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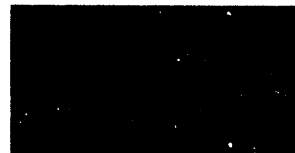
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JPRS L/8274

12 February 1979

TRANSLATIONS ON WESTERN EUROPE  
(FOUO 11/79)



WEST

EUROPE



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INTERNATIONAL AFFAIRS

FUNCTION, PURPOSE OF 'BRANDT COMMISSION' DISCUSSED

Bonn EUROPA ARCHIV in German 10 Dec 78 pp 703-710

[Article by Dr. Fritz Fischer, LL.M. of Bonn, assistant to the chairman of the Independent Commission on International Development Issues, representing the author's personal opinions]

[Text] Previous History

The Independent Commission on International Development Issues began its work in December 1977, under the chairmanship of the former German chancellor and chairman of the SPD [Social Democratic Party of Germany], Willy Brandt, and will conclude its deliberations in spring of 1979 with the publication of a report. This report will be transmitted to the Secretary General of the United Nations, and also made available to all interested governments, international organizations, and the public.

As in the case of the Pearson Commission some 10 years ago, this time also the inspiration for the formation of such a committee came from the president of the World Bank. In a speech before the World Affairs Council in Boston at the beginning of 1977, Robert S. McNamara suggested the establishment of an independent commission, under the possible chairmanship of Brandt.

In the opinion of the World Bank president, the current international negotiations for the solution of the most urgent North-South problems had reached a dead end. In order to get out of this situation and thus to improve the possibilities for agreements, a group of independent personages should work out a few problem areas by means of an impartial analysis, and develop proposals for them that could gain support in rich and poor countries alike.

Naturally, it was possible to evaluate the prospects for a realization of World Bank President McNamara's proposal only after the close of the Paris Conference on International Economic Cooperation (KIWZ), which was still in session at that time. Then the unsatisfactory conclusion of KIWZ itself proved to be detrimental to the initial chances of such a commission. In the view of a number of developing countries, this experiment -- for solving some major problems in a small group outside the United Nations -- had failed, and moreover had given the industrialized countries 2 years to "catch their breath."

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This also explains their firm resolution<sup>2</sup> in the KIWZ final report to carry out all future deliberations only in the context of the UN organizations, especially since they have a majority there.

In the many discussions led by the future commission chairman in the following period, it thus had to be made especially clear that such a commission would not be similar to a KIWZ committee, and that in particular the commission would not try to take away the responsibility of the governments and international organizations. Therefore there could also be no question of interrupting the official negotiations for the duration of the commission's activities, as was largely the case during the Paris conference. Instead, such a commission should use the means at its disposal to contribute to the improvement of the prospects for negotiation.

In retrospect, it can be stated that meanwhile -- after the ensuing establishment of the commission -- this group has been supported even by those representatives of the Third world who had earlier expressed reservations. In the mean time, some of these countries have even invited the commission to meetings.

After a final formation of ideas in Washington (annual meeting of the World Bank and the International Monetary Fund) and New York (UN General Assembly), Brandt informed United Nations headquarters in September 1977 of the formation of the "Independent Commission on International Development Issues." This step was decided by two considerations: the increased awareness that a settlement of North-South relations represents the social question for the rest of this century, which cannot be solved by governments and international organizations alone, and which requires the support of all; and the confident encouragement for the commission chairman to make use on a worldwide scale of the experience in peaceful settlement that he had gained through his East European policy.

#### Composition of the Commission

At the end of November 1977, 2 months after the establishment of the commission, its composition was announced. In this connection, the following views were among the central considerations:

On the one hand, all important political and regional movements should be represented, insofar as possible. Thus it was only natural that the representatives of the developing countries had to be clearly in the majority. On both sides, female leaders should also belong to the commission. Among the members from industrialized countries, a representative of the labor movement should be included, as well as from banking and industry.

With a total of 17 commission members (10 from developing countries and 7 from industrialized countries, the above-named criteria could be adequately taken into consideration. The executive secretary of the commission, as well as the director of the secretariat and the honorary treasurer, belong to the commission by virtue of their office.<sup>4</sup> In addition, an approximately equal number of "eminent persons" were asked to put their experience at the service of the commission.

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The secretariat of the commission consists of 8 to 10 international development experts, and its work will be largely based on the documentation that already exists in excess, as well as calling on appropriate institutes and specialists in particular cases. For reasons of expediency and on account of the general significance of trade questions, this staff is located in Geneva.

In contrast to the Pearson commission, which was supported by the World Bank, the secretariat and the commission meetings are financed, in the interest of maintaining their independence, by a number of unrestricted contributions from various countries and foundations.<sup>5</sup>

#### Purposes and Potential

Brandt alluded to the potential and limitations of this commission in his opening speech to the constitutive assembly in Gymnich Castle near Bonn on 9 December 1977.<sup>6</sup> Then, after this first meeting, the commission chairman informed the public of the basic organization of the future work, on the occasion of a stay in India.

The points of departure for the commission's deliberations are determined to a large extent by the fact that the relations between industrialized and developing countries have changed considerably since the Pearson commission around 10 years ago. At that time, bases for an analysis and prediction had first to be set up, with the aid of a very independently working secretariat, and the recommendations were mainly directed to the industrialized countries and principally concerned increased efforts in development policy.

Today, in view of the profusion of available material, it is much more urgent to "recognize the forest among the many trees"; and here the commission is faced with the task of limiting itself to specific problems, in order to guarantee that its voice will also be heard.

In this task, it must start from the political fact that the oil price explosion has resulted in a previously unknown solidarity among all the developing countries. These countries have been expounding their global demands for a new world economic order for many years on a broad front, and with their majority in the United Nations, they have put through corresponding resolutions. Thus it is no longer mainly a question of greater results in development policy alone, as important as these still remain. Rather, they are demanding a thoroughgoing transformation of the international economic system, that would make them into equal partners in world trade.

The exceedingly many international conferences of the last few years have for the most part brought only verbal progress to the community of developing countries. On the contrary, the prospects for a speedy implementation of their very extensive demands have scarcely improved, so that bitterness and frustration increasingly overshadow the debates. This feeling is further accentuated by the growing protectionism in the industrialized countries,<sup>8</sup> and strengthens the desire for a permanent structure of economic conditions that would be as free as possible from large variations and that would allow them to make reliable plans for the future.

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Nevertheless, the militant demands of the Third World have strengthened the realization in the industrialized countries that considerable changes are necessary in North-South relationships. At the same time, however, they have found themselves for several years faced with serious and partly novel problems in their own economies, which can be treated only to a limited extent by traditional methods.

These apparently contrary tendencies -- radical demands on the part of the developing countries for a new world economic order on the one hand, and persistent economic problems in the industrialized countries on the other hand -- represent both a challenge and an opportunity for the "Brandt commission." It can contribute to the process by which the long unproductive exchange of proposals, which has largely determined the conferences of the last few years, is transformed into a phase of more promising and freer efforts towards solutions that can actually be put into practice.

As an independent committee, the commission has the advantage that its members can discuss openly, free from instructions and detached from considerations of prestige, and can evaluate the problems from all sides without any taboos. The guideline of its deliberations will be to expose the community of interests in some important areas; these alone can yield a lasting basis for acceptable solutions.

At their very first meeting, at which the commission members were able to agree on a working program, these "marching orders" for future work were already set up. The recognition of the increasing partnership interdependence also inspired the commission to depart from the traditional concept of "aid," in order to make the new start clear in the public mind in this way also.

The independence of the commission makes it both possible and necessary to present a carefully weighed picture in its analysis of the previous development and the prospects for future cooperation, in which the opportunities and potential of all the countries concerned are discussed. So the prospects for strengthened economic relations among the developing countries themselves, as well as the necessity of satisfying the basic needs of the poorer segments of the population in the Third World countries, are also to be investigated.

Here as in other areas, the commission will be conscious of the increased sensitivities and will try to avoid the impression that a certain superior knowledge from outside and above will determine what is good for the individual countries. It will also make it clear that the satisfaction of basic needs does not stand in the way of progress in other areas (for example, industrialization), but that the increased efforts must complement each other, rather than being mutually exclusive.

The commission will also not be able to close its eyes to the fact that the countries of the "South" have developed very differently, and will continue to do so in the future. Some will already be considered industrialized countries in the foreseeable future, while others have fallen farther behind in their development. In view of the growing impatience of many of these countries and the equally persistent expectation of a quick change, an indication of a realistic time scale may also be given.

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The various forms of future cooperation with the industrialized countries, but also among the developing countries themselves, must take this differentiation more strongly into consideration. But such a recognition of great economic differences in the Third World should in no way endanger the political solidarity of these countries, which lends collective weight to their demands.

In the commission's view, the Communist-controlled countries should also be included to a greater extent in this strengthened cooperation, especially since the developing countries increasingly associate these countries with the industrialized world and thus with the "North." While the Pearson commission regretfully saw no possibility of going deeper into this important area, now the interest in a greater integration of these countries into the world economy is to be evaluated by contacts on the specialist level, so that it will be possible to give a carefully weighed, non-polemical description of this in the commission report. A few months ago, members of the Geneva secretariat held the first discussions on this subject in Moscow, and there is hope for a continuation.

The commission will also try to make a connection -- as always, to be conditioned by the particular case -- between defense savings and increased development efforts into a major topic for international discussion. In the commission's view, both factors -- the continuing explosion of defense outlays and the persistence of economic differences between North and South and within the various countries -- equally endanger world peace. To this extent, there is every motivation to treat these potential sources of explosion in the framework of a global policy of detente and equalization. Here North-South problems touch upon the East-West questions.

In summary, it can be stated that the commission does not intend to concern itself with all the problems presently being discussed. It will emphasize a few of them in its long-term prospects for cooperation, and in doing so will not limit itself to economic concerns alone. The commission will see its principal task and thus its only potential in making an exact analysis of the "community of interests" in important areas, and in deriving initial solutions from them.

In this connection, we note the encouraging fact that the direct connection between employment and more rapid growth in the developing countries is gaining a greater place in the general discussion in the industrialized countries, and thus makes possible a concrete reference to North-South problems. At the same time, this interdependence is projected to an increased extent in the next decade in the investigations and predictions of international organizations, in agreement with the similarly directed efforts of the commission.

#### The Commission's Procedure

From the first meeting on, the members of the commission have made full use of their special advantage of openly discussing, in complete independence, all the questions that appear important to them, and approaching them from various points of view. In this connection, there is an obvious effort to

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evaluate the viewpoint of the "other side" also, and not to stick to fixed positions. The closed nature of the commission meetings, which have no audience and always take place in a setting that encourages dialogue, may contribute to this situation as much as the fact that no minutes with names are kept concerning the presentations, and especially that no prepared statements concerning them are given to the press. After the end of the meeting, the public is informed through a communication from the chairman.

Before the actual (3-day) commission meetings on various continents begin, a few "eminent persons" as well as leaders from the host country and the region are generally asked to express their opinion on North-South questions. In certain cases, the commission members are also given the opportunity to make themselves familiar with all aspects of a specialized area in a hearing before the meeting.<sup>10</sup> For the sessions themselves, the basic data for discussion are prepared in English by the secretariat according to a working program that is kept flexible; these papers also contain options for possible recommendations.<sup>11</sup>

Between meetings, the secretariat, the commission members, and especially the chairman maintain many contacts with high-ranking leaders and international organizations. Thus, for example, in the last few months Brandt has taken the opportunity of informing almost all the heads of government of the Western and Eastern industrialized countries of the commission's work, and asking for their suggestions. In addition, he has also held talks with many political leaders in the developing countries, visited important international organizations, and spoken with high church dignitaries.

#### The Commission's Final Report

The commission's report, which will be completed in early spring of 1979, is to be aimed at addressing a wide audience. The commission's "message" should not be too bulky, and should be presented in such a way that even the average citizen understands it. Specialized discussions of particular cases are to be published in a separate volume. The report itself is to be offered in many languages at an affordable price, so as to be available to large segments of the population. Its main purpose will be to convince the decision-makers in North and South, and public opinion in these countries, that thoroughgoing changes in international relations are necessary to create a more equitable order on the world-wide level. In this connection, the commission hopes to make it clear that such a development does not represent a threat to the industrialized countries, but rather an opportunity that, in the long run, corresponds to their own interests, especially in the economic area.

Naturally, an effort will be made to obtain the agreement of all the commission members on the report. But if unanimity cannot be reached on certain individual questions, despite common efforts, then dissenting opinions appear to be more convincing and more honorable than compromise formulas that cover over essential differences.

Although no unrealistically high expectations should be tied to the commission's work, it is to be hoped that its report will contribute to changing the climate

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and framework of international discussion, so that lasting solutions can be found on which all the parties concerned can agree, because they correspond to their respective interests. The commission would like to make a contribution to the acceleration of this process with carefully considered, objective, and convincing proposals. Since it also turns to the people in this process, it would also like to arouse enough interest in this way to facilitate and support the decisions of the governments, which are finally responsible.

Appendix: Members of the Commission

1. Abdlatif Y. Al-Hamad (Kuwait), director general of the Kuwait Fund for Arab Economic Development.
2. Rodrigo Botero (Colombia), economics writer, former finance minister.
3. Antoine Kipsa Dakoure (Upper Volta), presidential adviser, former coordination minister for the fight against the drought in the Sahel.
4. Eduardo Frei (Chile), former prime minister and chairman of the Christian Democratic Party.
5. Katharine Graham (United States), publisher of the WASHINGTON POST and NEWSWEEK.
6. Edward Heath (Great Britain), former prime minister and chairman of the Conservative Party.
7. Amir H. Jamal (Tanzania), minister for transportation and information, former finance and trade minister.
8. Khatijah Ahmad (Malaysia), bank director, former administrator of the rice board.
9. Lakshmi Kant Jha (India), governor of Jammu and Kashmir, former president of the Bank of India.
10. Adam Malik (Indonesia), vice president, former foreign minister and president of the UN General Assembly.
11. Haruki Mori (Japan), member of the board of directors of the Society for International Cooperation, former deputy foreign minister and ambassador.
12. Joe Morris (Canada), head of the Canadian labor movement and chairman of the administrative council of the International Labor Organization (ILO, Geneva), vice president of the International Federation of Free Labor Unions.
13. Olof Palme (Sweden), chairman of the Social Democratic Party, former prime minister.
14. Peter G. Peterson (United States), chairman of the board of the Lehman Bros., Kuhn, Loeb banking house, former secretary of commerce.

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15. Edgard Pisani (France), senator, former agriculture minister (was recently named instead of Pierre Mendes-France, who had to withdraw from the commission on account of illness).

16. Shridath S. Ramphal (Guyana), secretary general of the Commonwealth Secretariat, former foreign minister.

17. Layachi Yaker (Algeria), vice president of the National Assembly, former trade minister.

Ex officio members:

Goran Ohlin (Sweden), professor of economics at the University of Uppsala, former staff member for the Pearson Commission.

