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JPRS L/9071

5 May 1980

West Europe Report

(FOUO 22/80)

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WEST EUROPE REPORT

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THEATER NUCLEAR FORCES

FRANCE

NUCLEAR DEFENSE, DETERRENCE SUBJECT OF STUDY

Paris STRATEGIQUE in French Jan-Mar 80 pp 81-113

[Article by Gen Pierre Hautefeuille:¹ "Study of Nuclear Defense and Deterrence"]

[Text] Deterrence, credibility--there are no words which have recurred more frequently in the columns of our newspapers since France decided 20 years ago to join the nuclear club.

Neither are there terms which are more conducive to confusion, so much so that many Frenchmen have given up trying to understand anything about them.

Admittedly, until a short time ago Frenchmen were not concerned with it at all because of the degree to which France, Europe, and the West itself seemed to them to be sheltered from a major conflict.

This feeling of absolute security has given way for some years now to worry fueled month after month by pessimistic rumors and new gloom: War no longer seems impossible. Right away a new interest has emerged in everything relating to defense.

The latter's nuclear aspect obviously benefits from this revival of interest, further enhanced by the difficulties and hesitations of the United States: People rightly wonder about the effectiveness of American protection, about the means available to replace it in case of default.

The circumstances thus lend themselves particularly to reflection about the validity of France's nuclear defense and deterrence or, more generally and abstractly, of a medium power facing a great power.

That is the problem that we address in the following pages, striving to spell out in particular in what situations and under what conditions this form of defense, far from leading France to the apocalypse that is too often believed, would constitute for it the only chance to preserve its existence and its freedom. Consequently, we examine the conditions under which nuclear deterrence could be sought and obtained.

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But before reaching that point we must in our initial chapter explode a certain number of "myths," widely held unfortunately and which too often provide spurious bases for the logic relating to the problems of interest to us.

Chapter I: Refutation of a Certain Number of Myths

1. Myth of Deterrence Which Is Allegedly Different from Defense

"Deterrence would not be defense: Whoever mentions 'threat' does not for all that say 'use'...."

Let us give credit where credit is due: Without a doubt this is myth No 1, a serious transgression, a mortal sin against the mind and against security.

If one were to believe this one would acquire strategic nuclear weapons (with the personnel to serve them) and one would try to secure a deterrent effect by the sole "threat" of their use, a threat that one would void at the same time from all its meaning by specifying that there could be no question of using them, that the weapons' effective use was unimaginable: "Strategic nuclear weapons are not made to be used," it is asserted, "only to frighten..." And it is added that in case of the failure of deterrence and if actual defense were to become necessary, one would resort to other arms, less dangerous, and whose use would then be something that could be envisioned.

Our myth No 1 would therefore lead to the establishment or the upkeep of two different systems of weaponry, forces, and concepts of use (or "nonuse"), one "of deterrence" which would only be used to threaten, and the other "of defense" which alone would be appropriate for actual use.

It would be impossible to denounce too sharply what such a manner of viewing relations between deterrence and defense can imply in terms of what is irrational and dangerous.

It is easy to see, however, how people at times have found it possible to reach that point: Even though deterrence is as old as war our knowledge of its mechanisms is still summary and confused. On the other hand, the appearance of nuclear weapons has been reflected by an increase in the powers of destruction to such an extent that, while the possibility of resorting to them to discourage aggression has struck people right away, it has become evident almost as fast² that their use could contrariwise entail, again for the defender, serious "disadvantages."

These are so grave that the temptation came to light to dissociate the "threat" from the possible "use" in the fallacious hope of benefiting from the deterrent effect of the former while avoiding the dangers of the latter.

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Hence the myth that we explode here and which cannot help leading to a twofold setback--that of deterrence and that of defense. For how can one assure the "credibility" of deterrence, a condition of its success, if one proclaims at the same time that the weapons will never be used?

And what kind of effectiveness should one expect from a defense that one will not have deemed strong enough for an effort to build deterrence around it?

Between "deterrence" conceived in this manner, seemingly fearsome but in fact devoid of credibility, and a credible but ineffective "defense," one understands that many attempts have been made to build "linkages" in the hope of making the former benefit from the credibility of the latter.

