skepticism with which the Brussels Commission and some of the member countries view the Germans is founded, above all, upon the fact that Bonn has led a solitary struggle against the reasonable proposal of the Commission in the key question of a future agricultural policy to reduce surplus agricultural production by means of automatic stabilizers. Bonn's hopes of forming an agricultural axis along with the French to preserve price supports and its hopes, with proposals for land set-asides, less intensive cultivation of farm land and early retirement for older farmers of making a counter proposal to the Commission's suggestions, have not been fulfilled so far. Too many partners have still not forgotten how forcefully Ignaz Kiechle attacked the Commission's plan at the Council of Ministers and how triumphantly he attempted to portray the Germans with their "counter proposal," which would preserve farmers' incomes, as the sole savior of European agriculture.

Thus, it seems understandable why a British newspaper recently described Kohl's attempt to try his luck as an honest broker in agriculture policy with a reference to the Iliad: It is as though Agememnon had been enlisted

to undertake an impartial investigation into the outcome of the Trojan War. Of course, not only the Germans are biased; all the others also represent their national interests. Thus, it is difficult for the Italians, for example, to accept the new system of financing because they—as a result of the calculations for future contributions which are determined by the size of the GNP—would have to give considerably more money to Brussels. And British Prime Minister Thatcher is fighting like a lioness to preserve the "contribution rebate" of DM7-8 million annually which she gained after a struggle in Fountainebleau in 1984. She does not want to accept that the new contribution system, which is pegged to the relative wealth of the members, makes her rebate superfluous.

Work on the realization of the internal market pales in comparison to the attempt to bring the "Delors package" over the hurdles by February or at the latest by the regular European Council meeting in Hannover in June. However, Bonn is striving by means of an especially ambitious program to assuage Brussels' fears that progress on the numerous legal adjustments will be slowed down or brought to a standstill; nevertheless, the efforts of the FRG will focus at first on the preparations for the "special summit" in Brussels. Only after this can it be expected that Bonn's initiatives will be taken up by the Council of Ministers which is responsible for matters concerning the internal market.

Just how urgent the efforts towards harmonization with the goal of an internal market are, is apparent in the Commission's calculations concerning the community's backlog: of the approximately 300 legal adjustments which must be handled by 1992, some 200 of them have been submitted to the Council of Ministers by officials in Brussels; a decision has been passed on about 70 of these. Such important issues as the uniformity of VAT rates, the standards and conditions of awarding of public contracts are still outstanding. Among other things, Bonn has undertaken the handling of such legal matters as the harmonization of standards, the cross-border opening of national markets for contracts, construction guidelines, recognition of college degrees and European patent law.

Difficulties may arise concerning harmonization of VAT and liberalization of markets for long-distance overland hauling of goods: the British do not want to give up their tax free status for basic requirements (food products, energy, medications); but they would have to if the Commission's proposals were passed. And FRG Transportation Minister Warnke make the opening of the borders for foreign long-distance truck drivers dependent upon the uniformity of a tax on vehicles and a harmonization of the various layovers times. Similar opposition can be expected for the passage of legislation on merger control which would apply throughout Europe—a proposal which has been "stewing" in the Council of Ministers for 14 years.

This makes it clear that the FRG, despite the best intentions, will only be able to collect a limited number of laurel wreaths during the term of its presidency. The centrifugal forces in the Community are growing, the forces which divide are stronger than those which unite. Kohl will need great tact, in order to persuade the others that the Germans are not "tired of Europe," are not longing to take a national position apart from the others—such as on the issue of agriculture policy—and are ready to follow their often harmonious sounding words with deeds. In addition, there is the problem that in Brussels and elsewhere they are not sure how to regard Bonn's speculations about Bangemann intentions of inheriting the EC presidency from Delors: if the FDP chairman and his friends are really serious, they have to behave more discretely.

At any rate, public promises by Bonn of the presidency in Brussels would be bad timing and would drive things in the wrong direction. But tactful diplomacy, good judgment and perseverance: it has been a long time since the Germans have demonstrated these virtues in European politics. And is it not a higher, more equitable kind of justice for the smaller members of the Community to see that the larger members have their weakness too?

/09599

**FRANKFURTER ALLGEMEINE Comments on Farm Income Statistics for 1987**

36200050a Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 23 Dec 87 p 11

[Text] Seventeen percent less this year. No agricultural sector in the EC has experienced so sharp a reduction in income as the FRG. This is what statisticians have determined. However, these global statistics say practically nothing about the actual income of farmers. At the same time it does accurately reflect the general tendency and development. But how is it that out of all Community members, German agriculture is near the bottom of the statistical ranking of EC countries. Not only in this year but for a long time now. One reason is that their price supports were not increased and, in some cases, were even lowered while the EC countries with weaker currencies had maneuvering room for increasing price supports in the national currency and also used this to the advantage of their farmers. But this is not sufficient reason, because this would mean that Dutch agriculture would have to be in as difficult straits as German agriculture, and this is not the case. The decisive factor is that German agriculture relies relatively heavily on the so-called intervention products (Interventionsprodukte) and that it has excessive production costs because it is small-scale, over-mechanized and not entrepreneurial enough. As long as these things are not changed, the FRG will not improve its ranking in the statistics.

/09599

**Editorial Discusses Agricultural Proposals by Laender Governments**

36200050b Munich SUEDEUTSCHE ZEITUNG in German 19/20 Dec 87 p 35

[Text] Laender government leaders presented an agriculture program to FRG Chancellor Kohl which serves more as a face saving measure than an attempt to deal with the problems in the farm sector. The suggestions founder on the issue of public financing. As creative as the authors of the plan, working under the leadership of Franz Josef Strauss, appear in the formulation of desirable measures, with regard to their implementation, they show a lack of imagination. The reason is that the traditional plan of using tax money to alleviate income troubles no longer works. The state treasuries are empty.