Dragoslav Avramovic (Yugoslavia), former director of the World Bank and now special adviser to UNCTAD.

Jan Pronk (Netherlands), member of parliament, former development minister.

FOOTNOTES

1. See the text of the final remarks of this speech on p. D 601 f.
2. Cf. the text of the final report of the KIWZ (without supplements) of 2 June 1977 in EA 17, 1977, p. D 493 ff.
3. See the specific list of the commission members above.
4. Ibid.
5. On the basis of a pledge from the Dutch government, the British and the three Scandinavian governments have meanwhile made financial donations to the total costs, which are estimated at around \$ 6-8 million. Contributions have also been made by the German Marshall Fund of the United States and announced by the Ford Foundation and the Canadian International Development Research Council. The Japanese government has also made pledges, while on the German side, it is mainly political foundations that are participating in raising funds for commission meetings in developing countries.
6. Text of Brandt's speech in Gynnich Castle, p. D 602 ff.
7. Text of the Delhi declaration on the Brandt Commission, 22 December 1977, p. D 604 ff.
8. See also the World Development Report 1978 of the World Bank (p. 14 ff.) and World Bank President McNamara's speech at the annual meeting of the governing council of the IMF and World Bank on 25 September 1978 in Washington.

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9. At the meeting in the United States, the following, among others, spoke as representatives of the host country: Senator Jacob Javits, Undersecretary of State Richard Cooper, Henry Kissinger, Harlan Cleveland, and Orville Freeman. From the international field, there were: Kenneth Dadsie, UN general director for development and international economic cooperation; Idriss Jazairy, chairman of the UN Committee of the Whole; Ambassador Don Mills (Jamaica), speaker of the Group of 77; Dr. Raul Prebisch, former secretary general of UNCTAD and of the UN Economic Commission for Latin America; and Jacques de Larosiere, executive director of the International Monetary Fund.
10. Thus before the meeting in Mali (14-17 May 1978), an exchange of views with a series of experts on raw materials took place in London from 11 to 13 May; the majority of the commission members took part. Similarly, a gathering on the subject of "Strengthening of Trade and Cooperation among the Developing Countries," to take place in New Delhi, is scheduled before the November meeting in Kuala Lumpur.
11. The following subjects were dealt with at the May meeting in Mali: problems of the poorest developing countries, satisfaction of basic needs, and raw materials questions. In the United States, the following were discussed: community of interests, questions of debt, migratory workers, and the emigration of specialists to the industrialized countries (the so-called brain drain). Furthermore, there was a preliminary discussion on questions of nutrition and agriculture. At the coming meeting in Malaysia, the following subjects will be treated, among others: economic cooperation among the developing countries, market access, and medium-term economic development in the world; then, energy and environmental questions, such as non-renewable raw materials; and finally, the area of investment and multinational enterprises. All together, the commission has planned eight meetings: after Gynnich (December 1977), Mt. Pelerin, Switzerland (March 1978), Bamako, Mali (May 1978), Tarrytown, United States (August 1978), and Kuala Lumpur, Malaysia (November 1978), meetings in 1979 are scheduled for Saudi Arabia (February), Latin America (May), and Vienna (July).

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INTERNATIONAL AFFAIRS

SPANISH-GERMAN AGREEMENT ON SOLAR ENERGY IMMINENT

Madrid CAMBIO 16 in Spanish 14 Jan 79 p 48

[Text] Within 1 month Spain and Germany will sign an agreement to build, over a 6-year period, the world's largest solar powerplant in Almeria or Badajoz.

Within 6 years solar energy could be supplying electricity to a city of 150,000 inhabitants, such as Cadiz or Almeria, if plans for the world's first industrial-scale solar energy plant, to be put up in Spain, are successful.

In early 1979 the Spanish Government will sign an agreement with the Federal Republic of Germany for the construction, in Almeria or Badajoz, of a 20 megawatt powerplant to produce electricity from solar energy. Total investments for the project will hit 13 billion pesetas, of which Spain will contribute 25 percent.

The powerplant will cover a total surface area of one-half million square meters, 120,000 of which will be taken up by the reflectors. Participating for Spain in the construction, engineering and installation are the firms Construcciones Aeronauticas, S.A., the National Institute for Aerospace Research, the National Aluminum Enterprise, Bazan and Maquinista Terrestre y Maritima. Representing the FRG are the companies Interatom and KBU (nuclear equipment), Man and GHH (machinery) and MBB and Dornier (aeronautics).

In terms of its power output and commercial scope, the project is unprecedented worldwide. Furthermore, it is geared towards "an ambitious objective," as Luis Magana, the energy commissioner, describes it: saving energy equivalent to 400,000 tons of petroleum a year over a period of 10 years. This would represent savings of 4 billion pesetas in our balance of payments.

According to Magana, this project, which could put out up to 100 megawatts by multiplying the modules, is designed "to spur the manufacture and design of the equipment during a first phase, and then, if the results are good, to enable us to utilize them industrially."



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Not all experts share the optimism of the energy commissioner. "What Spain is doing in the field of solar energy," Bilbao expert Andres Medrano told CAMBIO 16, "is stupid, misguided and a fraudulent use of taxpayer money." He advances the following arguments to back these descriptions: "Stupid, because they are trying to convert solar energy into electricity through the heliothermal system, which even American experts have advised against; misguided, because we are ignoring other methods that are more within our reach, and fraudulent because foreign, not domestic technologies are being used."

Solar Experiments

The Spanish projects currently under way to develop solar energy are merely experimental in nature. The three existing ones are located in the Almeria region and cover an area of 120,000 square meters; investments there total 3 billion pesetas.

The only totally Spanish project is CESA I, a 1 megawatt plant that will be completed by 1980. The other two powerplant projects (each 0.5 megawatt) are multinational and promoted by the International Energy Agency. Sixteen countries, including Spain (with 30 percent of each project), are taking part in them.

In Spain, the Center for Energy Studies has budgeted 800 million for to promote new energy sources, and the Ministry of Industry has kicked in another 150 million; both figures are for 1979.

Israel is the number one country in the application of solar energy. The United States has two 10-megawatt projects under way. Another 10-megawatt powerplant is being planned in Italy, and Japan is building a 1.2 megawatt plant.

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FRANCE

NEW POST-ELECTION POLICY TENDENCIES VIEWED

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[Article by Dr Walter Schuetze, reporter at the Centre d'Etudes de Politique Etrangere [Center for Foreign Policy Study], Paris (study committee for German-French relations): "New Tendencies in French European Policy and Security Policy after the Elections of March 1978"]

[Text] More Freedom of Action for Giscard d'Estaing?

The unexpected outcome of the parliamentary elections of March 1978 opened the way for new initiatives in the area of French foreign policy and security policy. The most important and immediate consequence of the victory of the government coalition was the stabilization of the position in all of Western Europe and in NATO. The hypothesis of a fundamental new orientation of France and of a far-reaching change in the social and economic system demanded in the joint governmental program of the leftist union has been dropped, and for the next 5 years, the length of the term of legislature, the Fifth Republic will remain a predictable partner. The authority of the president of the country was appreciably strengthened, which also increased his chances of being able to put into action the internal reforms and external (foreign policy) course corrections which he has aimed for since his election 4 years ago. In the euphoria of victory, in which many even within the coalition had ceased to believe, such an optimistic perspective seemed to be completely justified. Six months later a certain disillusionment has spread whose causes are certainly determined by the state of the economy, for one thing: rising unemployment accompanied by continuing "stagflation," and also a growing skepticism about the prospects for success of the neo-liberal economic experiment introduced by Prime Minister Raymond Barre. More important is the fact that President Giscard d'Estaing had not succeeded in breaking up the rigid sociopolitical ideological fronts and creating the conditions for a "government of the center" with the socialists--and if necessary without the Gaullists.

Abroad, in view of the relief about French continuity which is felt in the West as well as the East, it is all too often overlooked that in the first:

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ballot of 12 March the majority of voters voted against the coalition (which received only 46.45 percent of the vote) and that the final ballot was primarily a vote against the parties of the left which had fought themselves out and lost credibility as partners in government.<sup>1</sup> The large parliamentary majority of the middle-class camp may be able to gloss over the very close election results, but the complete polarization into left and right was unchanged.<sup>2</sup>

The president's attempt to shake up the middle ground was still not a completely hopeless undertaking. The Socialist Party, which was now insisting on putting a clear distance between itself and the communists and was canceling the joint governmental program, showed itself ready for parliamentary cooperation, and the large union headquarters let it be known that they would not reject out of hand the social concert offered by Giscard d'Estaing. Meanwhile, this "opening to the left" was nipped in the bud by the Gaullist group movement (RFR) when their parliamentary group refused to grant the chairmanship in two of the six standing house committees to the opposition.<sup>3</sup> For their part, union leaders felt duped when the prime minister, having been confirmed in office, announced a structural improvement plan, the so-called Barre plan, without consultation with representatives of the workers, a plan which demanded wage discipline and consumer austerity along with decontrol of industrial production prices.

The balance of power in the parliament had in any case changed only insignificantly, for as before the Gaullists made up the bulk of the government coalition (with 155 representatives as opposed to 122 representatives for the Union for French Democracy--UDF--the joint parliamentary group of the three middle-class parties loyal to Giscard), and thus they have the possibility of blocking every decisive change of course in domestic and foreign policy. On the other hand, the scope of the president in the executive area has certainly grown, and the Elysee Palace has been trying silently but systematically since spring to displace the supporters of Jacques Chirac from key positions in administration and diplomacy which they still hold. Presidential democracy has become a reality, at least in the realm of foreign policy (but far less in the realm of defense).<sup>4</sup> As will be shown in detail, bounds have nevertheless been set to Giscard d'Estaing's scope by the necessity of not encumbering the relationship to the RPR by a too obvious break with the Gaullist tradition and of maintaining the precarious balance of power by constant compromises. On the basis of this silent *modus vivendi* Chirac agreed to a parliamentary truce until next spring. His scope is even more limited, for he cannot threaten a breakup of the coalition--as demanded particularly by Michel Debre--all the less since the greater part of the parliamentary group would refuse to follow him out of fear of the new parliamentary elections which would then be unavoidable.

The situation today is therefore characterized basically by institutional and party political blockage, which still allows the head of state a relatively large amount of freedom of movement in the "domaine reserve" [private preserve] of foreign policy and security policy. If there is a

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consensus in France today, then it is this: that it is not a spectacular diplomatic success but the success or failure of the Barre plan that will decide in the coming spring whether Giscard has his way in the face of the powers of persistence in both camps and is able to put the clock of French progress on European time.

New Beginnings in European Policy

This effort to adapt French structures--and mentality--to the European Economic Community should be regarded as the leitmotif of the initiatives undertaken by Giscard since March. In the election itself European policy did not play a decisive role, even if Prime minister Barre emphasized again and again that under a leftist regime France would not be able to stay in the Common Market. The leftist union had an understandable interest, in view of the deep differences of opinion that exist here, in not putting the European theme in the foreground. The president himself used this argument with great force on the eve of the first ballot in his televised address when he said "that France, if it were to enter on a period of uncertainty and weakness, would ensure in a single stroke the economic and monetary primacy in Europe of our strong partner, the FRG. And who among us can be content with that?"

If it is hard to say how many undecided voters were impressed by this, it is beyond doubt that Giscard d'Estaing here expressed his basic conviction that the further development of the EEC in all areas not only requires political harmony between Paris and Bonn, but also demands above all the approximate equality of the two main partners. In a televised discussion on 16 October he even designated it as being France's goal to catch up with the FRG economically within 10 years.

This fixing on the FRG as the model of a modern industrial and commercial state is certainly not new. Georges Pompidou was setting up this "German norm" for his countrymen as early as 1969,<sup>5</sup> and his successor (but not his first prime minister, Chirac) then personalized this relationship, characterized by Pompidou as exemplary, by the constant emphasis on his good and even friendly understanding with the Federal chancellor. The duo of Giscard and Schmidt has already become the real driving force in European policy, even in externals, through the encounters which precede EEC summit meetings and by the state document in the cathedral at Aix, the counterpart to the document of reconciliation between Adenauer and de Gaulle in the Cathedral at Rheims, which has a very marked Carolingian character; thus it is certainly not a case of pure symbolism intended to conceal an inability to act. The new impulses emanating from this league of two are bearing fruit in many ways: in interest in direct elections to the European Parliament, in the mutual will to achieve expansion of the Community to include the three Mediterranean states, in the building up of the political consultation mechanism of the EPZ [European Political Cooperation], in the strengthening of the functions of the European Council and in particular in the area of currency policy.

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## Currency Problems

The idea of a European currency league, called EWS, is even considered to be the personal work of the French president and the German federal chancellor to such an extent that in the process the real context, i.e., the Community of Nine,<sup>6</sup> threatens to be obscured, quite aside from the fact that the national camp followers in both countries, the parties, the central banks, the economic alliances, etc., can hardly keep up with such a rapid pace. It can hardly be an error to assume that the currency plan is primarily a means of political stabilization for Giscard as well as for Schmidt, i.e., on the German side an honoring of the president's election victory, and a readiness to strengthen his position and to further the process of adaptation to the FRG vanguard as much as possible. That may well correspond to the intentions of the Giscardians in France as well. From the French point of view, a further fall in the dollar is a matter for concern, it is true, but not the main motive for the creation of the EWS. The top priority is to assure the prospects for foreign trade in spite of the constant inflationary trend by giving the franc solid parity in a system of reference which is--faute de mieux--not worldwide, but Western European.

For this reason the initial positions in Bonn and Paris were also different: from a technical point of view, in Paris they wanted a package of all eight EEC currencies with an average value as a unit for calculations, by which means the weakness of their own franc would be covered and the DM would be depressed; the more conventional system of clearly recognizable bilateral currency parities which is envisaged in the present stage of the discussion, on the other hand raises reservations in financial circles even reaching as far as the government, because in view of the discrepancy in economic development in comparison with the FRG--the increase in cost of living will be around 10 percent again in France in 1978, that is, four times that in Germany--the franc can only be drawn into an extended currency snake after a devaluation. Recently the word "rattlesnake" has been making the rounds in Paris; not because the EWS has rattled from the beginning--which cannot be ruled out, considering the nonparticipation of Great Britain and hesitation on the part of Italy--but because the goal of currency stabilization aimed for by the president.<sup>7</sup>

From the point of view of experts, simply because of the current phase disparity on the two sides of the Rhine--a moderate business upswing in the FRG and a period of "austerity" in France which can be overcome no earlier than summer of 1979--changes in structure of the economy can only be achieved in the course of a long process, and it is therefore not very advisable to want to overcome the results of being in arrears (the currency weakness) by quick solutions alone and to make this into a question of political prestige.