These are ingenious attempts, acrobatic at times, but always fruitless and doomed to remain so. What is called for is not to build bridges between two different systems but simply to reunite what should never have been dissociated. To be sure, deterrence is not exactly defense: Deterrence relates to the "interest" (in the financial meaning of the term) of effective defense. This is interest payable in advance when "preventive" deterrence is involved--in other words, when one seeks (this is the way that one hears it most often) to prevent war, to bar aggression. Naturally, in this case there is a certain contradiction between deterrence and defense since the need to implement the latter evidences the failure of the former. But the fact remains that deterrence can succeed only by depending on a defense which can be implemented with chances of success. From this viewpoint there is complementarity between the two.

But there is more: Preventive deterrence in fact is only one of the forms of deterrence. Once war is under way, after this kind of deterrence has consequently failed, there are other forms of deterrence to seek--for example, the one that would try to prevent the adversary from resorting to such or such a type of arms (chemical, bacteriological, and so on), to cross such or such a line (the Yalu River), or very simply to "continue" war or "pursue" its aggression. In all these forms of deterrence the means could naturally be the "threat" to use new or more powerful arms. But in many cases deterrence could also mean their actual though still limited³ use or the proclaimed and proven determination to continue to fight to the end as is already being done.

It is therefore fallacious to use the concepts of deterrence and defense as if they were opposites. In reality they are directly and closely complementary. The success of both calls for exactly the same conditions: In the face of a given threat a system of arms and forces is necessary as well as a plan to use them so as to inflict what the adversary perceives as unacceptable damage whereas the damage to be sustained by the defender would continue to be tolerable.

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If these conditions are met defense can be achieved and it deserves to be tried. But beforehand deterrence based on it can succeed and must therefore be attempted.

A general rule is involved here which is consequently valid both for nuclear defense and deterrence. That in their case it should be easy to apply it is another matter. But it has never been said that the solutions of defense problems were to be "easy and simple." Rather, what is asked of them is that they be effective.

2. Myth of Deterrence "One and Indivisible"

Each aggression, each threat, calls for defense adapted to it: There is no "omnibus" defense.

The same is true of deterrence: Like defense, it is always relative, always specific to a given threat. One does not deter in a vacuum but rather one deters someone from doing something. Without specificity regarding these two complementary elements the term deterrence remains abstract.

We must therefore explode a second myth, one which specifically makes deterrence a kind of absolute value which can be called "myth of deterrence one and indivisible."

Quite curiously in France the believers in this myth are found among the partisans of the [nuclear] strike force as well as among its detractors. It is by claiming allegiance to it that some of the former proclaim without qualifications that France can now, thanks to this strike force, bar any threat against its vital interests and that France thus possesses deterrence [all capitals] at this time. But it is also in its name that others in the second group refuse completely and categorically to concede to the strike force the benefit of deterrence.

For both groups deterrence [all capitals] appears as an absolute, indivisible value which one would acquire or which would elude one in one swoop, through the "all or nothing" principle, depending on whether one held or lost a certain "deterrence capability"--in other words, the possibility to inflict on the adversary a certain amount of "damage" of a nature to make him renounce any aggression against us.

For one group France has deterrent nuclear capability and thus has deterrence. The others contrariwise believe that our "minibombs" and their vectors leave us inexorably below the fateful threshold and do not provide us with any deterrence.

Regarding the computation of deterrence capability, regarding the determination of that threshold which may exist between deterrence and nondeterrence, both groups generally evidence prudent discretion.

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A basis for computation has at times been advanced, however. This would be very simply the figure of the population of the threatened country that would "gauge" in all cases the "value" of the latter in the eyes of a possible aggressor. To make aggression "unprofitable" and consequently to secure deterrence, a necessary and sufficient condition would be under these circumstances to be able to kill among the adversary as many people as one's own population.

It is thus at a level of 50 million souls that some have wished to set the power of destruction necessary to France to achieve deterrence.

This manner of envisioning things has only a remote relationship with the complexity of human realities. In politics things are never so simple, and volumes would be needed to treat wars from the sole viewpoint of the "stakes" involved in them. On this score we shall confine ourselves to some elementary considerations.

The stakes of war differ by their nature. Aggression may be rooted in racist, religious, or political ideology. It may also be motivated only by the securing of material interests even though the importance attached to the latter is incidentally the expression of an ideology, too. On its part the resolve of defense can have strictly economic interests as its bases, but it can also reflect unselfish love of freedom, a simple concern for dignity. Finally, in other cases a nation will strive to protect its physical existence by fighting.