Now, the fears voiced by critics regarding lavish spending by the politicians are proving to be well-founded. The money which has been squandered as a result of earlier subsidy programs is not available now that ever increasing numbers of farms are being forced to fold.

The program proposed by the laender only glosses over the financial disputes which have flared up. In reality, it divides party and laender alliances. Minister Presidents from northern Germany are turning against their party colleagues in the south. Even within the CSU, there are widely diverging views. FRG Agriculture Minister Kiechle regards the plan which Strauss is promoting as a "century agreement" (Jahrhundertvertrag) as a discussion paper because it excludes the laender from responsibility for financing it. The SPD, on the other hand, reflects the Union's proposal to reduce production surpluses by means of production quotas or land set-asides. Instead, they recommend a market solution by means of price policy.

Nervous farmers hesitate. Even the bitter truth would benefit them more than promises made in a non-committal way. But the governments lack the courage for that. Even Kiechle's program for action which aims for a redistribution of payments to favor the small farmer and place a greater share of the burden on the large agricultural concerns threatens to be ground to dust between the interest blocks.

/09599

**Tool Industry Association Leader Interviewed**

36200042a Duesseldorf HANDELSBLATT in German 18 Dec 87 p 21

[Article by Karl Heinz Voss: "Slight Upturn Following Sharp Decline in Orders"]

[Text] Remscheid, 17 Dec 87—The German tool industry sales declined by some 4 percent in 1987—a loss in real terms of some 6 percent. It should not be overlooked, however, that a somewhat more positive trend in orders received has taken place during the course of the year. The general mood inside the industry has therefore improved somewhat.

Following the good business years of 1984 and 1985 (when sales increased by 8.6 and 6.8 percent respectively), tool industry sales in 1986 climbed 1.7 percent from DM 3.476 billion to DM 3.533 billion; but even this rise amounted to a loss in real terms of some 2 percent. During the first 9 months of the current year sales dropped by 4.8 percent—or 6.8 percent in real terms. According to Frank-Rainer Billigmann, executive director of the Tool Association (FWI) in Remscheid, the rate of change is likely to be slightly more favorable by the end of this year but the net result will still be a disappointing loss. "If we manage to keep losses down to something like 3 percent, we will be quite happy. But I am afraid we will be looking at a decline of more than 4 percent," Billigmann says. A 6.3 percent drop in domestic orders has been primarily responsible for the downturn during the first 9 months of this year. By contrast, exports declined by only 1.3 percent.

Orders received did not match last year's levels either. By the end of September, they were down by 6 percent. In this instance, too, domestic orders, down by 8.3 percent, led the decline. Stagnation in the capital goods sector, particularly in machine building and to some extent in the construction industry, as well as a slowdown in commerce all contributed to this development. Foreign orders declined by 1.4 percent as against last year. The overall situation, however, has been improving throughout the year. During the first quarter, orders were down 10.4 percent. The comparable figure for the first half of 1987 was 8.6 percent and at the end of the third quarter it stood at 6 percent, as mentioned above.

Whether this relatively positive trend will continue in the foreseeable future will probably depend on the impact which developments on the world financial markets and in the dollar exchange rate will have on the German tool industry and on whether the economic position of the major domestic customers will stabilize.

The tool companies themselves are not especially optimistic—but more so than they were by the middle of the year. According to an industry poll, a mere 8 percent of the companies view their economic position as being favorable, while 30 percent call it "unsatisfactory." In a mid-year poll, only 5 percent of the companies viewed the situation as being favorable. In the more recent poll, only 9 percent of the companies expected the economic climate to improve over the next 6 months, i.e. from November 1987 to April 1988. 25 percent of the firms expected the situation to deteriorate.

The 8.3 drop in domestic orders over the first 9 months of this year has been accompanied by only a 0.9 percent decline in imports. These figures, to be sure, are not entirely comparable. Imports, for that matter, make up a good 50 percent of German exports. In this field, the industry has to contend with cheaper products from China, Taiwan, India, Romania and Yugoslavia.

The industry has by now accepted the fact that it can hardly compete with these producers in terms of prices, Billigmann says. For this reason, the industry has more or less written off the cheaper products sector. The idea is not to try to match prices but to turn out better quality products. But, says Billigmann, it is hard to persuade the private consumer to act accordingly. The cheaper products are purchased for the most part by the do-it-yourselfers. The tool industry must therefore try to concentrate on the professional market which it can always look to for a better understanding of high-quality products.

Domestic sales by German tool manufacturers break down as follows: more than 40 percent of their output go to industrial users and first-time buyers; 30 percent go to the production-related market and to wholesalers; some 20 percent go to specialty retail stores; 8 percent to consumer cooperatives and 2 percent to department stores and mail order firms.

The fact is, Billigmann says, that the responsibility for low import prices not only lies with the foreign producers. A large part of the blame must be assigned to the German importers. Taiwanese manufacturers, for example, have said that they are perfectly capable of turning out quality products at good and competitive prices but that the consumers are not always prepared to pay the proper price for such products. This, in turn, adversely affects product quality.

The industry has maintained its position fairly well on export markets in spite of the fall of the American dollar. The share of exports still stands at about 60 percent of total output. Only 8 percent of exports go to the dollar area, Billigmann says; but dependence on the dollar is a great deal greater.

The tool industry is somewhat concerned about a rise in production costs in 1988. Personnel costs for the coming year are already known; the steel industry has announced a rise in list prices for high-speed and tool steels. Under the circumstances, Billigmann expects tool industry production costs to rise between 4.0 and 4.4 percent in 1988.

To cut costs and to solidify its competitive position, the tool industry will have to rationalize its operations even more than heretofore, Billigmann says. To be sure, the industry has already made substantial progress in this direction, spending some 6 percent of total sales on investments in this field. According to Billigmann, even greater efforts will have to be made by the manufacturers to collaborate in purchasing, production and sales.