## Further Development of the EEC

It must further remain in question whether the initiative in the matter of a currency alliance, which is felt by the other EEC partners as a solo effort

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by the Germans and the French, can really strengthen the community context. Some critical voices are already speaking of the immutability of the pre-eminence of Bonn and Paris,<sup>8</sup> but such a development is not accepted everywhere and certainly not in France by the Gaullists, socialists and communists. The factual severing of ties with weaker EEC members of which Willy Brandt once spoke with a very negative echo cannot be reconciled with the declared goal of the French president of strengthening the concert of the heads of state and government of the Nine. The "European Council," after all arose out of an initiative of Giscard's, and since 1975 it has developed from an informal fireside chat more and more into a real decision-making body. In view of the Elysee Palace, even today it forms the superstructure of the confederation of Europe which is structurally still lacking. Consistently, Giscard turned on 12 September to the heads of government, and not to the EEC organs in Brussels, with his suggestion that the European Council should decide at its coming session at the beginning of December about the summoning of "three wise men," whose task it would be to examine the institutional problems which result from the expansion of the EEC. In the Elysee Palace it is characterized as being completely unrealistic to use the existing mechanisms of an integrative and/or cooperative nature which were originally created for six states for 12 far less homogeneous states.<sup>9</sup>

For the strongly bureaucratized structure of the EEC in Brussels, the semi-annual rotation of the presidency of the cabinet council creates fewer problems than it does for the cooperation of the Foreign Offices in the context of European political cooperation (EPZ). French considerations on giving the "diplomatic traveling circus" more permanence by giving each president two vice-presidents<sup>10</sup> (in each case the foreign minister immediately preceding and succeeding him) lead back to the old Pompidou plans for the creation of a standing political secretariat. Looking at the party political differences in France, it is significant here that the emphasis on nonobligatory, intergovernmental voting (a federation of states rather than a federated state) is an attempt to finally overcome the dogmatic struggle over supranationality.

With direct election to the "European Parliamentary Assembly"--the term "European Parliament" is banned from the official vocabulary in France--the old ideological contrasts still break out. The de facto alliance of the extremes is forming itself anew here: arch-Gaullists as well as communists are conjuring up the spectre of German-American hegemony in the context of an EEC parliament which sees itself as a constituent assembly--and here the former are polemicizing against the imperialistic aspect and the latter against the capitalistic aspect of such an integration through the parliamentary back door. The socialists want to help their conception of a socialist Europe make a breakthrough in Strasbourg,<sup>11</sup> and the Giscardians see themselves forced onto the defensive and paradoxically forced to hold to the traditional line of de Gaulle that the French government will not permit an independent extension of jurisdiction for the Euro-assembly.<sup>12</sup>

A coalition crisis about the European election in June 1979 is improbable, since neither Chirac nor the RPR party wants to come to open conflict about

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this question, which is basically of secondary importance to them. For the other parties it is also not so much a question of Europe, but more of a domestic show of power: since here for the first time proportional voting (with lists) is being used, each of the four great camps is appearing separately and free from concessions based on voting tactics, and socialists as well as Gaullists are counting on profiting from the unpopularity of the government and the failure of the Barre plan which they foresee<sup>13</sup> and being able to put their respective rivals into a clear minority.

The RPR and the PCF [French Communist Party] also find themselves together in the categorical rejection of the expansion of the EEC to include Greece, Spain and Portugal--in clear contradiction to their traditions. After all, it was Georges Pompidou who demanded the balancing of the EEC by the entry of the Mediterranean countries from 1969 on, while on the other hand it should be in the interests of the PCF to encourage the Eurocommunist element through joining forces with the relatively strong communist parties of these three countries. But here the deciding factor appears to be the desire to broaden their voting base by making themselves the advocates of the wine growers and fruit growers of southwestern France, who are afraid of over-powerful Iberian competition. The socialists and the center parties as well as the government, on the other hand, are trying for compromises in agrarian policy to prevent a flooding of French markets. Thus it will depend among other things on the skill in negotiation and the authority of the president whether a majority can be found in the National Assembly for the ratification of the treaties for entrance into the EEC. Giscard d'Estaing will have to aim to gain time in this difficult domestic situation, and the suggestion of summoning a council of "three wise men" should also be regarded in this light.

The liberalism ordained by the prime minister of the French economy, finally, must not be confused with a late conversion to free trade. Raymond Barre spoke out for a "regulated" (or regimented?) foreign trade for the EEC even before the elections, and the acute crisis situation in important economic branches (steel and shipping industries, textiles and synthetic fibers, etc.) forces him rather to innovative protective measures which must necessarily be adopted unilaterally. These problems, i.e. a very restrictive French position in the current GATT negotiations and in reference to the steel crisis plan of the EEC, to cheap imports from third countries, etc., cannot be presented here in detail. But it is still to be hoped that Barre will not act here according to the motto which the industry minister, Andre Giraud, (until April 1978 leader of the Commissariat for atomic energy), announced in reference to the energy policy of the EEC in the senate's European debate of 25 October 1978: "What is good for France is also good for Europe."

## Giscard d'Estaing's Initiatives in the Area of Disarmament and Arms Control

In the area of disarmament and arms control the French president has taken steps which mean genuine innovation and differ significantly from the negative attitude adopted under his two predecessors. The reasons that moved Giscard d'Estaing to give up France's abstention in international disarmament negotiations are manifold. It certainly went against his "universalist" attitude

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to stand apart here and be able to exert no direct influence on the course of events. In addition, there was a growing concern about the increased arms race even in the Third World<sup>14</sup> and about the further vertical and horizontal distribution of atomic weapons.<sup>15</sup> Besides, it could be foreseen with specific reference to French conditions that the refusal to take up the empty seat at the Geneva disarmament conference (CCD) and the continuation of underground nuclear tests in the Pacific would again incur strong criticism, particularly on the part of the Third World states, on the occasion of the special general meeting of the United Nations in New York in the spring of 1978. Here attack appears to be the best defense, and so the head of state had a plan of his own worked out in the fall of 1977 which he was to present in New York.

The genesis of this project, in which besides the responsible offices unofficial institutions also took part, showed that the conceptual scope was quite narrow. It was out of the question, if only considering Gaullist taboos, to include nuclear weapons in a disarmament proposal, and so this reef was avoided by the master stroke of dividing the world in two, into a zone of conventional weapons and the northern hemisphere covered by the atomic stalemate of the two world powers, in which Washington and Moscow were assigned the sole responsibility for a reduction in the nuclear arms race. Correspondingly in the first drafts there were no suggestions for the European region. Giscard d'Estaing and his advisors, however, felt obliged at the end of 1977 to add the idea of a disarmament conference in Europe to the principles which were then published in January 1978, for the first secretary of the Socialist Party, Francois Mitterrand, had put forward an inclusive plan on his part with the central point that a standing disarmament committee of all CSCE [Conference on Security and Cooperation in Europe] states should work out measures for the limitation of nuclear and conventional weapons and armies.<sup>16</sup>

## The Significance of the Giscard Plan

Significantly, the declaration of the French cabinet council of 25 January was accompanied by a detailed endorsement of the doctrine of independent nuclear strategy and defense policy. In this, as in the formulation that a conference of signatory states of the Helsinki accords would have to have the whole area from the Atlantic to the Urals as its object, one should see a concession to the Gaullists, particularly since shortly thereafter it was made clear that such a conference would have to be limited to conventional weapon potentials. That is "fortiter in re, suaviter in modo" [firmly in substance, pleasantly in manner], a denial of all expectations that France would take part in the current arms control negotiations. While the leftist union demanded a radical change of course and subscribing to all partial arms control agreements concluded since 1963, including the ratification of the treaty banning nuclear weapons, the government held to the dogma of not letting itself be bound by a "super-Yalta" decree by the two world powers. This was more a question of Gaullist philosophy than of utility in view of the circumstance that these partial agreements with universal applicability,



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which were worked out in the framework of the CCD in Geneva, do not even touch the technical development of the French nuclear arsenal. On the complete atomic test ban, which is not yet ready for signature, would be acceptable for Paris on the basis of the great need to catch up which exists in this area.

Thus it was no surprise that the conception which the French head of state presented to the tenth special general assembly of the United Nations on 25 May 1978 placed emphasis on the marginal or formal aspects of disarmament. This included primarily the readiness to cooperate in a new expanded Geneva committee which was to take the place of the CCD and put an end to the previous procedure of the American-Soviet copresidency, as well as specific suggestions for creating a world institute for disarmament research and an agency for supervision by space satellites, which were explained in detail in French memoranda.<sup>17</sup> For the purpose of stemming the tide of the conventional arms race, the countries of the Third (nonnuclear) World were further to summon regional conferences and create nuclear-free zones on the example of Latin America. In the same regional context it is a matter of achieving regulations on the limitation of weapons sales.

## The European Aspect

A further memorandum<sup>18</sup> was devoted to the suggestion of a disarmament conference of the CSCE states, which are dedicated in the first stage to the elaboration of the confidence-building measures already set down in the Helsinki accords, and is to have as its theme the limitation of conventional weapons systems with great offensive power (with the exception of naval forces). The exclusion of nuclear carriers stationed in the continental European area makes such a procedure appear questionable from the beginning, and a limitation to conventional weapons leads inevitably to the problem of the reductions aimed for in the more limited MBFR [mutual and balanced force reductions] area, where with an increased number of participants difficulties would be bound to increase exponentially. Further, it remains completely open how the neutral or non-treaty states should be included in such a process, since the principles of parity and collectivity accepted in Vienna by the two alliance systems in the reduction of military potential cannot be applied to them, and it would be necessary to proceed according to the principle of proportionality.

Giscard d'Estaing returned from New York with the--justified--feeling of having achieved a great personal success, but in the following months showed that he was disappointed at the limited response that had been accorded to his concrete individual suggestions--apart from the reform of the Geneva disarmament conference, which after all is advocated by a large number of other states, among them Great Britain.<sup>19</sup> The French government announced on 27 September 1978 that it would take part in the new organization, which is to become active at the beginning of the coming year.

The interest of Western and Eastern European chancelleries understandably concentrated on the European aspect of the Giscard plan, which has already

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been the subject of several diplomatic feelers without it being evident as yet whether and when the French president will issue an official invitation to the 34 governments. Both the framework and the central point of the suggestion fit in with considerations made both in East and West of resuming conversations about new confidence-building measures but without linking them formally with the execution of all the stipulations of the Helsinki accords, as had happened at the Belgrade CSCE follow-up meeting, and thus running the danger that the discussions will run aground on the problem of human rights.

That the Soviet Union will agree to steps which concern its entire European area up to the Urals is improbable. Nevertheless the reaction in Moscow to the Giscard initiative was friendly, and the French contribution to military detente was singled out for praise.<sup>20</sup> For the FRG it would also be an optical advantage not always to appear in the role of advance guard, or of driving force in matters of military transparency and arms control, and to reach a consensus with Paris at least in the area of European security policy. Interpretations according to which Giscard brought up the thought of a disarmament conference in Europe mainly to block the MBFR negotiations in Vienna are in error; this would be a presumptuous undertaking which would overtax his powers. It is just as little a question of a first cautious step in the direction of the Vienna conference. France rejects the goals of the discussion on reduction of forces in Central Europe under any conditions, less because of concern for a possible limitation of the defense capabilities of NATO than from motives of traditional German and Eastern policy.<sup>21</sup>

Similarly during this fall Paris refused to take its place at a hypothetical "third table" beside the current MBFR circle and in connection with the future SALT III at which the concern would be to gain recognition for the interests of the Western European allies, who would be the ones primarily affected by the limitations of the strategic weapons systems located in the continental "gray zone." The challenging words "from the Atlantic to the Urals" really do apply to this geographical area. The objection that a No from France would prevent the European voice from being heard in the dialog of the world powers above all in this question of security policy which is so important for the partners of America is answered by French diplomats with the argument that this is regrettable, but it is more important not to become involved in a negotiation process which would inevitably lead to tying France's nuclear forces into future strategic arms limitations.

#### The Perspectives

In view of this unconditional insistence on full national liberty, the positive effects of France's participation in the new Geneva disarmament committee should also not be overrated. Rather an institutional uprising against the superpowers--whom China may possibly join--and thus an effectiveness for this committee which is significantly lower in comparison to the old CCD should be expected.

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The detached attitude to NATO has been characterized by great continuity --in spite of improved cooperation on individual points in the personal and practical area. The president again ostentatiously did not participate in this year's Atlantic Council session at the summit level in Washington.

Thus we can speak of a flight to the front in matters of disarmament policy only in a very limited sense, since in Paris they are substantially holding to the maxim of not entering into any international obligations which would affect the status and the developmental possibilities of the Force de Frappe, even indirectly. On the other hand, the Giscard plan and the concrete individual suggestions which accompany it are not mere window-dressing. It is significant that the Fifth Republic has given up its self-isolation in this regard and in future efforts for the nonproliferation of nuclear weapons. Certainly the gentleman in the Elysee Palace is shadow-boxing in the case of the great majority of parties and the public in this matter. There is some indication that Giscard d'Estaing is closer to the disarmament philosophy of Francois Mitterrand than to the Maginot complex of Jacques Chirac and the barons of Gaullism. That is scarcely significant for immediate practical politics, but for medium-range perspectives for a change in the party political landscape of France, on the other hand, it is of significant concern.