However variegated in nature the stakes of war also differ by virtue of their importance. Whether it is the aggressor or the defender, a nation does not always fight with the same degree of determination, the same tenacity. Even against the same adversary everything depends on what a nation fights for. There are truly national wars where a people will be fully committed because they know that their physical survival, their freedom, or their honor are at stake. There are other wars which are only marginally important and which justify the sacrifice of only a few thousand, even a few hundred, human lives.

When it comes to the strength of the reasons prompting aggression or motivating defense and consequently the nature and the volume of the means to be devoted to them, everything is always specific: There is no omnibus defense.

Neither is there "omnibus" deterrence.

There is deterrence or rather "defense/deterrence" specific to each threat or combination of threats.⁴

France does not then have and will never have deterrence in the absolute sense in which this term is at times inappropriately used.

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The country simply has a certain capability of defense/deterrence which can enable it to meet certain threats.

We shall add that, even though this capability may be (and nothing is less certain) below the figure of 50 million people that we mentioned earlier, it could nevertheless be sufficient now. Indeed, in today's world a capability of only 1 million individuals would still be excessive for it does not seem that any power, great or small, nuclear or not, can develop against us an "aggressive factor" greater than that level. We can thus deem ourselves to be covered.

But, let us reiterate, we are talking about today's world.

All we know about tomorrow's world is that it will change, for the better perhaps but also possibly for the worse. History has given us too many examples of profound and rapid disruptions for us to rule out the possibility of a new Hitler or a new Stalin who might assume in future control over a great nation and its arms.

The time needed for the building of nuclear arms and their vectors--4 to 10 years--obliges us to cover ourselves already now, at least partially, against such a possibility.

We must thus secure for ourselves a wide margin of protection beyond what existing threats justify.

And nothing precludes us from thinking that we might be prompted, 5, 10, or 20 years from now, to increase considerably our defense/deterrence capability.

3. Myth of the "Sanctuarization of Vital Interests"

The myth of the "sanctuarization of vital interests" that we now plan to explode stems from the principle that nuclear strategic deterrence could cover only "vital" interests and affirms that such interests exist only on national territory. For France, usually this territory is even reduced to the hexagon [French mainland].

We shall see later, in connection with the "all or nothing" approach, what one should think of limiting to the so-called "vital" interests alone the use of nuclear defense/deterrence.

We plan contrariwise to challenge categorically as of now the restricting of our major or even "vital" national interests to a hexagon represented as a "sanctuary." That is a concept which undoubtedly reflects what formerly used to be reality for us French and for a long time at that but which has been totally outdated in the past few decades. France now has major interests outside of its territory, at times truly vital ones and whose protection, like that of its national territory, can very well be effected against some aggressions only by nuclear defense/deterrence.

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Let us examine quickly how this change has occurred.

Since the beginning of its history up to a recent period France possessed on its own soil all that was indispensable for the subsistence of its citizens and for the preservation of its sovereignty. To be sure, it had to secure some resources outside its territory: Tin or edible oil in the early period, spices, coffee sugar, or indigo later, and then an increasingly large assortment of foodstuffs and raw materials. But what was involved then was only a supplement to national resources, an excess which could be done without if necessary. Even in 1940-44 France was able to survive despite the plunder of a notable portion of its own resources and the quasi-interruption of its imports.

In short, France could be self-sufficient as regards what was indispensable to it. Under these conditions "national" defense was for France the defense of its national territory. To be able to kill a large number of Frenchmen it was necessary for the adversary to hit them on French soil. To deprive France of its essential means of existence and defense it was necessary for the adversary to destroy these on French soil. To constrain France to major capitulation it was necessary to invade its territory or to be manifestly in a position to do so, minimally to acquire mastery of its air space. France's situation was thus the one involved in our myth: Its vital interests were all contained in the hexagon and there were no truly national wars except those involving the hexagon.

But already then what was true for us Frenchmen was not so for all the other nations. History has witnessed right from the beginning maritime and commercial nations dependent on the outside (for trade or plunder, it mattered little) in at times truly vital manner. For Tyre and Sidon, for the Hanseatic towns, and for Venice at the time of their glory the abrupt interruption of their maritime links would have meant not only their disappearance as states but also the effective death, from poverty or starvation, of part of their populations.

Later, Britain and Japan provided us with comparable examples, too familiar for us to have to dwell on them.

Today this is also France's case. For the past 30 years this "vital" dependence on the outside, until then the experience of a few maritime nations, has applied to France at the same time as to other industrial nations that had earlier been continental nations. Under the twofold effect of their increasing consumption of energy and raw materials and the exhaustion of their own resources, France, Italy, the Benelux countries, even Germany now depend in vital fashion on their foreign supplies just as Britain and Japan already did earlier.