09478

## GREECE

### Increase Noted in Trade Relations With USSR

35210057 Athens I KATHIMERINI in Greek  
13 Jan 88 p 9

[Text] Minister of Commerce N. Akritidis and USSR Ambassador V. Stukalin discussed yesterday the prospects for the further development of trade exchanges

between Greece and the Soviet Union. The meeting took place in light of the importation by our country of natural gas, whose value will be offset through the purchase of Greek products.

It is noted that negotiations are already taking place. A delegation of Ministry of Commerce representatives and other officials will continue negotiations from 18 to 22 January.

The Ministry of Commerce also made the following statement:

Another subject discussed during the meeting was the development that has already taken place in Greek-USSR trade during the last year, when the total volume of trade exchanges reached approximately \$500 million, while Greek exports increased at a rate of 18.9 percent over 1986.

The Greek light industry products that showed the most noteworthy development during the last year were shoes (sales quintupled) and textiles, and among agricultural products wheat was in first place.

/06091

**Details On Cooperation Agreement With Bulgaria**  
*35210035c Athens I KATHIMERINI in Greek*  
14 Nov 87 p 8

[Text] The further development of economic relations between Greece and Bulgaria, in traditional sectors of cooperation—mainly in agricultural products, capital goods, foods and shipbuilding and repairing—was agreed on at the 13th Conference of the Joint Greek-Bulgarian Inter-Governmental Committee whose proceedings were completed yesterday in Sofia.

According to the communique of Deputy Minister of National Economy G. Papandoniou, who headed up the Greek delegation, further development is fostered by the expansion of the Bulgarian enterprises' autonomy in the frameworks of the reforms being realized in Bulgaria and in other socialist countries.

At the congress, a protocol was signed which gives a timetable for new procedures to strengthen economic cooperation to the level of the excellent political relations between the two countries.

Particular emphasis was given to the wider dissemination of modern forms of more durable cooperation: in the development of co-production and joint constructions, in the transmission of technology, in the establishment of new joint enterprises, primarily in the sector of production, as well as in cooperation for exports to third countries.

It was decided to create new joint enterprises in Greece and Bulgaria in sectors in which Greece has comparative advantages. Such possibilities exist, specifically, in the sectors of shoes, textile products, clothing, knitted goods, lighting devices, furniture, plastics, foods, bakers' and confectioners' machines, office and hotel equipment, moquettes, curtains and household electrical appliances.

Also to be examined are the possibilities of establishing new joint enterprises in sectors in which Bulgaria has comparative advantages, with the participation of Greek and Bulgarian enterprises and enterprises of third countries (for example, in the sector of telecommunications and personal computers).

To achieve the above targets, it was agreed to organize a Greek-Bulgarian Symposium in Athens with the participation of Greek and Bulgarian enterprises and businessmen who are interested in establishing joint enterprises.

It was also decided to work out a new Long-Term Program of Economic, Industrial and Technological Cooperation which will be signed in 1988.

During the conference, important agreements were concluded for exports and joint enterprises, particularly in plastic goods, bakers' and confectioners' machines, fire-proof materials, hotel equipment and tourism.

9247

**Financial Scandal Uncovered in National Bank**  
*35210035b Athens I VRADYNI in Greek*  
21 Nov 87 pp 1, 3

[Text] A new, mammoth scandal involving 20 billion drachmas is shaking the National Bank. With forms which were stolen from its branch in Kholargos, checks and guarantee letters worth at least 140 million dollars (20 billion drachmas) were forged.

However, the amount is likely to be many times more since the fate of 16 checks is unknown!

The forged National Bank guarantee letters were presented by Greek businessmen to banks abroad, in Switzerland, Spain, Great Britain, Austria and West Germany.

The National Bank yesterday lodged a charge against unknown persons with the public prosecutor; from the charge it emerges that:

1. The forms were stolen from the branch, most probably with the cooperation of employees.
2. Checks for 40 million dollars and guarantee letters for at least 100 million dollars, which were channeled to businessmen, were forged with the forms.

3. The forged documents were presented by Greek businessmen to banks in Geneva, Zurich, Madrid, Vienna, London, Munich and Cologne as the bank's guarantees to cover liabilities.

In other words, now the foreign banks will turn to the National Bank to collect their debts and the National Bank is obligated to cover the loss and then to look for the unknown responsible parties.

An investigation has already been ordered by the bank as it is considered certain that its employees are part of the "ring of extremely dangerous persons" which is accused in the charge. It is unknown how long the management has been aware of the whole problem and how far the responsibilities for hushing it up go.

According to journalistic information, the possibility of strong political connections of the responsible parties, which permitted their undisturbed activity to this unprecedented scale, is being investigated.

#### The Charge

In more detail:

The charge against "unknown perpetrators" was lodged with the Athens public prosecutor on 16 November by the National Bank, represented by the assistant manager of the domestic branches management, Panagiotis Kapitopoulos of Evangelos. Criminal prosecution for forgery with usage was exercised and performance of a customary investigation was ordered.

In the charge, it is reported that: From the bank's Kholargos branch 20 bank check forms were stolen with which two guarantee letter forms were produced:

1. Four foreign bank checks bearing the signature of the complainant, Kapitopoulos, worth a total of 39.6 million dollars. Photocopies of the checks were presented for negotiation at the Hypo Bank in Munich. It is noted that the fate of the remaining 16 checks is unknown, which means that they may have been disposed of anywhere.

2. Two guarantee letters worth a total of 43 million drachmas. They had supposedly been issued to cover drafts of an anonymous company named "Finedis Hellas," with headquarters declared to be at 50 Khalkokondyli Street. (After investigation by the bank's inspectors, no offices were found at this address.)

Photocopies of the two letters were presented for negotiation at the Credit Suisse in Zurich, the Creditanstalt Bankeverein in Vienna and the Interfinan Ziaria in Geneva.