FOOTNOTES

1. The disappointing performance of the Socialist Party--in the first ballot it received only 22.5 percent of the vote and thus ranked just under the share of the RPR--weakened Mitterrand's negotiating position vis-a-vis the Communist Party (PCF), and raised the fear among crossover voters that the socialists would not be able to win through in the government against the PCF. It also had a negative effect on the image of the leftists that the three party leaders agreed on the following day on an "up-to-date" government after the PS and PCF had led a bitter battle against this since September 1977. In addition, publicly this agreement was misinterpreted as an admission of participation in the cabinet by the communists based on the principle of parity.
2. In the final ballot of 18 March the vote gain of the former coalition was a little over 300,000, with a total of 26,206,000 votes cast. The surplus of more than 80 seats for the government parties is explained by the majority voting principle and the electoral districts, which gave the opposition a great disadvantage. In more than 50 electoral districts the differences between the two unity candidates was less than 1 percent of the votes.
3. The Gaullist veto against a communist chairman caused the PS to withdraw its own candidacy for the second chairmanship. The RPR also blocked the initiative of the Giscardians (UDF) to introduce proportional representation for the National Assembly--and thus to create a basis for the

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- PS to be able to get out of the voting alliance with the PCF forced by majority vote. A further initiative of the president to introduce the proportional system at least for local communities (in cities with more than 30,000 inhabitants) also runs into opposition from the RPR.
4. A very characteristic example of this is the unexpected decision of the president (at the end of September 1978) to allow construction to begin on the sixth atomic submarine demanded by the Gaullists, even though the Defense Ministry and Navy leadership had spoken against it on technical and financial grounds and had advocated a new generation of missile-carrying submarines beginning in 1985.
  5. In the year 1972 Giscard d'Estaing, who at that time was minister of finance and economy, had requested from Herman Kahn at the European branch office of the Hudson Institute a study which was published in January 1973 and reached the conclusion that France would have surpassed the German economy in the medium term (1985).
  6. For details of Rudolf Herlt, "After the Summits in Bremen and Bonn: New Strategies in Economic and Fiscal Policy Being Tested," in EUROPA-ARCHIV, 16/1978, p 507 ff; cf also the speech by Foreign Minister Louis de Guiringaud before the National Assembly on 8 June 1978: "Shaken by the currency chaos which is disturbing the conditions of competition and encouraging the compartmentalizing of markets, the Community saw itself being hindered in its development and even threatened in what it had achieved, because it had not attacked the real problem, the harmonizing of national economies and currency solidarity. For years France has stressed the fact that the resumption of the process of currency union is an unavoidable prerequisite for any progress in Europe." Text in: "Documents d'actualite internationale" [Documents of International Current Events], Paris, No 33, 19 August 1978.
  7. Currency speculation has already anticipated such an adaptation: the exchange against the DM stood at 2.31 at the end of October, and almost reached the catastrophic low point again just before the parliamentary elections in March. In addition, a devaluation would have a negative effect on the balance of trade with the FRG, since imports would become even more expensive and the French exporters on their side would not be able to take advantage of the price advantage achieved in the German market because of rising production costs.
  8. Article by Antonio Giolitti, Italian member of the EEC commission, in: CORRIERE DELLA SERA, Milan, 24 October 1978.
  9. See Giscard d'Estaing's piece in LE MONDE, 14 September 1978: "It is clear that a simple revision of the arrangements initially intended for 6 to apply to 12 members is inadequate, and that greater efforts to adapt are necessary if we want to preserve the effectiveness and the climate of solidarity which have made possible advances in European reconstruction and if we wish to create the conditions for a true confederation of Europe."

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10. The foreign ministers of the Nine decided at the session on 14 September 1978 in Bonn on such a procedure for the special case of Turkey, which will participate in future in the political consultations intended to avoid a direct confrontation between the two countries in the EPZ context.
11. It has often been explained from the side of the French government in the struggle for the venue of the new European Parliament that they insist on Strasbourg and would veto a change of venue.
12. It was only a short while ago, at the end of September 1978, that the French foreign ministry again let it be known that the resolutions of the European Parliamentary Assembly for industrial cooperation, which also referred to the arms sector, exceeded the authority of the assembly as that had been established in the Roman treaties. The Paris government is further of the opinion that the Western European Union and its parliamentary assembly located in Paris has the sole responsibility for defense problems.
13. The RPR finds itself here too in an ambiguous position as governmental partner, while the PS, as the results of the last three parliamentary by-elections (following the annulment of the voting results in March by the Constitutional Council) prove, was able to attract the "protest voters" from all the other camps. The socialist candidates asserted themselves in two voting districts with significantly larger majorities and defeated prominent like Servan-Schreiber (in Nancy) and the RPR representative de la Malene (in Paris). Party leaders are counting on a share of the votes of up to 30 percent for the European election.
14. Giscard d'Estaing announced in the race for the presidency in June 1974 that he would "moralize" French arms sales. In the year 1977, however, these shipments, the majority of them to countries of the Third World, reached the record level of over 27 billion francs. Unilateral bans on the shipping of military equipment are not under consideration--except in the embargo of South America imposed by the Security Council of the UN. It is not being ruled out in Paris government circles that France could take part in the international agreement about the limitation of weapons sales and purchases which are still to be decided on.
15. See Pierre Lalouche, "France in the International Dispute about Nuclear Energy: The New Foreign Nuclear Policy under Giscard d'Estaing," in EUROPA-ARCHIV, 17/1978, p 154 ff. The French government concluded an agreement on safety with the IAEA in Vienna on 27 July 1978 which refers to the control of a number of civilian nuclear plants following the example of the two Anglo-Saxon nuclear states.
16. LE MONDE, 14/15 December 1977. See also Jean Klein, "The French Left and the Problems of Defense," in POLITIQUE ETRANGERE, 5/1978 p 505 ff.

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17. The French UN delegation conveyed on 1 June 1978 to all member states of the UN: a memorandum on the "creation of an international body for satellite supervision;" a memorandum on "creation of an international institute for disarmament research" as an autonomous body in the framework of the UN. On 1 June the French UN delegation also announced that they would in the near future present another memorandum on the "creation of a disarmament fund for development." This thought takes up the suggestion made by the French prime minister, Edgar Faure, at the Geneva East-West summit conference of 1955 of using 5 percent of the worldwide armament expenditure for aid to development in the Third World.
18. Memorandum on "project of the disarmament conference in Europe," conveyed to the member of the EEC on 24 May 1978, to the other KSZE states on 25 May and to the other Mediterranean countries on 26 May for information purposes.
19. Cf No 120 of the final document of the 10th Special General Assembly in EUROPA-ARCHIV 19/1978, p D 538 F: "Formation of a disarmament committee as successor to the CCD. The membership of the committee, which is to function using the consensus process, is open to the nuclear states as well as to 32-35 other states. Chairmanship of the committee will rotate among all the members on a monthly schedule."
20. At the conclusion of his consultations with the French government and of a conversation with the president, the Soviet foreign minister, Andrey Gromyko, explained on 28 October 1978 in front of the press in Paris that the USSR welcomed the fact that in future France would participate in the disarmament talks. On both sides the conclusion had been reached that political detente in Europe had to be supplemented by military detente.
21. See Jacques Vernant, "Chronique Diplomatique," in DEFENSE NATIONALE, Paris, Dec. 1978: With reference to an MBFR agreement, the fear is here again expressed that the creation of a zone of lesser armaments which essentially consisted of the two German states would lead to a dissociation of the FRG from the Western European confederation which is on the point of coming about, and would encourage tendencies to a neutralization of West Germany. The weightiest French argument against the MBFR process from the beginning, at any rate, was that the creation of a Central European zone with special status would inevitably make the responsibility of the 4 powers for all of Germany an empty one and thus reduce the possibilities of France's influencing the development of German policy.

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FRANCE

MITTERRAND-ROCARD QUESTION SEEN HEADED FOR SHOWDOWN

Paris L'EXPRESS in French 16-22 Dec 78 pp 78-79

[Article by Robert Schneider: "Mitterrand Ready For Showdown"]

Text Wednesday 30 December, 2030 hours. In the cold night, Francois Mitterrand accompanied only by Claude Estier, leaves the socialist party headquarters at Palais Bourbon Square on foot. Pierre Mauroy leaves by car in the opposite direction. Michael Rocard has already reached his offices nearby at University Street, where several party leaders join him.

Is this correct, this picture of a socialist leadership split at the end of a so-called long day of "verification"? Six hours of discussions did not allow the group, which has controlled the PS since 1975, to agree on the simplest text. The socialist general staff scheduled a new meeting for Wednesday, 20 December. But the gap seems to have been created again between the first secretary and his friends, more inclined to do battle than to negotiate and the others, all the others who decided to meet again before this second explanatory meeting.

Convinced that he has a broad majority in his party, the first secretary wanted to demonstrate on Wednesday 13 December that he did not fear the confrontation. He declared, "it is not the unity of the PS which is involved, only the unity of its leadership. Let those who no longer agree with me say so clearly!" He knows that on the day before Rocard announced his intention to the English press to make a contribution, that is to say, in the socialist jargon, to submit a sort of preliminary motion for the Metz Congress in April, which the members will be asked to consider, but not to vote on. Mitterrand also knows that Gilles Martinet and Dominique Taddei, the leaders of the so-called "Critical" faction close to Rocard had their own text distributed on the same morning. Likewise, he really intends to force both to declare themselves. And thus, he expects to isolate himself.

But Mauroy himself promised to avoid the test of strength. On 7 December, he saw Mitterrand and Rocard, and on the 12th, Martinet. He said to all of them: "Why should we be divided since we agree on the essentials?" Again, he makes himself the champion of unity.

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Rocard apparently understood him. He does not say a word about his contribution, but counterattacks in another area: He asks "can one speak the truth in this party without being abused? If one continues to compare with me Laval--like Gaston Deferre--or with Deat--like Francois Mitterrand--I will ask for the selection of an honorary jury." Martinet also avoids every reference to his text, which, however, the Mitterrand supporters already have in their possession.

For several hours the socialist leaders will mark time, like in a bicycle speed test, where the one who starts first rarely leads at the finish line. In submitting the initial text, no one wants to assume the responsibility for a split which the members would misunderstand. However, the well known divisions appear clearly. Mauroy, Rocard and their friends demand a more collective leadership. But on nationalizations, Mauroy appeared closer to Mitterrand than to Rocard.

About 1830 hours, Pierre Joxe, one of the trusted lieutenants of the first secretary finally gets to the point: "Are we still capable of reaching an agreement?" He enumerates all the texts published or announced since the defeat in March which no one dares to mention: the contribution of Mitterrand's friends, of the so-called "Thirty" in June; Mitterrand's speech before the executive committee on 8 July; the contribution of Martinet and Taddei; that of Rocard; Jean Poperen's book etc. He asks Mauroy, yes or no, whether he intends to submit a contribution in the name of the Federation of the North.

Mauroy seized the opportunity thus offered to place the responsibility for the present division on Mitterrand's supporters who signed the first dated of these contributions. He said, "I propose, to all those who have not signed the text of the "Thirty," that they decide whether they can agree." It is the first time that the mayor of Lille publicly contemplates an alliance with Rocard and with all those who challenge the first secretary.

Mitterrand who feels threatened with isolation preferred to see each one make up his mind on their own initiative rather than the positions of their friends. Anger appears in his words. "I am the subject of public attacks by party leaders. No agreement is possible with them, if they do not retract their statements." Thus it will be difficult to reach an agreement on 20 December.

"The others, all the others," will they oppose him with a joint text, as Rocard desires? That would be to immediately challenge Francois Mitterrand and participate in the test of strength.

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FRANCE

CERES SAID TO BE 'CUT IN TWO'

Paris L'EXPRESS in French 16-22 Dec 78 p 79

[Article by Jacques Roure: "CERES Cut in Two"]

[Text] Will CERES [Center for [Socialist] Studies Research and Education], the leftist minority in the PS, succeed in escaping its long purgatory thanks to the division of the party majority? Expelled from the executive committee since 1975, the friends of Jean Pierre Chevenement--a fourth of the party--have always proved since then to be determined adversaries of what they call the "American Left" embodied by Michel Rocard. So that in recent months they appeared as "impersonal allies" of Francois Mitterrand.

Alas! At the very moment when the minority could regain hope, its conference at Epinay-sur-Seine on 16 and 17 December indicates that there is no longer one CERES, but two.

On one hand the "gang of four": Chevenement, Didier, Motchane, Georges Sarre and Pierre Guidoni, the historic leaders who sanctioned the organic union with the PC, as if March 1978 was only an accident on the way. On the other hand, we have the "neo-CERES" members headed by Christian Pierret, 34 years old, deputy from Vosges, who have also agreed to maintain unity with the PC, but on condition that the PS becomes more independent and takes into account more the economic situation.

At the beginning of Socialist renovation, CERES was the spur and think tank for the PS. It is Chevenement who allows Mitterrand to win the party in 1971 at Epinay. It is he who holds the post of first secretary in 1972, at the time of drawing up the common program. But CERES' haughty dogmatism rapidly proves incompatible with the party's development. Ever since, pictured as the PC Trojan horse in the PS, CERES was rejected in the minority. It is true, it provides its detractors with sound arguments: moreover recently when Chevenement criticizes the "swing to the Right" in the socialist party, his speech was published in communist leaflets.

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The radical criticism of the minority has appealed to many socialist members for 3 years. But today many see in Chevenement a nationalist hybrid of Marchais and Debre. How many of these dissenters are there? A third of CERES, according to their leader, Christian Pierret? In any case, enough to be important, should the occasion arise, in the Mitterrand-Rocard showdown.

Chevenement, on his part, indicates that he could be a socialist presidential candidate in 1981. Is this to put himself in a good negotiating position with Mitterrand against Rocard?

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FRANCE

ANALYSIS OF PIERRE MAUROY'S POLITICAL STRATEGY

Paris L'EXPRESS in French 6-12 Jan 79 pp 47-48

[Article by Robert Schneider: "Why Mauroy No Longer Follows Mitterrand"]

[Text] Designated heir apparent in 1976, arbiter since March 1978, Pierre Mauroy is responsible for the initial political event of 1979: His alliance with Michel Rocard. Robert Schneider analyzes this strategy, which is only half a surprise.

"Those who took me for a weather vane here were wrong. I do not reject the [position] papers I presented on 20 December 1978 together with Michel Rocard." There was no ambiguity whatever in the lively tone of Pierre Mauroy at the time of the latest conciliation meeting among the leaders of the French Socialist Party [PS] on Wednesday, 3 January 1979, at the party's headquarters on the Place du Palais Bourbon. The one whom Francois Mitterrand had designated as his heir in 1976, the one whom the Socialist activists considered as the arbiter of the Socialist Party decided to ally himself with Michel Rocard and for the first time not to follow Mitterrand. On Saturday, 6 January 1979, the party's executive committee chaired by its first secretary [Mitterrand], who had been deliberately absent on 3 January, will have no alternative but to take note of the break.

This is an event even if it is only half a surprise. On several occasions already, since the defeat of the Socialist Party at the legislative elections of March 1978, the Mayor of Lille [Mauroy] had opposed Francois Mitterrand. But each time he had accepted compromises. Even on 20 December Mauroy had given the impression of rallying in the afternoon to the first secretary of the PS whom he had opposed that same morning. Hence the ironic comment of some of Mitterrand's men that Mauroy "would always end up giving in."

It is true that Pierre Mauroy hesitated a lot. On one hand there is his profound admiration for Mitterrand. Mauroy's account of their first private meeting should be heard. This was in 1965 on a train which was bringing them back from Lille to Paris. "The renewal of the left would necessarily occur if 100 determined individuals were available to realize it," the presidential

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candidate running against Gen Charles de Gaulle had told Mauroy at that time. Mauroy was to be one of those men for 13 years and without the slightest weakening even when Mauroy had to break with his "boss," Guy Mollet.

Offsetting this loyalty was Mauroy's conviction that the first secretary of the Socialist Party did not wish to draw lessons from the party's setback at the legislative elections as well as Mauroy's old friendship for Michel Rocard.

The first break between Mitterrand and Mauroy occurred in the spring of 1978 when 30 hardline Mitterrand followers published a paper recalling the major principles of the party's Epinay Congress. The Mayor of Lille saw in that the confirmation of what he feared: Mitterrand, leaning on a few trusted allies, wished to reassume control of all the party's command levers. In short, Mitterrand wished to increase even further his personal power that Mauroy already deemed to be excessive.