It is henceforth possible to bring about poverty in these countries, to cause thousands, even millions, of their inhabitants to die from cold or hunger without detonating a single bomb or firing a single shell on their soil but

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simply by halting some of their imports either through submarine warfare which the United States and the Soviet Union are already in a position to wage (China could follow suit one day) or by an embargo which would not remain symbolic as was the case in 1973.

It is possible for the same reason to now exercise major political pressures, on them through these means, to constrain them to renounce their vital interests, to force them to make major concessions which only an invasion of their territory would have mandated on them at an earlier period.

There will naturally not be a lack of people to challenge the impact that we assign here to the effects of a blockade or an embargo, to quote the example specifically of the 1940-44 period, or to evoke the "disruptions from weekend trips" in 1968 or 1973.

This is not the place to refute these objections in detail. We shall only provide two partial responses to them:

1. In 1939 we imported some 15 percent of our energy needs. A 50 percent drop in our imports reduced our supplies by 7 to 8 percent.

In 1973 we imported 75 percent of our energy. The corresponding drop in our imports would have reduced our supplies by 35 to 40 percent.

2. But other reasons, too, contribute to the fact that a war against our oil supplies would be extremely grave: First, the fact that we have become increasingly dependent on energy for transportation, food, heating, and so on, and physically vulnerable to its scarcity. Then, the fact that oil tankers are now much more vulnerable while submarines have become more effective. The simple shift from a regular system of maritime transportation to convoy traffic would of itself reduce by half the movement of our supplies even before a single vessel were sunk. Once the submarine war was really on, the drop in our energy supplies could reach 60 to 70 percent. This figure should be compared with the 10 to 20 percent cut that we witnessed in 1940, the few percentage points (under 5 percent) that we experienced for a few months at the time of the nationalization of the Suez Canal [1956] and then at the outbreak of the oil crisis in 1973. This would be a genuine national drama which would jeopardize not only our standard of living but the life, period, of the French people. And this could occur (it stands repetition) without a single bomb being dropped, a single shell or a single rifle bullet being fired at our national territory.

The advent of this new vulnerability constitutes a decisive turning point in our country's destiny. It is this just as much as our advent to nuclear power which represents a revolution in our defense. The atom has disrupted the means. The vital dependence in which we find ourselves on the outside now radically modifies, too, the goals of possible aggression against us and consequently the points of application of our defense.⁵

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In contrast to what the myth alleges and in contrast to what our realities used to be for 20 centuries of our history, we must view as vital not only the defense of our hexagon but also that of some interests outside of it.

4. Myth of "Tactical" Nuclear Arms

One understands the attractiveness of the idea of using nuclear weapons which would only be "tactical," that is, which would only strike the "forces" of the adversary and not, like "strategic" weapons, his resources and population. For all those anguished by the possibility of resorting to nuclear arms this alternative had to be explored. Let it prove to be practical and many scruples among political leaders as well as among military practitioners would be relieved thereby, much outspoken opposition to this form of defense would lose its virulence, and the problems of credibility would by the same token be singularly simplified thereby.

It was thus natural that many theoreticians should take this path. Some believed that they could find valid solutions in it and proposed concepts of defense and/or deterrence involving, by way of appetizers or as the "piece de resistance," more or less sizable recourse to nuclear arms that are presumably "tactical."

We said earlier that unfortunately only a myth is involved in this connection. We cannot indeed follow them along this path.

More specifically, we cannot follow them in the case of France's defense in Europe and in all cases that may resemble it, while agreeing that other situations might exist where the use of "tactical" nuclear weapons would be justified.

As regards France's defense in Europe, then, to which most of the French partisans of the tactical atomic weapon refer, it has three characteristics which radically condemn recourse to such an alternative:

1. To be effective the use of the weapons in question should be on a large scale.
2. They would be used defensively and therefore primarily in the midst of friendly populations.
3. What would be involved would be regions with high population densities.

Let us elaborate on these three points.

The modern armies that we would have to stop are equipped and trained. They would operate in such a way as to best "absorb" the blows of our nuclear arms: Dispersal (in the order of about a dozen men per square kilometer), use of mobility and armor if there is no means of concealment in the topography, and so on. Such measures would mandate our resorting to massive

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strikes to secure a destructive effect on them, to stop them, or merely to neutralize them temporarily whether it was a question of a few dozen men or even 100 or 200. It is indeed strikes of this magnitude that the partisans of the "tactical" atomic weapon advocate.