3. Five more guarantee letters worth a total of 60 million dollars and 15 million pounds were presented for negotiation at the Banco de Sabadell in Madrid, The Dresdner Bank in Cologne, the Hungarian International

Bank in London and the Zentralsparkasse Und Kommercial Bank in Vienna. Reported as the branch of issuance is the National Bank's central branch on Aioulou street.

#### Arrests

It is reported in the charge that the bearer of one of the guarantee letters, Konstandinos Theologitis of Khristodoulos, had been arrested recently in London with a certain Iraklis Papaskevopoulos of Evstration who had stated that he has a share in the car marketing business, "Athina" EPE [limited liability company], (33 Kallirrois street).

Called as witnesses for the case are National Bank employees F. Tsitsos, assistant manager of the central branch, Ignatios Pliakos, assistant manager of the central branch, Panagiotis Alevizakis, employee, K. Tsangarakis, employee, and A. Stavros, National Bank inspector.

9247

#### Poll Shows Future Food Expenditures Down

35210049a Athens TO VIMA in Greek 20 Dec 87 p 42

[Article by Dion. Stambos]

[Text] This coming year, compared to 1987, Greek consumers will spend a greater part of their incomes on education, entertainment and recreation, clothing and shoes, and beverages and tobacco. Also on furniture and furnishings. On the other hand, it is expected that they will spend less of their incomes for the purchase of food and for their health, as compared to last year.

The above estimates were made by officials of the Statistical Service of Greece who follow trends shown by indicators of expenditures from annual consumer incomes.

The estimates are based on the processing of data, according to which, in the last few years, particularly after 1980, Greek consumers are spending more and more money on education, recreation, and their appearance (improvement of life), while, on the other hand, they are not proportionately increasing their expenditures on foodstuffs.

This development, that shows some fluctuations in the education field, etc., is slow but steady and is interpreted as "an effect of the West European consumer model on the Greek people." In fact, after 1980, and, of course, after 1981 when Greece joined the European Community, there was an increase in Greek travel to West European countries, while, at the same time, television advertising made the West European consumer model widely known, something that did not leave the Greek people altogether indifferent but, on the contrary, demonstrated that they were inclined to enjoy a good life.

TABLE 1

Indicators of Domestic Personal Consumption for Basic  
and Non-Basic Needs

(1) (με βάση το 100 το 1970)

	1980	1981	1982	1983	1984	1985	1986	1987*	1988**
(2) Βασικές ανάγκες #	122,9	125,3	120,3	115,9	118,1	118,5	126,9	128,2	130
(3) Μη βασικές ανάγκες ##	119,5	121,6	122,2	120,7	117,7	119,1	124,0	125,0	127

# (Τρόφιμα, ένδυση - υπόδηση, στέγαση - θέρμανση - φωτισμός).  
## (Ποτά - καπνός, έπιπλα - είδη επιπλώσεων, αναψυχή - διασκέδαση - μόρφωση, μεταφορές - επικοινωνίες, λοιπά αγαθά και υπηρεσίες)  
★ 1987 εκτίμηση      ★★ 1988 πρόβλεψη

Key:

- |                                                          |                                                                                                                                                 |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. On the basis of 100 in 1970                           | ##. Beverages, tobacco, furniture & furnishings, recreation, entertainment, education, transportation, communications, other goods and services |
| 2. Basic needs                                           |                                                                                                                                                 |
| 3. Non-basic needs                                       |                                                                                                                                                 |
| #. Food, clothing & shoes, housing, heating and lighting |                                                                                                                                                 |
|                                                          | * 1987 estimate                                                                                                                                 |
|                                                          | ** 1988 outlook                                                                                                                                 |

TABLE 2

Indicators of Personal Consumption  
(on the basis of 100 in 1970)

	1980	1981	1982	1983	1984	1985	1986	1987*	1988**
Τρόφιμα (1)	125,7	127,2	119,3	115,5	120,0	119,0	120,2	120,1	119,1
Αναψυχή - διασκέδαση - Μόρφωση (2)	119,3	129,8	120,0	116,8	114,9	122,5	122,7	123,8	125
Ένδυση - Υπόδηση (3)	117,7	122,1	127,6	125,6	125,6	123,5	125,4	126,7	128

★ 1987 εκτίμηση      ★★ 1988 πρόβλεψη

Key:

- |                                         |                 |
|-----------------------------------------|-----------------|
| 1. Food                                 | * 1987 estimate |
| 2. Recreation, entertainment, education | ** 1988 outlook |
| 3. Clothing and shoes                   |                 |

According to available data, annual indicators of domestic personal consumption ("on what the Greek people spend their money") appear in Table 1. Figures show the trends after 1980.

Much more revealing is Table 2 that refers to indicators showing the most characteristic expenditures of the Greek consumer.

It is clear from Table 2 that the Greek consumer no longer spends a great part of his income on food but on recreation, entertainment, education, clothing and shoes.

However, the forecast that the Greek consumer will spend a greater part of his income in 1988 on education, entertainment, recreation, clothing, shoes, beverages and tobacco, and a lesser amount on food, compared to 1987, is not based only on indicators but on common logic. In 1988, the real income of the Greek consumer will increase (of course, with current available data). This will result in an increase in expenditures for an improvement in his living and not in meeting basic needs.

5671/12913

**Czechoslovak Readiness To Invest in Lignite Gas Unit**

35210035a Athens I KATHIMERINI in Greek  
20 Nov 87 p 9

[Text] The issue of the Lignitaerion [lignite gas] investment (modernization of AEVAL [Nitrogenous Fertilizers Corporation], a subsidiary of ETVA [Hellenic Industrial Development Bank]) is taking a new turn

following the proposal of the Czechoslovak minister of industry for his country to totally finance the investment, which amounts to approximately 500 million dollars.