It was at the party convention of 25 November 1978 that Mauroy decided to ally himself with Michel Rocard. On that day Mitterrand once more took shelter behind the "Epinay line" to distinguish between those who were really Socialists and those who were no longer so. Mauroy's reaction: No one, not even Mitterrand, has the power of excommunication. He, Mauroy, was Socialist by birth. The son of a lumberjack from Nord Department who had become an elementary school teacher, Mauroy joined the Socialist Party at the age of 16 and has never left it since.

No one, Mauroy still figures, not even Mitterrand, has title to the "Epinay line," that is, to the strategy of the Unity of the Left. This is a line which, in Mauroy's eyes, does not justify theological discussions on the break with capitalism, even less the slide toward a nationalist stance which he thinks he perceives in Mitterrand at the approach of the European elections, and Mitterrand's refusal to take account of the consequences of the betrayal of the Socialist Party by the French Communist Party. A certain shift to the left by Mitterrand, approved by CERES [Center for (Socialist) Studies, Research and Education], worries Mauroy to the point of jeopardizing the unanimity of appearance of the party executive. The activists will decide.

Has Mauroy definitively given up playing his role as arbiter? If one were to go by what he says, not at all. "I don't want war," Mauroy answered. Simply, he felt that a trial of strength was the only way to force the party's first secretary to discuss matters. Mauroy's goal is not to remove Mitterrand who continues to be in the former's eyes the best qualified to keep unity within the Socialist Party. Mauroy merely wants to force Mitterrand to share responsibilities. The prospect of facing his two major rivals joined in a coalition will prompt--so Mauroy thinks--the party's first secretary to negotiate a compromise, either at the meeting of the party's executive committee on 11 February 1979 where the papers, if they are validated, will be transmitted to the sections to be voted upon by the activists or, if necessary, at the Congress of Metz to be held on 7 and 8 April 1979.

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Between now and then the bridges are not burned. "There is still an umbilical cord between us," the followers of Rocard say ironically. Let the first secretary finally make concessions and Mauroy will join him. But does not Mitterrand, like Rocard, hope for a confrontation? "He will undoubtedly be obliged to reach an understanding with us since no one will have a majority," the Mayor of Lille said. He would not concede that in order to produce a makeshift majority the deputy from Nièvre Department [Mitterrand] might strike an alliance with CERES, which is anti-European and subject to communist influence.

"The interest of the Socialist Party" explains this obstinacy of Mauroy in wishing to arrange a Mitterrand-Rocard reconciliation. He does not forget the electoral deadlines--at the canton level in March, at the European level in June 1979. But the two men have an imperative individual ambition on their part, namely, each one wants to be the standard bearer to face Valéry Giscard d'Estaing at the presidential elections of 1981. Is Pierre Mauroy not seeking, then, to reconcile the irreconcilables?

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FRANCE

REVIEW OF PCF STRATEGY, TACTICS

Paris PARADOXES in French Nov-Dec 78 pp 35-40

[Article by Annie Kriegel: "Communism French-Style"]

[Text] A historian and sociologist, Annie Kriegel is one of the outstanding specialists on communism on which she has written numerous works. We asked her to analyze for the readers of PARADOXES developments in the PCF [French Communist Party. The critical analysis she has made of those developments and which for lack of space we were not able to publish in our last issue, is not incompatible with the dissidence that some observers perceive springing up within the PCF.

In the course of the significant year running from the spring of 1977 to the spring of 1978, the PCF triumphed in one sphere at least: It succeeded in keeping its secret and its mystery from those professionally responsible for observing it. The latter merely went from registering their apprehensive awe to scornful indignation.

It must be recognized that it was lucky. Circumstances helped it: The defeat of the Left having been virtually achieved in the first round of the elections (which surprised even the rare experts who continued to believe that the majority would win out in the end), it managed not to reveal itself as it would have been forced to do (for example by not accepting reciprocal withdrawal [on the second round of the balloting]) if on the evening of the first round the results had turned out to be the reverse or merely less clear-cut.

A Complex but Logical Arrangement

The PCF, of course, does not deserve either the excessive honor paid it prior to March nor the subsequent contumely. On the whole it handled its undertaking as could have been foreseen the moment one understood the complex logical arrangements and the satisfaction which, to the amazement and

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indignation of its former allies, it is flaunting for having extricated itself properly, does not seem feigned to me.

Bringing a party (which people are convinced remains a social democratic party insofar as its majority and especially its voters are concerned) by means of an alternating and complementary interplay of general enticement and pressure on its left wing gradually and progressively to take on a program whose internal logic should lead it in due course, even at the cost of a possible break on the right, to an undertaking somewhat ambiguous at first so that its communist nature will be exposed only after it may be too late, is indeed an unusual exercise.

It may of course also be that the entire communist undertaking is affected in its very logic by a faulty concept of such a nature that union of the Left must always and under all circumstances, at least in a country like France, be broken after a long upward phase. That is the situation if, for example, it is thought that its initial success can only benefit inexorably from an excessive inflation on the socialist side, an inflation which after a certain point imperils the communist capacity to control the whole affair.

The only strategy for union which worked right up to the end--that is, until the establishment of a socialist dictatorship--the strategy of national union in the people's democracies after 1945, perhaps only succeeded for reasons which strictly speaking had really nothing to do with it: It was perhaps "doomed" to succeed because the source of its success lay elsewhere, in the Red Army's occupation of the terrain ahead of time.

If this hypothesis were accurate, it would indeed be absurd for the communists (and incidentally the socialists) stubbornly to persist from time to time in relaunching a strategy which can lead solely to what it has already produced 3 times: a final rupture (1978) before or (1937, 1947) after exercising power. The unbelievable power of French style political mythology is sized up here: Not a single socialist, not a single communist dissident was found even just to suggest that such a hypothesis should be carefully studied. No, on every side they prefer to explain that if the communists (or socialists) had played the game, the game would have worked.

#### The Critical Point

Yet this hypothesis has the advantage of determining precisely where the critical point is found: In recent years the communists have been able on an immediate or future basis to accept rearrangements in the traditional forms of their control (for example by abandoning the concept of dictatorship of the proletariat) but they have not brought back into question the principle itself of a control over which at all events and in whatever form it may be they intend to retain command however discreet, however far-removed, however flexible it may need to be.

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So if no progress has been made on the matter (and now that they have reached the stage of seeking in particular to "perfect" democratic centralism, it is virtually certain that the 23rd congress will take advantage of it to neglect this excessively crucial issue), one must either think that union of the Left is a completely absurd idea or else that the communists are not interested in its final outcome which to their experienced eyes could in no way be in doubt. Save in an exceptional situation in which the socialists by repeating their aberration like that seen in Prague or in Budapest from 1946 to 1948 were to seek their own downfall. Which, moreover, is not in itself impossible but which implies that everything can inevitably lead to general elections: For if a majority of socialist leaders and militants are apt to go astray out of power madness, including accepting excessive risks, the socialist voters for their part are far less rash.

## From Social Legitimacy to National Legitimacy

Then do the communists have only an instrumental concept of union of the Left? Don't they go back to it periodically solely for the advantageous by-products it ensures for them? It is true that in 1936 the Popular Front enabled them to make two capital points. They then established their legitimacy and laid the foundations for a permanent existence no longer just on a single theoretical claim but on the practical capability of representing the labor sector; in addition and specifically they ensured control for themselves over the reunified CGT [General Confederation of Labor]. Similarly, from 1943 to 1947, it can be considered that they managed to broaden the source of their vitality moving from a legitimacy that was only social (labor) to a national legitimacy. The party which was at that time made up solely of a limited network of regional nuclei based in the heart of the "labor fortresses" developed as a consequence into a ramified circuit at the level of the whole country.

It is also true that this time this kind of by-product is less easy to define. Unless one considers as a by-product of the union of the Left strategy from 1965 to 1978 the PCF's very recent capacity to wrench itself out of the Stalinist rut, away from Soviet fascination, to place itself in a position where it would have plenty of time, without any break at all with the socialist sphere, but guaranteeing more autonomy in it for itself to exploit its own patrimony.

## Two Processes

French style Eurocommunism whose meaning and substance are of course quite outside of the union of the Left as such, would nevertheless have found in it the additional vitality, prestige and potentialities which made that daring and that renewal possible for the PCF. It is here and only here that these two processes, which have tended either wrongly to confuse or excessively to separate, are linked; union of the Left has temporarily provided a rather favorable situation, it has permitted what a provisionally



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unite). So to the same extent the PCF deployed its efforts to contribute to the socialist renaissance, it can from now on deploy them to contribute to its collapse. With the same relative success. It is regrettably true that the Socialist Party, today as yesterday, is in fact lining up with communist views. It accepts having as its sole alternative either bleating for union and fighting in a ridiculous void (the lover whose "beauty" has become indifferent or scornful is always ridiculous), or else that of seeking elsewhere and consequently on the Right, the help and consolations the Left denies it--so it "veers" to the "Right," confirming a posteriori what the communists had averred with unworthy anticipation.

On the other hand, French style Eurocommunism has now acquired a consistency which removes most of its initial ambiguities and clearly allows predicting the PCF's ability to jog quietly along. It is summed up in a remodeling full of delicate nuances as to the communist identity: The communist make-up is jealously preserved, French deep-rootedness is emphasized, its involvement in imitating Sovietism is minimized. So to say that nothing is going on is an exaggeration; but to say that there is a Chinese style schism or even a sometimes acute Yugoslav type of heresy is also going too far.

In some way, if it convinces the Soviets not to get upset over complex maneuvering but whose results are as essential as they are modest (and to reassure them, the public condemnation of a few dissidents who had especially irritated them, might do the trick), the PCF may even be able to offer itself the luxury of at least once again becoming "the elder daughter of the church in the West" to the extent that it would be to the West what the Romanian Communist Party is to the East: Intractable as to the basic principles of the system, but capable of giving an out-and-out nationalist version of them.

## The Best of the Three

To lay claim once again to that status which for a long time was its own within the international communist movement, the PCF is in a good position to win out over its two rivals, the Spanish and Italian Communist Parties.

The Spanish Communist Party in fact has been severely affected by the quarrel which the Soviets picked with Carrillo; for its part, the PCF carefully saw to it that the chill between Brezhnev and Marchais remained of a personal nature. Not to derive arguments from it against Brezhnev or against Marchais, but so that any process of accommodation between him and the CPSU [Communist Party of the Soviet Union] might remain open.

Similarly, the Italian Communist Party has been thoroughly marked by a sort of complaisance with respect to a suspect liberalism. It has also become too identified with a strategy, the strategy of historical compromise which it wanted, somewhat arbitrarily and for the sake of a petty triumph, to make the current strategy. Now, in addition to the fact that its results have in themselves been mediocre and its short-term prospects even more so,

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ample supply of funds does for an entrepreneur: To go ahead with investments and improvements that have long been necessary. Investments and improvements which under the circumstances have found a common shelter under the label of Eurocommunism.

Within the PCF these "ample funds" are found in the currency of its most valuable resource: its militant recruitment. Now, what would have been impossible to attempt with an anemic party and especially one made up of a majority stratum of old militants whose memories cannot be shifted, it was possible to achieve when the strategy of union of the Left, its first successes and the hopes it raised (though ill-conceived and fated to be disappointed) brought to the Communist Party a sizable young and new generation. It was from that standpoint that the average annual jump in membership from 40,000 in the 1960's to 70,000 in the early 1970's and more than a 100,000 since 1976. In addition, the quick rise in the number of adherents increased from 400,000 to 700,000 (it matters little whether these figures are accurate in themselves, what counts is their ratio).

It will be recognized that if union of the Left from 1963 to 1978 supplied the energy needed to put French style Eurocommunism into orbit, the communist leaders are not alarmed by their dissidents who precisely because of Eurocommunism think they must make common cause with socialist grievances according to which the final defeat of the Left, which was so close to its announced objective, would retroactively impose sterility on those 15 long years.

For an Imperfect Socialist Society

What Thorez neither wanted nor was able to obtain in 1956, Marchais succeeded in securing without any trouble: To get the communists to agree to live from then on without any guarantee that somewhere to the east there exists a perfect society; to make them climb down quite a bit from their expectations and hopes so that they might no longer be exposed to the disappointments stemming from the cold and that they would still nonetheless prefer an imperfect socialist society to Western society; finally, to exalt the strictly French dimensions of their communist identity, sufficiently so that the evils of Western society arise from not being communist whereas the evils of socialist society come from not being French.

This is how one explains that far from experiencing the disarray to which the entire Socialist Party has been a prey since deprived of the prospect of governing it is deprived of all prospects, the PCF seems to have so much on its plate that it can nourish its own dissident with it right up to the point of choking them.

On the one hand union of the Left being to the communists only one strategy among others, they can continue to claim adherence to it in the abstract at the same time as they actually destroy its foundations, that is, the existence of a socialist party (any union requiring that there be two to

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it is superfluous to identify a party with some strategy or other because there always comes a time when it is more advantageous to change it. Even if a strategy may appear more suitable than others at a given time, it is sheer waste to appear to decide a priori that by its very existence it eliminates past or concurrent strategies. The PCF has yielded to neither temptation. It declares itself in favor of freedoms, yes, it does do that: But liberalism, that is another matter entirely and it does not give evidence of being keen on it at all. After all, of all the freedoms, the one it prefers above all of them, is certainly its own freedom to choose its strategy.

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ITALY

MEMBERSHIP, STRUCTURE, FISCAL POLICY OF LABOR UNIONS

Milan IL SOLE-24 ORE in Italian 30, 31 Dec 78

[Series of articles by Salvatore Col]

[30 Dec 78, p 3]

[Text] Today's and tomorrow's articles wind up Salvatore Col's investigative series on how organized labor is organized. In these two articles, he deals with union financing.

Of all the topics that are treated with caution in organized labor circles, top position assuredly goes to financing. The figures the unions release for publication in this connection are generally regarded with a severely jaundiced eye, even in union circles. Despite all the effort expended over the past 4 years in an attempt to make the budgets of the various structures approach comprehensibility. The only group really to put some muscle into the job is the CGIL, which managed in 1976 to pull together for the first time the year-end reports of all its 99 locals (Ccdl); the DISL did not go beyond publishing some scrappy figures on the budgets of the provincial unions. From the UIL there is not a trace of information on this extremely important aspect of its internal workings. But if you want to get a look at the financial reports of the category deferations, you run into total, Stygian darkness, even in the CGIL, which, of all three organizations, is the one that gives least coverage to its vertical structures.

Despite the extreme paucity and the fragmentary nature of the data, it is possible to piece together the main features of an area all but unknown to the general public, and even to the unions themselves.

The sources of revenue for Italian organized labor can be classified as internal sources, including the various types of quotas (ducs, contributions, service) paid to the union by the workers

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who belong to it and often by those who do not, and external sources, which include contributions from government agencies, the attendance fees collected from union members who sit on the boards of directors of all sorts of agencies, and for the services of union members detailed to work in company offices.