Last week, the Czechoslovak minister sent to Alternate Minister of Industry, Papanagiotou, a letter in which it is added that the Czechoslovak Government even wants to undertake financing the cost of the investment in drachmas and to offer, at the same time, compensating benefits.

Following this development, it is considered especially likely that the Lignitaerion investment will be realized. This had one immediate result, the non-acceptance of the resignation of the AEVAL managing director, Koutsoukos, which he submitted last week, the main reason being his inability to lead the company to a profitable outcome, if the conditions under which it functions continue.

AEVAL, which covers approximately 40 percent of the domestic fertilizers market, is facing a very acute modernization problem and, if the Lignitaerion investment is not realized, it is nearly certain its operation will be suspended. It is noted that the appropriate technical chambers, the management and workers in the corporation, and all the interested agents are in favor of the investment.

9247

## Orçamento/88: onde quer o Governo... ... gastar o dinheiro... e... arrecadá-lo

Most Important Expenditures			Most Important Income Sources		
	Millions of Contos	% Vari- ation		Millions of Contos	% Vari- ation
Defense and security	147	+29	EEC aid	78	+25
General Adminis- trative Services	384	+21	Industrial contribution	95	+ 7
Education	259	+14	Professional tax	103	+14,4
Health	222	+12,2	Capital tax	83	+ 1,8
Social security	107	+ 6	Supplementary tax	35	+97,2
Public debt service	756	—	IVA	355	+ 2
Justice (Ministry)	14	+ 5	Automobile sales tax	37	+12
For. Affairs (Ministry)	7	+ 4	Oil products tax	166	+ 6
Self-governing bodies	93	+ 2,4	Import duties	16	+51
Agriculture, Fisheries and Food (Ministry)	15	—	Stamp tax	114	+44
Industry and Energy (Ministry)	4,3	—	Tobacco tax	55	+24
Public Works and Trans- portation (Ministry)	14	— 40	Loans abroad	157	—
Commerce and Tourism (Ministry)	8	+ 7,7	Treasury bills	240	—
Senior citizens	225	—	Trasury bonds	120	—
Government employees' wages	475	+ 7	FIPs	80	—
Public enterprises	95	—	Social security contributions	533	+17

Source: Draft 1988 State Budget Law

### PORTUGAL

**Review of 1988 Budget Expenditures, Revenues**  
35420040 Lisbon O JORNAL in Portuguese  
18-23 Dec 87 p 9

[Text] The [above] 1988 budget figures show where the government wants to spend money and where it plans to collect it.

05157

### SWEDEN

**Finance Minister Feldt on Policies Following  
Market Crash**  
36500032a Stockholm DAGENS NYHETER in Swedish  
5 Nov 87 p 2

[Editorial: "Economic Luck Running Out"]

[Text] It is better to have a lucky government, Kjell-Olof Feldt has often maintained when the opposition claimed that the good times were due more to the world market

than to the Social Democrats. Now he will realize what it feels like to be unlucky. Not even the most skillful Social Democrat can prevent the world economy from going into a recession.

In an interview in VECKANS AFFARER, the finance minister wisely dismissed any idea of a policy designed to bridge the gap. Experience from the 1970's clearly showed that Sweden cannot go against the international market situation. The attempt to stimulate the domestic economy led to substantial deficits in the state budget and the trade balance and to a series of devaluations. Now we know that the consequence of stimulation was economic stagnation; the very opposite of what was originally expected.

Thus the lesson is that a country as dependent on exports as Sweden is must allow international market changes to make an impact. If the outside world's demand for Swedish products becomes weaker, we must be prepared for an impact on our own standard of living. There will be less room for increased consumption and imports, the need for restraint with respect to wage costs will intensify. A loss of competitiveness and market shares, which could have been accepted in the past, will now have a dramatic impact.

How much the economic situation has changed was illustrated on Monday when Handelsbanken presented its newly revised forecast for 1988. The anticipated increase in both production and private consumption was cut in half compared to previous estimates. It is now estimated that GNP growth will be only 0.8 percent; practically a wasted year. Private consumption will rise by 1.5 percent while industrial investments are not expected to increase at all. Imports will grow considerably more rapidly than exports: the result will be a deficit of around 10 billion kronor in the trade balance.

It will be harder to sell cars and other goods in the United States. But mounting purchasing resistance can also be expected on the West European export market and our Nordic neighbors have been strongly affected by stagnation. The quickly growing economies in East Asia will also be strongly affected by the decline. At the same time the United States will increase its exports to this shrinking world market.

That is how the forecast looks, but it would be wrong to call Handelsbanken's predictions pessimistic. The coming year—and the years that follow—could be much worse if the threatened recession turns out to be more severe than indicated by previously predictions. They are based on the assumption that after the stock market decline and the decline of the dollar, the United States will regain its economic balance. If this does not happen there is a real risk of new and violent adjustments. It is disturbing in this context that Handelsbanken's chief economist, Ulf Jakobsson, is predicting an improvement of only \$10 billion in the U.S. trade balance in 1988, when much more than that is needed.

This perspective is considerably more serious for the Swedish economy than the declining prices that have been noted on the Stockholm Stock Exchange, which are primarily a reflection of what has happened on stock exchanges around the world. The decline on the Stockholm exchange at least has had the good effect of bringing stock prices down to a reasonable level, which should also have a restraining effect on interest rate trends and inflation. At the same time there is less room for private consumption that might have been financed by real profits. Those who have been offended by the Porsches of the young financial whiz kids will not need to feel quite so pained.

But it will take time before people really become aware of the shift in the economy. As late as Wednesday afternoon Swedish Federation of Trade Unions [LO] economist P.O. Edin explained that the demands that would be drawn up before next year's contract negotiations would hardly be affected by the stock market decline because nothing has happened so far in the real segments of the economy. In other words they will wait until the damage to production and employment has already occurred!

But P.O. Edin is certainly not alone in feeling this way. We will see the consequences next year: Once more there is a risk that Sweden will go into a recession period with costs that are much too high and with inaccurate expectations on the part of the general public.

It resembles the situation in the mid-1970's when Olof Palme said he had turned over a "well-laid table" to the incoming nonsocialist government. Now both the Social Democrats and the nonsocialists must show what they have learned from 10 years of crisis policy.

06578

## DENMARK

### Study Discovers 30,000 Severely Impoverished Danes

36500029 Stockholm DAGENS NYHETER in Swedish  
15 Nov 87 p 8

[Article by Kerstin Vinterhed]

[Text] Copenhagen—There are 30,000 very poor people in Denmark, remnants of the unemployment and recession of the 1970's.

The figure was provided by Finn Kenneth Hansen, Ingrid Moller and Eva Smidth-Fibiger of the Social Research Institute in Copenhagen; their book, "The Poorest People in Denmark" sold out immediately and is still the subject of an indignant debate in the press.

Is this really true? And if it is, whose fault is it? What can be done about it?

With these three questions as our focus, we made a tour of volunteer assistance organizations in Copenhagen, aid programs for young people, suicide prevention centers, shelters and centers for the unemployed. We heard the same reply everywhere: the crisis of the 1970's left a growing number of outcasts and poor people behind who live outside the Danish welfare state. Only charity is flourishing—with the support of the right-wing government.

#### Warm Meeting Place

Our first stop, the Christian contact center in Vesterbro, is housed in an old children's home from the 19th century and stucco embellishes the doorways and pillars. A couple of old men sat at a table and played cards. The bar served soup and tea and there were some dusty old workshops on the second floor. One man we met wanted to give us a hug before he had to go back out in the cold. Others disappeared into the kitchen when the photographer took out his camera. This seemed to be a classic "heated shelter."

But Stein Thomsen, who greeted us, dislikes the word "shelter." This is a place where people can get together and have a chance to talk to each other. They can earn a little money in the glass and ceramic workshop and pay what they owe. He showed us a box of home-made casting flies. They are used on the fishing trips that tempt many to leave the city for the first time in years.

#### Believes in Idealism

Two nights a week a couple of ladies from the neighborhood come in and run the sewing room. There donated clothing is repaired and anyone who wants to can mend his own shabby old coat. The soup costs almost nothing and the heat and small talk are free.

Stein Thomsen is an ex-addict himself. Fifteen years ago he saw the light.

He believes in idealistic volunteer organizations where people are motivated by a vocation. There they can give other people hope.

The Christian aid stations dot Vesterbro like a string of pearls: the Maria service, the Little Sisters of Mary, Soli Deo Gloria, the Fish for children and young people—we counted about 15 way stations. There was always somewhere to go. But when we got outside the crisis center, we saw an old woman sitting dejectedly in front of a door just across the street. Paper cups littered the steps and she herself seemed to have given up, at least for that day.

"To be poor today is to be outcast and alone," Ingrid Moller said recently at the Social Research Institute. "Our society, which praises competition, has no sympathy for those who are knocked out on their way up the ladder."

#### Service in Great Demand

Kirsten Dufve, who works at the Nicolai telephone hotline in downtown Copenhagen, confirmed her words. She showed us a diagram of how their calls have increased to almost 18,000 a year in the last decade. When the service first started it dealt with potential suicides. Now it deals with crises of many different kinds: women who are abused at home, parents who are looking for runaway children, people who do not think they can live up to the increased demands of society and an increasing number of lonely people, young as well as old, who need someone to talk to.

#### Young Vagabonds

"The strays and outcasts are found among both those who remain in Copenhagen's inner city, where the housing is often poor, and those who moved out to better material living conditions in the suburbs," said Kirsten Dufve. "They feel empty and alone. They are losers too."

Losers—the category also includes the "Nordic vagabonds," i.e. the many young people with addiction and/or mental problems who drift from one Nordic capital to another, fleeing from the insoluble problems at home. Copenhagen is the end of the line for many. Bjorn Asplund, a Swedish social worker, and Asbjorn Solevag from Norway are working on these problems at the request of the Nordic Council. Finland also has a social worker here, but Norwegians and Swedes predominate among the approximately 600 visitors who come each year. The reception center is on Ingerslevsgade behind Copenhagen's central railroad station. Addicts sleep in the boxcars down there. The dealers make their rounds at the central station.

The Nordic Council's activity began in the early 1970's in an effort to help all the young people who flocked to Copenhagen in the wake of the flower power movement and the 1968 revolt to return to their homes.

"Now the addicts are middle-aged," said Bjorn Asplund. "Often it is a question of totally defeated people who are mentally ill. When we call up to inquire, their home communities would much rather not have them back."

#### Odd Characters

Here in Copenhagen they find a city that is both tougher and more tolerant than their home towns. In Copenhagen one finds the sophisticated urban indifference that is lacking in Stockholm, Oslo and Helsinki. This suits quite a few odd characters who stayed behind after 1968. Some have even managed to have "Copenhagen," listed as their home town on their passports, Bjorn Asplund said. Others have passports that do not list their sex. They are unhappy people who started hormone treatment for undergoing a sex change in Sweden but never got around to having the operation.

Artificial hermaphrodites, in other words, who came here in the hope of having an operation and then remained in a kind of indeterminate drifting existence. Others find themselves in Copenhagen at the order of some obscure organization whose objective is to kill all Jews. Some have the solution to the Palme murder in their pocket.

#### Small Left Wing

Little remains of the young leftists. Those who are left are squatters, whose movement in Copenhagen is being followed closely in Oslo and Stockholm. Most young people are conformists; the gap between them and those who deviate from the norm is widening. Further to the right there is another disturbing movement, the green jackets. In Copenhagen they terrorize the Turks, but they can also attack old addicts and homosexuals. That is the youth scene today.