And then there is still another source of financing for Italian labor, and again it is an "external" source. It is the hidden funds paid by organizations, Italian or foreign, having nothing to do with organized labor per se, but which, for reasons best known to themselves feel it would be a good idea to contribute to this or that union. On this score we can merely suppose. It is enlightening, though, to look at what a high-ranking CGIL official has to say about it: "The CGIL has gone through times when, as a labor organization, it could survive financially only with the support and solidarity of unions in the socialist countries.... Even today, there is an area, and it is not a little one, of labor organizations which are not self-supporting. They are CISL and UIL unions, which do not live solely on contributions provided by the workers." He could not, however, go beyond those assertions.

## Membership Fees

The first internal source we shall look at is the membership fee. That is the fee paid by a worker when he decides to join the union, when he is issued his card. The membership fees are divided among various union structures, specifically between the union's central office (which gets more than half) and the horizontal structures at the provincial level and the regional offices. The membership fee is the main source of financing for the central office. CGIL, for example, shows on its 1976 year-end report that it took in 4.65 billion lire; under the single entry of "cards," is a sum of more than 4 billion. This is the only hard figure in the report: the rest are headed as deriving from "for various activities" (attendance fees, contributions). Among the various structures that benefit, one way and another, from membership fees, the zone council deserves special attention. Of the 2,000 lire every CGIL or CISL worker pays for his union card (UIL members pay 2,500), only the CGIL earmarks 50 lire for this new structure. The other two federations just use a dash in place of the figure that goes to the CUZ. A clear indication of how often you can talk for a very long time about a plan without having the least intention of implementing it.

The second internal source of financing is the dues the member worker, and sometimes the worker who is not even a member, pays every month to his own category union. It is up to the employer to collect these dues by withholding them from the pay envelope of any worker who explicitly requests that this be done. This means

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that workers must fill out the form authorizing the company to withhold their dues. The authorization, once made, is permanent, unless explicitly revoked by the worker himself. The amount of dues is then paid by the industry associations (or by government agencies or the INPS for civil servants, migrant farm workers, and pensioners) directly to the category unions. This withholding idea became fully effective across the board at the start of the Sixties for State corporations, and was later extended to the Civil Service (1964), and to private enterprise (in the 1966 and 1967 contracts).

From the financial point of view, withholding is a major security factor and a stabilizing element for the union, which no longer needs to get itself up, year after year, for costly consciousness-raising campaigns among its members and workers. The plan is not, however, from arm-twisting here and there. It often happens, for example, that category unions will go directly to the workers and ask them to sign the withholding authorization for the combined union organizations (without specifying which one they want to belong to), and then divide the take among themselves on a prearranged percentage basis. On the basis of these percentage figures, the organization membership cards are paid for (but never delivered to the workers). This direct relations with the workers are often sacrificed on the altar of labor unity.

Let's try now to put a figure on the "dues" phenomenon. In 1976 CCDL revenues entered under this heading came to 10.616 billion lire, or 64 percent of the total revenues of these structures. When we remember that the distribution of all CGIL dues allocated 20 percent to the CCDLs, we can reckon that this single item of revenue, with 1976, brought the CGIL no less than 53 billion lire, most of it channelled through the vertical structures. The provincial organization offices actually get 67 percent of that sum (around 35.5 billion), while another 10 percent (5.3 billion, again in 1976) is paid to the national category unions. For the horizontal structures other than the CCDLs, another 3 percent (1.6 billion) is earmarked for the regional confederations.

When we come to the CISL, things are not quite so clear. In the first place, there are a good many gaps in available data. In the second place, the CISL's vertical structure, its "association of unions," leaves ample room for maneuvering on the part of the category federations. It is possible to say with certainty that the provincial labor unions (the CISL's horizontal structures, although they are entitled to 20 percent of total dues collected, only rarely manage to get the agreed-upon cut from the category unions. Of the 6.4 billion lire in revenues shown on the 1974 budgets of the provincial labor unions (USPs), only 3.8 billion (less than 60 percent) came from dues. It is by no means unusual for USPs to have to go into debt to stay alive.

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While we are on the subject of dues, it should be noted that they are highly disparate, and vary widely among the various categories, provinces, and often from one company to another. They may be either a set amount, or a percentage of the worker's actual pay and, not infrequently, they give rise to grumbling because the people who have to pay the most are often the poorest of the workers. The national organizations are trying to clear out this real "dues jungle" so as to arrive, within a reasonable length of time, at a standard 1-percent levy on all members. Putting this laudable principle into effect, however, is turning out to be a somewhat more difficult operation than was anticipated.

## Cost of "Services"

The third and last internal source of financing for organized labor is the service levy. The service levy is the amount the companies in certain areas of production (including construction, commerce, and agriculture) take out of each worker's pay envelope and pay to the union in return for its contract service. The service levy is actually a kind of tax which the workers pay the union for the services it performs for them, particularly in contract negotiations. Collection of the service levy occurs in many cases just when the national contract is up for renewal or when negotiations are opened with the corporation.

In some categories, the workers are required to pay a specific sum every month (0.1 to 0.2 percent of base pay) as a service levy. These categories (building trades, casual farm labor, commerce) are distinguished only by their organizational weakness, because their job security is negligible and the vast majority of employers are so small. In these cases, the service levy constitutes the major source of revenue, more than 50 percent of the total union income.

The service levy, instituted originally in what were hard times for labor as an emergency source of funds, has been and still is a frequent target for furious criticism. Singled out for special complaint is the antidemocratic nature of this kind of levy, which forces all the workers to finance the union, without at the same time encouraging their participation in union affairs. None of the national organizations, however, has gone further than token mea culpas when the heat rose, knowing full well that without this kind of income, life in a great many category unions would be impossible.

We might recall -- so as to get some idea of the sums going to labor from the service levy -- that in 1974 these levies constituted 6.5 percent (420 million lire) of the revenues of the provincial labor unions (USPs) which, apparently, get only the crumbs from the tables of CISL's provincial category unions.

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[31 Dec 78, p 3]

[Text] With this second article on labor financing, we conclude Salvatore Col's investigative report on the structures of the national labor organizations.

As for labor's outside sources of revenue, the first is contributions from government agencies. While the labor organizations do not get direct contributions from the State, they do collect considerable sums from various public institutes through their own collateral agencies (employers' groups and vocational training institutes). In 1974, the CISL's USPs received more than a billion lire in the form of regional contributions from INAS (the CISL's employers' agency). The CGIL's CDLs in 1976 received, directly from the regional governments, around 102 million lire; this organizations relations with its employers' group, INCA, are more than a bit unusual. The records of its 99 CDLs for 1976 show that they paid INCA a total of more than a billion and a half lire to lighten the burden of debt their employers' organization had incurred during that year.

It should be kept in mind, however, that the employers' agencies are abundantly subsidized by the Social Security Institute (INPS) through the Labor Ministry. In 1976, of almost 50 billion lire made available to the 23 employers' organizations of all kinds scattered over Italy, INCA got at least 11 billion (the percentage of subsidy is calculated on the basis of the amount of activities engaged in by each group, and INCA stands at the top of the list with 22.698 percent of the total, followed by ACLI 20.970 percent, and INAS-CISL with 17.526 percent; ITAL-UIL comes in a poor sixth with 5.256 percent). If we add to this 11 billion we add the 1.5 billion coming in from the CDLs and the sums that those receiving services that turn out to be profitable voluntarily pay to INCA, despite the fact that this service by law must be rendered free of charge, we find that INCA's revenues (and hence its expenditures) tend to be even higher than those of the CDLs themselves.

And this seems to us, to say the least, highly unlikely. It looks still more unlikely when many people in the national organizations will tell you, and the CISL annual report specifically shows, that the money flow actually runs the opposite way, from the employers' groups to the national organizations. Unfortunately, there are no hard data to back up these allegations. The fact of the matter is that the employers' groups jealously conceal the mysteries of their books and budgets, which they have kept hidden since 1972 even from the Treasury, which is supposed to dole out the subsidies annually on the basis of actual services rendered. There is matter for grave concern in this connection

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in the enormous amount of time it takes the Labor Ministry to audit the reports filed with it by the employers' groups (the latest audit report dates from 1972). Serious doubts and misgivings as to the real role played by the national labor organizations' employers' groups in this area have been voiced in a number of quarters, and the unions would do well to set them at rest.

The second outside source of financing consists of the /attendance fees/ received by union members as members of boards of directors in most public agencies. This revenue item in the combined CGIL-CISL budgets for 1976 amounted to 198 million lire, and that reflected only the percentage which officials in the horizontal structures are required to pay the CDLs out of their attendance fees. I have already had occasion to say that a very high percentage (5,000 to 6,000 people) of union officials sit at the board tables of at least one government agency.

Among the many aspects we might examine here in this context it will be illuminating to look at one which is indeed sui generis. I am talking about calculating, roughly, the average living standard of the union official. In the annual reports from the 99 CDLs for 1976, the item "staff expenses" amounted to around 7.7 billion lire (49.2 percent of total expenditures). If we divide this sum among the 1,500 or so officials of the CGIL's horizontal apparatus (excluding those on assignment who are not paid by the union), we find that the gross annual pay per official is a little over 5 million lire. That is really not terribly high, and it may be that its very exiguity explains "a sort of race for those commissions on which the union is represented and for which attendance fees are paid" (Amoretti). It is therefore quite likely that union officials eke out their modest salaries by withholding most of the attendance fees, and pay only a tad more than a nominal percentage into the organizational coffers.

The annual salary cited above is of course only an average, and does not allow for the wide disparities still persistent from Region to Region. The case of Liguria is typical. Liguria has 217 full-time CGIL officials at work, 80 of whom are union members taken out of the employer's work force to do union work, and paid by the company they were taken from. Remembering that the horizontal apparatus counts 49 officials, of whom at least 15 are "distaccati" who are paid by their erstwhile employers, not the CGIL, and recalling that staff expenses for 1976 came to better than 267 million lire, we find that every CGIL official in Liguria cashed an average gross annual paycheck of about 8 million. On the other side of the coin, we are left wondering about the annual earnings of CDL officials in Sicily, which averaged only a lire or two above a million and a half in 1976. These disparities, which are often more apparent than real (particularly in the last case cited) can certainly be found if a

<b>Bilancio complessivo 1976 delle 99 Camere Confederali del Lavoro</b>									
<b>Principali voci d'entrata (in % sul totale entrate effettive) 2)</b>									
3)	4)	5)	6)	7)	8)	9)	10)		
Aree geografiche	Quota lavoro (val.)	Contributo statale	Contributo aziendale	Contributo di pervenire	Contributo ente pubblico	Entrate affiliazione	TOTALE USCITE EFFETTIVE LINE		
Italia Sett.	8,3	22,7	1,7	1,1	0,1	5,3	7.878.002.248		
Italia Centr.	10,5	49,1	2,7	0,9	0,7	5,0	4.187.976.463		
Italia Merid.	9,6	54,1	11,5	1,9	1,6	9,5	3.677.890.736		
<b>Totale Italia</b>	<b>9,7</b>	<b>67,4</b>	<b>4,3</b>	<b>1,2</b>	<b>0,6</b>	<b>6,2</b>	<b>15.743.859.447</b>		
<b>Principali voci di spesa (in % sul totale uscite effettive) 13)</b>									
3)	14)	15)	16)	17)	18)	19)	20)		
Aree geografiche	Apparato	Organismi (leggi, decreti ecc.)	I.N.C.A.	Attività unitaria	Formazione sindacale	Spese generali	TOTALE USCITE EFFETTIVE LINE		
Italia Sett.	49,9	5,4	12,5	3,3	0,9	8,8	7.200.248.680		
Italia Centr.	51,3	6,6	5,8	2,4	0,8	10,2	4.049.045.879		
Italia Merid.	45,7	6,4	7,7	1,8	0,3	8,2	3.904.114.729		
<b>Totale Italia</b>	<b>49,2</b>	<b>5,9</b>	<b>9,6</b>	<b>2,7</b>	<b>0,7</b>	<b>9,0</b>	<b>15.653.409.288</b>		

2) FONTE: Servizio Elaborazione Dati e Statistiche Inca-Cgil. Istituto Nazionale Confederale di Assistenza (ente di patronato della Cgil).

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KEY to table, p 3 of original, 31 Dec 78 issue IL SOLE-24 ORE

- (1) FINAL 1976 FINANCIAL REPORT OF THE 99 FEDERAL CHAMBERS OF LABOR
- (2) PRINCIPAL REVENUE ENTRIES (in % of total actual revenues)
- (3) Geographical  
Areas
- (4) Membership Fees, CCDL
- (5) Monthly dues
- (6) CGIL Special Assessments
- (7) Attendance Fees
- (8) Public Agency Subsidies
- (9) Extraordinary revenues
- (10) TOTAL ACTUAL REVENUES (in lire)
- (11) North Italy  
Central Italy  
South Italy
- (12) Total Italy
- (13) PRINCIPAL EXPENDITURE ITEMS (in % of total actual disbursements)
- (14) Apparatus (staff)
- (15) Organization (meetings, congresses, etc.)
- (16) I.N.C.A. (\*)
- (17) Joint Activities
- (18) Union Cadre Training
- (19) Miscellaneous Expenditures
- (20) TOTAL ACTUAL EXPENDITURES (in % of total actual disbursements)
- (21) SOURCE: INCA-CGIL Data Processing and Statistical Service.
- (\*) NATIONAL FEDERATION SERVICE INSTITUTE (the CGIL's employers' agency)

[INSERT AFTER PAGE 6 OF TRANSLATION]

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comparative study were made of them, from one organization to another and between the horizontal and vertical structures. In any case, it is legitimate to agree with Caviglioli's assertion that the scale of union officials' salaries nowadays "permanently relegates to the somewhat mythical memories of the past the picture of the union official /who works for nothing/ or pockets a mere pittance. At the same time, however, it must be said that salaries, apart from possible exceptional cases, have yet to reach the very high levels of executive salaries in general."

The third and last source of outside revenue is the "distacchi." When the costs, in whole or in part, of salaries paid for union work come from the employer, you have in fact nothing more or less than a form of financing the union. The individual assigned to union work (distacco) should always be covered in contract agreements or by law (in the case of public servants). The fact that this is not always done makes it hard to discern the dimensions or the areas of the phenomenon and, even more serious, makes it easy to appoint people as distacchi who have little or nothing to do with union business. It is by no means rare to hear criticism from many executives as to the way many of these people exploit the prerogatives they enjoy for their own personal ends. As I have already noted, the number of people pulled off the job ranges somewhere between 5,500 and 6,000, 3,000 of them involved with the rank-and-file bodies (union representatives and members of the council of delegates executive), and another 2,500 to 3,000 working outside the employers' premises. Not all of the latter are paid by their erstwhile employers. So, even though they do not show up on the books, workers thus assigned to union tasks make up an invaluable source of income for organized labor in Italy, and never mind the perplexity this may occasion inside and outside the unions.