#### Old Giant

Late in the afternoon we reached our last stop, the enormous old Kofoed School on Nurnbergsgade. Kofoed School was started in the 1920's (!) and the aim was to give unemployed people self-respect and hope for the future. Today activity flourishes as never before. Here people can make pottery, play music, sew, work in a machine shop, do carpentry work or study philosophy and religion. Payment is made in "Kofoed dollars," the school's internal coin with which one can buy food and other necessities at the school. Now the workshops were closed for the day and outside the door some figures moved aimlessly through the twilight. Some were intoxicated. Others hurried away alone. But Kofoed School was still open and inside a quiet evening life was going on. People played cards, watched TV, sat and talked.

Everywhere we saw people eating the food they had brought with them. Others were preparing food in some kitchen areas. Still others sat in the library, absorbed in a book. Here books, plants and people breathed quietly together. The entire library was like an aquarium or a garden where people can pluck books like fruit.

Ole Meldgaard was headed for his lecture on religion and philosophy, subjects of great interest to the unemployed. A mixed group of people waited in the classroom, but some carefully wrapped up the rest of their food and left. They could do without spiritual food.

"The current poverty is a cultural poverty dominated by exclusion, a lack of self-respect and a feeling of not being needed," said Ole Meldgaard. "There is simply no room for those who can't do very much."

Then he went in to his class.

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### FRANCE

**Traditional Family Structures Changing**  
35190024 Paris LE MONDE in French 4 Dec 87 p 36

[Article by Guy Herzlich: "Families in Smithereens"]

[Text] For the past 15 years or so, following the disappearance of cohabitation among generations and adult children retreated to the "nuclear" family made up of the couple and its children, the family has undergone somewhat unexpected changes: It has exploded and tended to scatter and reunite according to even more restricted new forms. Recent research and data, in particular a report by the High Council for Population and the Family presented on Wednesday 2 December, makes it possible to measure the scope of these changes.

Lower fertility rate and the disappearance of the large family (four children or more, and even three children) are the best known demographic occurrence. The drop in the number of marriages, however, is no less substantial: They went from 416,500 in 1972 to 266,000 in 1986. According to Henri Leridon of the National Institute for Demographic Research (INED), this drop was "almost entirely compensated by the development of common-law marriages." "Youthful cohabitation" was only a phase: The phenomenon reached other age groups. The number of unmarried couples, which was 445,680 out of 12,400,000 couples in 1975, or 36 percent, went to 809,000 in 1982 or 61 percent and, according to an INED ongoing study, could have now reached 1,300,000: Among those aged 21 to 44, 10 percent "cohabit," 66 percent are married and 24 percent live alone.

This expansion of common-law marriages has been accompanied by a large increase of out-of-wedlock births: Their number increased by 50 percent between

1982 and 1986, reaching 170,682 for that last year, or close to 22 percent of the births. Unlike neighboring countries, French society has shown itself particularly tolerant of that development.

Divorces increased concurrently, going from 16.8 for every 100 marriages to 30.8 in 1985: An "undercurrent trend" which the law has merely ratified; the presence of children in the home no longer hinders. This increase has resulted in "single-parent" families: close to 850,000 as far back as 1982. Only a portion of the divorcees remarries or enter into common-law marriages.

These changes bring back partially bygone situations: In the last century still, marriages were shorter, second marriages were frequent due to deaths (especially among women who died during childbirth), large-scale concubinage, especially among the working class, and celibacy was more widespread.

Will the shattering of family patterns deteriorate even further? Will marriage, and for the children life with a married couple, cease to be the prevailing situation or will we, in a few years, witness a wave of marriages (or belated marriages)?

#### **Precarious Alliances**

On the economic, social or fiscal level, "domestic arrangements" are already difficult to define: Some unmarried couples live together. Others live together part of the time, each keeping his or her own apartment. They pool a variable portion of their resources, and when they have one or several children, they divide the burden in many various ways. With the diversity and relative fragility of marriages, the transfer of inheritance becomes particularly complex.

On a legal level, is it necessary to consider some type of recognition, of endorsement of the common-law marriage, which would be equivalent to recreating another type of civil marriage? Must the growing precariousness of marriages lead to making joint parental authority the rule in the case of divorce and common-law marriages? Tied to a more "traditional" concept, the High Council report declares that the family must remain "a safe place" for its members and that "all children need a father and a mother;" but, questioning the effect of this shattering of the family upon the children, it wonders if the breakups as a possibility could be integrated into their education. It also wonders about the future of "parental authority": It has become weaker as children's rights have grown; is not this trend bringing some insecurity to both sides?

## ITALY

### **Union Membership in FIAT on Continuous Decline**

35280063 Rome LA REPUBBLICA in Italian  
13 Nov 87 p 39

[Article by Salvatore Tropea: "Trade Unions Tremble: Lowest Membership on Record Among FIAT Workers"]

[Text] Turin—And if COBAS [Independent Union Groups] were to also turn up at Mirafiori? More than a threat, this theory could be the outcome of an unprecedented and alarming union crisis reported yesterday by the Turin CGIL [Confederazione Generale Italiana del Lavoro—Italian General Confederation of Labor]. On the eve of a contractual period that promises to be complex and full of unknowns, it has been discovered that in the well-known fortress of the metalmechanic industry, FIAT Mirafiori, union membership has reached levels so low that union representation has become insignificant, if not nonexistent.

Here are the figures of the decline. At Mirafiori, workers who carry a CGIL card today number little more than 3,000, barely 8 percent of the 44,000 employees. CISL [Confederazione Italiana Sindacati Lavoratori—Italian Confederation of Labor Unions] and UIL [Unione Italiana del Lavoro—Italian Union of Labor] are even worse off since together they manage to amount to a very modest 5 percent. Then there is a small minority of those most faithful to the unitary choice, that is, 3 percent who are FLM [Federazione Lavoratori Metallurgici—Federation of Metalworkers] card carrying members. This brings the total number of union members to little more than 15 percent. This is exactly half the level seen during the roaring 1970's of the metalworkers union.