In addition to the revenue headings we have looked at so far, the 1976 reports from the CDLs also shows something called "extraordinary revenues." This item piques one's curiosity, if only because of its size: almost a billion lire (6.2 percent of total revenues). It is hard to figure out just where this money came from, since the detailed list of entries furnished by the CGIL already includes every possible conventional avenue of income. Since in some CDLs this item accounts for a very large share of total income (it is 28.9 percent of the total revenues of the Verona CDL, 24.3 percent of Lucca's, 37.5 percent of Naples', 40.4 percent of Matera's, etc.), some additional clarification as to the source of these sums would remove any possible suspicion.

The horizontal structures at the provincial level are in good financial shape insofar as the CGIL is concerned, but it is still fairly shaky for the CISL. The CGIL in fact has a number of very thriving CDLs (Turin, Imperia, Bologna, Modena, Reggio Emilia, Leghorn, and Perugia), and with some help from the central office manages to carry the deficits for its southern CDLs (Avellino,

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Naples, Salerno, Potenza, Palermo, Syracuse, and Sassari). In the CISL, out of 90 provincial labor unions only 35 ended 1976 in the black, while the other 55 reported often massive deficits. In this national organization, many of the category unions in fact flout the national's standards when it comes to distributing dues, thereby working a severe hardship on the provincial horizontal structures which are often obliged to go deeply into debt in order to do their own jobs.

What has been revealed here is only an initial quick reconnaissance flight over the world of organized labor. There are still a lot of places left in the shadows. Bringing them out into the light of day will be an indication of institutional and political maturity for the entire Italian labor movement.

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SPAIN

GOVERNMENT PRESENTS 13 PERCENT ECONOMIC SOLUTION

Madrid CAMBIO 16 in Spanish 14 Jan 79 pp 34-35

[Text] Four million workers will have to decide this month whether they are going to accept the government's wage ceilings or not, and some 75,000 employers will have to see whether they can boost wages 13 percent. It's bargaining time. Seconds out of the ring.

On the night of Tuesday 26 December, superminister Abril Martorell arrived at the Cortes Building with a tired look and a 5 o'clock shadow. His hasty arrival was to prevent Spaniards from thinking that the decree-law announcing wage ceilings was a naive blunder. The Emergency Legislative Commission had been unable to meet all day long, and if the decree were not approved that night through the emergency procedure, it would be published in the BOE [Official State Gazette] on 28 December.

"Handpicked" Economic Program

When Abril Martorell ultimately announced to the country that work pay ought to increase between 11 and 14 percent (an average of 13 percent) in 1979, the "sessions to think things over" had lasted almost 2 months, during which time the government appealed to unions and employers associations to hammer out an economic policy pact for 1979. There were 58 days of bilateral meetings, tripartite meetings, then bilateral meetings again, numerous personal contacts, non-negotiable points, promises of pacts by Christmas, doubts, more promises...and finally a UCD [Democratic Center Union]-imposed decree-law.

The Abril-Leal team seems to have taken "the middle way" when it came down to resolving the union-employer dispute over wages, jobs and other labor matters, although Nicolas Redondo, the secretary general of the UGT [General Union of Workers] accused the government over Spanish Television of being "the representative of the interests of the CEOE [Spanish Confederation of Employer Organizations].

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With the idea that prices should not be allowed to rise more than 10 percent (a 12.5 percent annual average foreseen for 1979), the government is trying to cut back wages to a 13 percent boost, while, on the other hand, giving a push to public investment in order to create between 100,000 and 150,000 job posts throughout 1979. As far as the government is concerned, if public investment and wages were increased to a greater extent, inflation would run rampant, the consequences of which would be ominous.

In essence, the Economy Ministry's well-known philosophy has this time been converted into specific figures and a program: this country has a disadvantaged sector of society, those out of work and the four million pensioners. Based on a principle of economic solidarity, those who have jobs ought to moderate their wage boost demands so that there can be more investment earmarked for the creation of jobs for those who are out of work. Our enterprises are on a very tight financial system, and if an increased payroll cuts into it, they will make up for it by paring back investment, reducing the number of personnel or, in difficult times, being forced to close down.

"It is difficult for me to believe that the moral basis of this economic program," Abril Martorell said in submitting it, "can be questioned by the union organizations." Nevertheless, 30 hours later, CCOO [Workers Commissions] and the UGT signed a joint communique rejecting the decreed wage ceilings and ridiculing the economic program and the philosophy behind it. "It is entirely feasible for the companies and the economy to absorb the 16 percent wage boost that we are backing," Nicolas Redondo told CAMBIO 16.

#### Lower Pay, More Jobs

As far as the CEOE is concerned, however, the unions are hurting their own cause by calling for wage boosts even higher than those approved by the government, which, in turn, the employers organization calls "excessive." "They are concealing from the country," Carlos Ferrer, its president, pointed out, "the stark reality that increasing wages too much (without enhancing productivity, labor relations and the financing and profitability of companies) is the major factor in unemployment."

But the unions hammer away. "Unemployment is not going to be resolved under the government's economic policy; it requires an in-depth program to salvage the economy," Camacho told Abril in front of the TV cameras. Nicolas Redondo also expressed his doubts that the Abril plan can handle the unemployment problem by paring back wages: "What could happen by the end of the year is that a person with a job is worse off in 1979 than 1978 and that at the same time more Spaniards are out of work."

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To the CCOO and the UGT, the wage ceilings ordered by the government "entail a wage freeze that works against the purchasing power of the workers," and they are unwilling to sign contracts with less than 16 percent boosts.

The government's theory is that the purchasing power of the workers is going to increase in 1979 with the decreed boosts. "If an item costs 100 units now, by the end of the year it will cost an average of 12 to 12.5 percent more," Abril argues, "but in any case wages will have risen 13 percent, also on an average basis."

The unions, however, feel that in the first place the government will not succeed in holding price rises to an average of 12-12.5 percent. "Furthermore," the CCOO's Marcelino Camacho points out, "prices always outstrip wages; if prices increase about 19 percent in 1978 (16 percent from December to December), and wages rise 13 percent in January, we've lost 6 points in our buying power. You have to compare 1979 wage boosts with 1978 inflation."

No. All Companies Will Be Able to Handle the Rise

The CEOE, which officially proposed a 10 percent increase during the negotiations and unofficially said it was willing to go up to 12 percent, believes that the recommended 13 percent will be a heavy burden on companies. "We realize," a communique from its Executive Committee says, "that many Spanish companies will not be able to handle the recommended wage boosts without a serious risk of further losses, greater debt and even going out of business."

Although they regret the increase, not all companies are against it. According to a quick poll taken by CAMBIO 16, opinions on the issue of higher pay run a wide gamut. "We are going to take a look at what the decree states," said a spokesman of Kodak (820 employees). As far as Manuel Angel de la Quintana, an associate director general, "Urbis (1,400 employees) will observe the approved legal provisions."

Adolfo Garcia Rodriguez, the director general of Eptisa-Ghesa, thinks that "the indicated wage ceilings are an acceptable framework, and inflation estimates can hold up under them." Authorized spokesmen of CAMPSA [Leasing Company of the Petroleum Monopoly, Inc.] and RENFE [Spanish National Railroads] have indicated to this publication that they will operate "within the limits set by the government." They are, in any case, obligated to do so, pursuant to the text of the decree-law, because of their status as public enterprises.



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Other individuals surveyed were not as quick to agree. "I think that the 13 percent wage increase is an excessively ambitious objective that will be difficult to achieve," said Florencio Lasaga, an adviser to El Corte Ingles (20,500 employees). Jose Antonio Segurado, the president of the Independent Employers Confederation of Madrid, feels that "for the great majority of business sectors the decreed ceiling is absolutely untenable and out of the question." Juan Miro, the director general of Explosivos Rio Tinto (12,000 employees), agrees with this: "Many companies will be unable to implement the average 13 percent rise, or even an 11 percent increase. Basically, it all depends on productivity."

With the parties face to face, close to 3,200 contracts comprising some 75,000 companies are going to be on the bargaining table these days. There are already specific instances, such as hotel and restaurant workers, RENFE or banks, where the struggle for ceilings above 13 percent has led or will lead to strikes. Are we looking at a "long, hot winter"?

"Nothing is going to get out of hand," Nicolas Sartorius, from the CCOO Secretariat, has pointed out; "there will be conflicts and strikes, but CCOO and UGT are in sufficient control of the situation so that things do not get out of hand. We have to exert vigorous, responsible pressure, although ultimately everything depends on the bargaining stand of the employers association."

#### Contracts, the First Assault

In response, the CEOE feels that an upshot of greater labor conflicts "should be avoided through a rational process of negotiating the labor union contracts, during which the union organizations ought to take a responsible look at the serious situation that companies are in." When we pressed Carlos Ferrer, the president of the CEOE, for an indication as to how the group would respond to a stubborn union stand, he told us: "The right to engage in a lockout is in our favor." This recourse has already been backed up by the Bajo Llobregat businessmen who are members of the combative SEFES [expansion unknown] employers organization.

In private, neither the unions nor the employers association feel that anything serious will happen, and everything seems to indicate that after protest communiques are issued as "fireworks," the parties will sit down over many tables to negotiate. For the time being, the CEOE has already formally summoned the CCOO and the UGT to post-Abril plan negotiations with an eye towards their contracts, and everything seems to indicate that they could take place in the next few days.

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1979 Wages			
1978 Gross Wages	1978 Net Wages (after payment of IRTF [ expansion unknown ])	1979 Gross Wages (with 13 percent wage boost)	Tax Percent Withheld
345,600	316,128	390,528	4
460,800	417,504	520,704	7
576,000	518,880	650,880	9
691,200	620,256	781,056	9
805,000	720,400	909,650	10
920,000	820,200	1,039,600	10
1,035,000	919,100	1,169,550	11
1,150,000	1,017,000	1,299,500	12
1,380,000	1,210,200	1,559,400	14
1,610,000	1,403,400	1,819,300	15
1979 Net Wages	Real Rise in 1979 Wages		
374,907	18.59		
484,255	15.99		
592,301	14.15		
710,761	14.59		
818,685	13.64		
935,640	14.07		
1,040,900	13.25		
1,143,560	12.44		
1,341,084	10.81		
1,546,405	10.18		

Note: In all cases figures refer to a worker with two children.

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SPAIN

SOCIAL IMPLICATIONS OF LACKLUSTER ECONOMY STUDIED

Madrid CAMBIO 16 in Spanish 14 Jan 79 pp 42, 43, 45, 46

[Text] The year 1978 took quite a toll among Spaniards. The one million unemployed and the four million pensioners were the ones hardest hit by the crisis, but others were hurt too, whether by a loss of overtime or an extra job or by a wage cutback.

People's savings, in particular, were the major victims in recent months, even to the benefit of superfluous consumption. Savings, which rose from 11.5 to 13.8 percent of available income from 1970 to 1973, have dropped since then to 10 percent. The response of the Spanish people is totally unrelated to the formula followed in other countries. N.L. Jansma-Dekker, the vice president of the Association of Dutch Housewives, told this magazine how the Dutch people behaved when faced with the same crisis now confronting Spaniards, although it had been anticipated: "We weren't able to drive our cars on Sunday and we began to think more seriously about our way of life. Today, in general, the Dutch people save more and spend less."

"But why save if money is worth less every day, and inflation is wreaking havoc with a family's budget?" wonders Jose Maria Mendez, a Madrid sales agent with three children.

Half of Wages to Buy Food

The other side of the coin is that consumption has increased, "a typical development during inflationary times," according to Antonio Fernandez, the head of the Statistics Section of the General Customs Office.

Spain earmarks 68 percent of its gross national product to consumption, whereas the European average is 60 percent. Another statistic that underscores the gap is this: 45 percent of a Spanish family's budget goes for food (in some areas more than 50 percent), while the European average is about 30 percent. Before the crisis, there was a steady trend in Spain towards the European levels.

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To Elena de la Torre, the secretary general of the Coordinating Commission of Madrid Housewives, this increase in consumption "is irrational and geared more towards the superfluous than towards basic needs." This view is corroborated by Nicanor Fernandez, the technical director of the Office of Data and Applied Research. "Luxury consumption," he notes, "is basically centered around housewives, who are using more cosmetics and buying more jewelry as a defense mechanism to cope with the anguish caused by the crisis psychosis." Among men, superfluous consumption involves basically alcoholic beverages.

Filling One's Stomach

As far as foodstuffs are concerned, the consumption of so-called filler items has also increased: bread, soups, pasta, peas and beans potatoes, etc, while fresh fish and meat consumption, except chicken and pork, has declined. According to Madrid City Hall sources, this development has brought about notable changes in the makeup of the garbage that is collected.

Not Even on a Recommendation from the King

The family of Seville's Manuel Baena Maceda, the father of 18 children, is perhaps one of the most severely lashed by the crisis. In his forties, Baena, a construction worker, is out of a job and collects 16,000 pesetas a month in unemployment.

Despite the four adjoining apartments that house his family, a reward from Franco for his reproductive efforts, Manuel Baena is not happy in Seville. "We used to live in Utrera," Manuel commented to CAMBIO 16's correspondent, "but we had to come to the capital when they gave us the apartments. Life is more difficult here. Back there people trusted you in the stores, and you could get a bit of work in the field. Now you can't land a construction job even with a letter of recommendation from King Juan Carlos."

The family's meals are scanty and frugal. "Today, for example," his wife says, "we had rice with artichokes, and dinner is often bread and butter for everybody." The Baena family spends 300 pesetas a day on bread alone, "when we can buy it. Chicken is completely out of the question," she adds, "and when I go to the market, the fish dealer gives me 2 or 3 kilos for 100 pesetas because he knows what sort of condition we're in."

United in the Face of the Crisis

Out of work for a year, Emilio Espinar is 40 years old, has two children, lives in the Madrid district of Palomeras Bajas and has been a member of the Revolutionary Organization of Workers (ORT) since 1970. He

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currently collects 15,000 pesetas a month, half of what he earned when he worked as a carpenter-panel installer in the construction trade.

"I spend my time looking for work," Emilio begins, "going from project to project, like asking for a handout. I'm also involved in the union struggle. We used to save some 5,000 pesetas a month; now, nothing."

"We avoid unnecessary outlays," his wife, Imalia Irnan, adds. "More than half of our income goes for food. I make our clothes myself. Buying loose material is cheaper. We haven't bought ourselves anything new since my husband has been unemployed."

Like millions of Spanish families, they have cut down on the quality of their food intake. "We eat more chicken, potatoes and eggs than before." They have also eliminated weekend outings, movies and eating out from time to time.

No More Movies and Weekend Outings

Another one of the one million jobless, Manuel Morales, married, 26 and with a five-month old boy, told CAMBIO 16 about how they are coping with the crisis. "There was nothing else to do but restrict our intake of certain foods. "We eat less meat and fish than before, and have more potatoes, peas and beans, eggs and chicken, because it's less expensive."

They have also avoided superfluous expenditures. They were planning to buy a television set and furnish the house a bit, "but we've put it aside because it's not a priority matter." They don't go out on weekends, have stopped going to the movies, and "I've even had to eliminate the two beers a day that I used to drink," Manuel comments. His wife states in a resigned tone: "Since I got married, I don't know what it's like to buy myself clothes," adding: "Lotteries and quinielas are out of the question, of course."

Lotteries and Quinielas: The Big Escape

They are an exception, because in times of crisis games of chance "are very easy for people to become dependent on, especially among the lower wage-earning classes, in an anguished attempt to bring a few extra pesetas home," asserts Mercedes Comabella, the president of the Federation of Madrid Housewives Associations.

This year Spaniards will spend a total of 170 billion pesetas on lotteries, quinielas and chances sold by the blind. Some 200,000 jobs could be created with this money.

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Pensioners are in the same boat as the unemployed. CAMBIO 16's correspondent in Valencia, Mercedes Arancibia, reports that the Campallo family, emigrants from Albacete, have lived in the city of Turia for many years now. The husband, 63, has been on partial disability for the last 3 years, collecting a pension of 5,100 pesetas. They have just not now granted him total disability, and his pension will go up a bit more than 7,000 pesetas.

The Campallo family squeezes its budget to the maximum. "We don't eat meat, though fortunately we don't like it too much. We eat out of the stew pot. We have forgotten about slaughtering the pigs this year and about vacation. We used to spend 1 month during the summer back in our home town. At least our married children help us out at times," they say with relief.

Back to the Stew Pot

In general throughout Spain visits to restaurants, cafeterias and bars "have diminished considerably, especially at dinner time," authorized sources of the sector's federation told this magazine. They also pointed out that those who cannot do without this luxury "are spending less and eating worse."

Andalucian peasant farmers, who had been replacing their traditional "stew pot" with meat and fish, have had to go back to it again; "but with very few ingredients, and moreover, a single dish has to do for both the afternoon and evening meal," notes Ramon Lopez, from Puebla del Rio. Other people's fruit orchards, wild asparagus and poached game often provide Andalucian peasants with their daily sustenance.

The crisis is not as noticeable among the middle classes, although they are having their problems. This was acknowledged by Francisco Romero Diaz, from Seville, married and with three children, in his talk with our correspondent Santiago S. Traver: "We can feel the crisis, but it has to be worse elsewhere. You can feel it because the children are older, clothes are expensive, and they're in private schools, which are expensive too."

Having a Drink at Home

The Romero family (he is an executive in Seville's iron and steel industry) is also cutting back. "You forget about going out," he confesses, "going to the cafeterias with a bunch of people, and most of the time you have a drink at home."

The bar and restaurant sector business is quite aware of this development. Sector sources consulted by this magazine stated that the earnings of bars, restaurants and cafeterias have dropped with the crisis,

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"even though these places always seem to be full," they note. "The fact is that people cannot deprive themselves so easily of this social function, but they are eating worse than before."

The family food basket has also felt the pinch. "Markets," asserts Elena de la Torre, the secretary general of the Coordinating Commission of Madrid Housewives, "have to close 1 day a week because of the lack of customers." Housewives have been forced to shop at the cooperatives and commissaries, where prices are lower.

Another phenomenon, which is particularly noticeable in working class neighborhoods, is the increase in "credit buying." An owner of a small grocery store in the Madrid district of Palomeras, who preferred to remain anonymous, engages in this practice. "I didn't used to give credit, because people paid in cash. For a couple of years now, though, I've had no choice but to give credit, otherwise I would be selling almost nothing."

The shopowner showed this magazine's writer a lined notebook in which he carefully writes down the name of the customer, what he has bought and what it costs. He adds: "In general, people are honest and pay when they can."

#### Time for Mending

Another cutback that housewives have had to make in the family budget involves clothing. Jose Antonio Garcia de Castro, the secretary general of the Association of Large Distribution Enterprises, describes the problem thus: "There is no way that you can talk of increased sales. Fewer clothes and household appliances are being sold, and more things are being repaired and made at home."

Elena de la Torre elaborates on this view. Housewives are returning to the almost abandoned practice of buying clothes for the entire family one single time and then paying in installments. They are also busy making and mending clothes.

But housewives know that this is just patching up the family budget, "and what they want," says Elena de la Torre, "is to work and bring home some cold, hard cash." Thus, requests for work are piling up at both neighborhood and housewives associations. "What can we women do?" Mercedes Comabella asks herself

#### Looking for Help

GAMBIO 16 correspondent in Valladolid German Losada reports that Josefina Garcia, the host of the radio program "You're the Boss" ("Ustedes Mandan"), asks herself the same question every day. Every morning Josefina looks

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with amazement at the pile of letters that she gets on her program asking for all kinds of help: furniture, money, food, whatever. Every little bit helps in alleviating somewhat the poverty into which the crisis has plunged thousands of Valladolid families.

To its mayor, Valladolid is a "proletarian city, for better or worse." One-hundred and fifty thousand Valladolid residents earn less than 30,000 pesetas a month. In the words of Caritas adviser Jose Ramirez, "this causes very worrisome unemployment among youth." Requests from youths for money and work "have risen alarmingly, and there is the danger that these boys will become persons without roots, criminals," the Caritas adviser warns.

#### Promoting Luxury Consumption

Alongside these shortages, the consumption of superfluous items has been constantly on the rise. Whisky imports went from 740 million pesetas in 1972 to 2.1 billion in 1977; sales of pearls and precious stones quintupled, and imports of perfumes, toiletries and cosmetics rose from 113 million pesetas to 210 million over the same period.

In the view of Ascension de Gregorio Sedeno, the president of the Spanish Federation of Housewives and Family Consumption Associations, much of the blame for this superfluous consumption belongs to advertising. "It makes housewives unable to distinguish clearly between basic needs and superfluous items. They used to have a clear-cut idea of the difference."

#### The Multinationals in Command

Mercedes Comabella delves deeper into this issue. "The administration permits and encourages luxury consumption," she says accusingly. "Thus, consumers buy unnecessary things, go into debt to maintain their living standard and deprive themselves of basic necessities. This attitude on the part of the administration," she adds, "is due to it being subordinated to the big economic interests of the multinational corporations."

Solutions to the problem? Elena de la Torre outlines them: "In the first place, encourage more rational consumption, in keeping with the country's economic situation; then, adopt economic measures to improve consumers' buying power and to educate them about consumption."



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Percentage Breakdown of the Family Budget

	Rural Family	Urban Family	National Total
Food and beverages*	52.32	42.14	44.20
Clothing and footwear	7.60	7.90	7.70
Housing	12.35	14.82	14.91
Household expenditures	5.98	8.59	8.13
Health care	3.01	2.46	2.64
Transportation and communication	7.84	10.22	9.35
Recreation and culture	3.48	5.30	4.90
Education	1.55	2.56	2.23
Other expenditures	5.87	6.01	5.94

\*The European average is about 30 percent.

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WEST GERMANY

PROSPECTS FOR VARIOUS INDUSTRIES FOR 1979 GIVEN

Hamburg CAPITAL in German Jan 79 pp 10-11

[Article: "State of the Economy by Branches for '79"]

[Text] The progress figure for 1979 calls for 4 percent growth. This time there is agreement on this prediction by politicians and experts alike -- from Bonn's Economics Minister Count Otto Lambsdorff to the Five Economic Wise Men. To be sure, even the 4-percent mark is only the average figure for the economy as a whole and one that says little about the prospects of the individual branches. The CAPITAL survey of company heads and association presidents shows that on the whole, business is looking toward 1979 with cautious optimism. There is some question, however, whether the confident mood in business is already so firmly ensconced that it could withstand new labor disputes or monetary turbulence without changing course. Doubts such as these are fostered by the steel industry development, for example. Up to the time of the strikes, the branch that had been caught in a slack period since the end of 1974 had been evidencing a surprising upward trend, chiefly as the result of rising foreign orders from states outside the European Community. Taking all of 1978 as a base, the managers were able to calculate a production surplus of 9 percent. Nothing came of this figure, and it is doubtful that the losses can be offset by corresponding overproduction in 1979. This is because products of the iron and steel industry are for the most part homogeneous products that are also offered by companies in neighboring West European countries. They are only too willing to step into the breach for the Germans. If domestic manufacturers' delivery connections are disrupted, however, the labor dispute could entail a permanent loss of markets. Consequently, it is not expected that the steel producers will be able to iron out the effects of the labor dispute the same as the printing and automobile industries. Most printers do not have to subject themselves to international competition, and the automobile companies can rely on customer loyalty. Also benefiting the manufacturers has been the still uninterrupted boom in demand. But a normalization is developing for 1979 in this regard. In any event, vehicle manufacturers are including in their calculations a decline in sales and registrations. It can therefore be said with some certainty that

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this branch will cease to stimulate the overall economy. A replacement is at hand, however. The role of growth mainstay is being assumed by the construction industry, although the exorbitant 1973 rates of increase for orders in housing and subsurface construction are no longer there, these rates having been a consequence of the rise from a low level. In the wake of the construction industry, the stone- and earthenware and porcelain branches as well as the manufacturers of furniture and textiles for the home will move far up on the scale. In contrast to recent years, the manufacturers of capital equipment might also number among the economy's supports. It is true that the foreign orders situation is still poor because the basic economic trend abroad is still weak, but many German companies have clearly increased their volume of investments for 1979 and are already eagerly placing orders with the electrical engineering and machine construction industries.

	Construction	Insurance
Status		
Incoming Orders <sup>1</sup>	↑ 18.2	--
Production <sup>1,2</sup>	↑ 5.7	↑ 9.0
Branch Telegram	Continuing improvement in construction demand in all sectors, led by housing construction with ↑ 33 percent. Cushion of orders amounting to 3.2 months' production; utilization of capacity as high as in construction's boom years.	Above average growth. Excellent activity particularly in the personal insurance sector, where accident and life insurance policies are especially high. Contrasting drop in liability sector.
Outlook		
Businessmen's Assessment	Dr Guenther Herion, president, Central Association of the German Construction Industry:  "The volume of construction will experience a real increase once again in 1979 of circa 5 percent. Production and earnings will vary greatly in the building sectors and regionally. Upward forces have yet to materialize in industrial construction, a principal sphere of activity for the industry."  ↑ ↑ ↑	A. Wilhelm Klein, board chairman, Gotha Insurance Bank:  "Insurance will continue to be a growth branch. Automobile insurance is a problem area. In light of international competition, underwriters will have to make adjustments which will be difficult in view of the lack of equal treatment in the EC."  ↑ ↑

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Status	Banking	Machine*Construction	Chemical Industry
Incoming Orders <sup>1</sup>	--	↑ 3.2	↑ 6.4
Production <sup>1,2</sup>	↑ 12.0	- 0.9	↑ 4.4
Branch Telegram	<p>Despite the still poor demand for credit on the part of industry, vigorous expansion of the volume of business as the result of government, private and foreign loans. Rising costs have flattened out, leaving sizable excess profits.</p>	<p>Rise in incoming orders with each quarter. Increased demand, chiefly from abroad. Orders cushion of 5.9 months once again -- corresponding to long-term average. Particular benefit to machine tools and refrigeration and printing equipment.</p>	<p>Strong increase in incoming orders. Price decline for chemical fibers and bulk synthetics because of worldwide excess capacities; profit margin therefore reduced. By contrast lively trade in specialties, automobile lacquers and cosmetics.</p>
Outlook	<p>Dr Johannes Voelling, board chairman, West German Landesbank:</p> <p>"The cyclical tendencies that I foresee indicate a calm trend but stiff competition over terms on the money markets. Banks can therefore not expect to see an improvement in the earnings situation -- with a mild slowdown in the growth of balances."</p>	<p>Dr Manfred Lennings, board chairman, GrH - Guetehoffnung Metalworks:</p> <p>"If monetary turbulence and the wage negotiations do not upset our plans, machine construction can count on a rise of about 3 percent. More than that is virtually impossible since domestic demand must increasingly be shared with foreign suppliers."</p>	<p>Prof Matthias Seefelder, board chairman, BASF /Baden Aniline and Soda Factory/:</p> <p>"The chemical industry expects a further increase in its sales volume for 1979. However, this will mean a real increase for us only if prices for chemical products can be adjusted to match the trend in costs."</p>
Businessmen's Assessment	<p>↑ ↑</p>	<p>↑ ↑</p>	<p>↑</p>
Trend	<p>↑ ↑</p>	<p>↑ ↑</p>	<p>↑</p>

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Status	Electrical Engineering	Retail Trade	Vehicle Construction
Incoming Orders <sup>1</sup>	↑ 5.3	--	↑ 7.6
Production <sup>1,2</sup>	↑ 0.8	↑ 3.9	↑ 1.2
Branch Telegram	Great variations in individual sectors. Minus production figure for household appliance manufacturers. Contrasting recovery for manufacturers of capital equipment, led by data processing and communications technology.	Retail trade profiting more than the average from rising consumer outlays, particularly for shoes, sporting goods and high-cost foodstuffs and non-essential foods and beverages. Vigorous ordering activity and increased inventories indicate positive expectations.	Already at a high level, an additional 4-percent increase in passenger vehicle output. Drastic decline in the production of trucks (-4.1 percent), buses (-20.1 percent) and tractors (-25.9 percent); decline has slowed since mid-year, however.
Outlook	Dr Walter Cipa, board chairman, AEG/General Electric Company/Telefunken:	Helmut Thoma, board chairman, Kaufhof:	Peter Weiher, board chairman, Ford Works:
Businessmen's Assessment	"The year 1979 might bring the electronics industry a slight revival of incoming orders and sales. Capital equipment will support the growth. There will not be a continuation of the reduction of unemployment and decline of price increases."	"Should the economic recovery continue, we can expect 5.5 percent nominal growth in sales and 3-percent real growth (excluding the vehicle and fuel trade). As was the case once before, a part of the value-added tax increase will have to be charged to earnings."	"I do not expect the profit curve to drop precipitously. There are numerous indications of a solid business situation, at least domestically. Even if a 5-percent drop in new registrations and sales is expected, the employment and earnings situation ought to remain stable."
Trend	↑	↑	-

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Status

Textiles

Incoming Orders<sup>1</sup>      + 4.5

Production<sup>1,2</sup>         - 1.5

Branch Telegram

Further decline in production. A reversal of last year's orders trend, when incoming orders dropped by 5.5 percent. On the upturn: particularly the manufacturers of textiles for automobiles and, recently, of carpets and drapery materials.

Outlook

Businessmen's Assessment

Karl Kaufels, board chairman, Girmes Works:

"It will be increasingly necessary to fill the special needs of the consumer with products that meet market demand. Success in 1979 will come to only those textile companies which offer products noted for beauty and quality."

Trend

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<sup>1</sup> Percentage of change up to October 1978 compared to previous year

<sup>2</sup> Figures indicate percentage of premium receipts for insurance companies, volume of business for banks and sales for the retail trade.

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