To tell the truth, the FIAT union has never had an easy life. Only in rare moments of its history has it succeeded in surpassing the 30 percent threshold of members, and almost always these moments have coincided with periods of intense conflict. An example? The conflict that turned into the 35-day dispute of the Autumn of 1980 and which ended in union defeat. But support has never dropped below the safety high-water mark of 20 percent. It has happened in the last 2 years, and this is an alarm bell for the union.

The stages of this decline are fairly well defined. The first dates back to that defeat 7 years ago. Former CGIL Secretary General Luciano Lama describes it as "an open wound." The restructuring process begun by FIAT after the unforgettable settlement translated, on the one hand, into a massive reduction of workers (about 50,000 in 3 or 4 years) and on the other, into a progressive reduction in union membership. This phenomenon, which was rather worrisome, seemed at any rate as though it could be contained.

This wasn't the case. In 1983, only among those unemployed was union membership greater than 30 percent. But it was obvious that it was a question of active affiliation, so to speak, called for by the circumstances. Among staff employees, alienation had already begun to be noticed to the point that an investigation verified that the total rate of membership in the three central unions was not greater than 25-26 percent. The second blow happened between 1984 and 1985, a period when many of the unemployed decided to abandon the battle to return to the factory and seeking another place of employment, returned en masse to the South. The following year, with the FIAT-union agreement that sanctioned the recall to work of those laid off, paradoxically the workers organizations suffered another blow. Without any remaining reason for conflict, workers became accustomed to the new rules dictated by the company, further weakening union power.

There is another aspect of the numbers that is even more alarming. During the years when there was a 30 percent membership at FIAT, the union boasted a very high level of consensus. In other words, whenever strikes were called, support went well beyond the number of members. At times, support included the entire workforce. Recently, consensus has disappeared so that, except for some rare exceptions, the latest strikes at Mirafiori and at FIAT as a whole, have always been a resounding failure.

This picture, which is hardly encouraging for the union, was outlined yesterday for the conference of delegates and cadres of the Turin CGIL. The national secretary, Giuliano Cazzola, and the secretary of the Turin Workers' Association, Luciano Marengo, pulled no punches in revealing a condition of weakness that leaves the union exposed while a major dispute over benefits with FIAT is in preparation. With regard to the dispute, CGIL is hoping for a sizable wage recoupment, at any rate no less than the 95,000 lire obtained with the national contract.

Yesterday they also urged that a relaunching of the union is essential. But at the same time, they also had to deny the rumor concerning the demobilization of the historic fifth union league of Mirafiori, the former output of FLM, where for some time now only a CGIL group has operated since CISL and UIL have removed themselves. This is another sign of decline which, all in all, could also be of concern to FIAT.

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## SWEDEN

### Industry Seen Lagging on Developing New Technology, Products

36500032b Stockholm DAGENS NYHETER in Swedish  
20 Nov 87 p 2

[Editorial: "Where Will Future Growth Occur?"]

[Text] Those who want to simplify matters and take a quick look at the structure of Swedish industry should go into a store and look at personal computers or compact

disk players or video equipment. In most cases the computers are imported from the United States or West Germany or manufactured here from components made in Japan and Taiwan. The compact disk players and the video equipment come from Japan. Advanced electronics equipment is packed in cartons that are probably produced by Swedish paper mills and the packages have been transported to warehouses and stores in Swedish trucks.

The industrial debate has concentrated primarily on our competitiveness in the sense of cost parity with the rest of the world. Since Swedish companies are not price leaders, but follow prices set by the world market, wage costs cannot rise more here than they do in competitive countries, as a general rule. They have had a tendency to do so for the last 15 years; competitiveness has then been restored as a result of direct or indirect devaluations.

In his arguments—which are based on analyses at the company level—Professor Erik Dahmen usually distinguishes between competitiveness in the simple cost sense and development capability, which refers to the ability of companies to expand through new techniques and new products. This distinction has become more and more important as international competition has become increasingly characterized by technological changes that are distributed more rapidly.

It is this development aspect that is described and thoroughly analyzed in a new Industrial League study, "The Driving Forces of Growth," prepared by Associate Professors Lennart Ohlsson and Lars Vinell, both experts in the field of industrial economy.

The only area that has had a growth and productivity trend at around the 5-percent level is the research-intensive sector—which produces drugs, biotechnology, advanced electronics. Previous analyses have selected this as the big growth sector of the future and the motive force for industry. But its share of total industrial added value is only around 12 percent. The research- and knowledge-intensive sectors represent a total of around 40 percent of added value. The same is true of the labor- and capital-intensive sectors that are hard-pressed by competition—i.e. our traditional industries based on raw materials.

The profit boost and the export increase primarily reflect our devaluations, the changes in international exchange rates and a market shift.

Swedish industries that are heavily dependent on research and development are technically advanced in an international context but this sector is still much too small to have more than a marginal impact on overall industrial growth and foreign trade. And the sector's net exports to the three dominant competitive countries, the United States, West Germany and Japan, are declining.

The technology-related branches are working in a market that is growing rapidly as a whole. In other words it is here that there is a growth potential. But the risk picture is also different here. Products require a large research effort and often have a short life span. It is the rapid change of technology that creates a genuine uncertainty, which is something quite different from the problems of making good market assessments.

If Swedish firms in branches with a promising future are to be able to establish new companies and expand, they must have access to risk capital markets that function

better. This probably calls for changes in Swedish business taxation. In the past these taxes have locked in profits in companies whose future promise is in the past. Politicians must also accept a concentration of the most research-intensive companies in a small number of regions, a step that is necessary from the point of view of business economy. Promising to locate a new university and a new electronics firm in each town will undoubtedly result in important votes, but not many GNP percentage points.

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