However, such use of the weapon by us would not make it possible to spare our civilian populations.

To be sure, if only three or four projectiles were involved it would always be possible to find in the Ardennes mountains or in the wretched Champagne region targets where there would only be few inhabitants, but perhaps not many enemy tanks either.

With eight or 10 projectiles the feat would already be more difficult, at least if we tried to endow them with a sufficient level of effectiveness.

With several dozen weapons it would be inconceivable unless the adversary had the kindness to deploy and move his forces only in our scantily populated areas, which is a joke. In very short order (starting with one or two dozen warheads) the ratio between the adversary's military losses and our civilian losses would move toward the ratio between the respective population densities in the field, that is, in Western Europe, an average of 300 for the latter⁶ as against 10 for the former in a "nuclear situation." Through our action alone civilian losses would already be considerable.

They would exceed even those of the adversary who, in the "tactical" nuclear battle that we would have unleashed, would not have the same reasons as we to spare the civilian populations nor would his forces have the same scruples in seeking refuge in our localities. We are therefore undoubtedly way below the truth when we estimate at 60 civilians to one military enemy personnel the ratio of losses to be contemplated. To make things more specific, if we had to inflict the loss of 50,000 troops on our enemy to stop him, we would have to anticipate at least 3 million civilian casualties.

The final element in our argument: Since we are only contemplating a defensive war, the "battle" would take place principally on our national territory or that of our allies. These civilian losses would thus involve especially if not exclusively friendly populations!

Under these conditions can one talk of the "tactical" use of nuclear weapons? Unquestionably not. Their effects on the forces would admittedly not be negligible. But the impact--inevitable--on populations (friendly populations) would be so much greater that they would become most important in the situation.

Can one expect any positive result from a mode of action involving such a categorically negative ratio for the defender? The answer is also negative. Since we are the ones involved, we could not make "tactical" weapons either the principal or the accessory of our defense. The rates of loss that we

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would suffer in such a case (in civilian populations almost exclusively) would force us to renounce the use of "tactical" weapons long before we were able to halt the aggressor.

Not practicable for defense, the massive use of "tactical" atomic weapons is, under these conditions, worthless for "deterrence" too. We demonstrated this point earlier in connection with the myth of "deterrence which is allegedly different from defense."

While excluded in the case of defense on terrain with high population density, the massive use of "tactical" nuclear arms seems, in contrast, to be possibly in two cases.

First--and this goes without saying--in operational theaters devoid of inhabitants. One could imagine the use of such weapons, defensively or offensively, in the Sahara, the Sinai, the Chinese-Siberian border, and so on. At sea it would not raise difficulties.

The second case in contrast, like ours, relates to densely populated areas. This time we would have the case of an aggressor who, fighting on enemy territory, would not have the same concern as ourselves to spare populations and would therefore derive from the use in question advantages exactly matching the drawbacks that we mentioned earlier for the defender.

While we formally take exception to our use of "tactical" atomic weapons, we recognize then that others, who would not have renounced all forms of aggression like us, could in all logic envision their use and get ready for it, and that there would be every advantage for them to have their adversaries, overlooking their interests, raise the confrontation to that level.

Such a determination provides us with the opportunity to note in passing and condemn another myth that would undoubtedly deserve special study: The myth involved is that "what is good for the USSR in the field of weaponry must also be good for France." Let us add, "for the USSR or the United States."

As regards the USSR we have just mentioned why a myth is involved.

The case of the United States is obviously different from that of the Soviet Union and from ours. To help defend Europe possibly against the Soviets the Americans would not have to fight on enemy territory as the Soviets would but rather on allied territory. However, it would not be, as in our case, their national territory and it would not involve allies as close as in the case of us Europeans.

Besides, it is difficult to reproach American theoreticians with not having always shown themselves so far, in the elaboration of their plans for the defense of Europe, to be more clear-sighted than some of ours or more sparing than ours of the blood of our populations.

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However that may be, different solutions must necessarily be brought to different problems. It does not matter how well or badly Americans and Soviets think that they can solve their problems: Let us concern ourselves with our own.

As regards the defense of Western Europe we must elaborate as a function of our interests a plan from which, we have just seen, the massive use of "tactical" weapons will be excluded. This plan has every chance to be by the same token more satisfactory for our European allies and first of all for Germany, which is even more immediately involved than us by the problem.

5. Myth of the Unavoidable "Escalation to Extremes"

Of all the myths that we claim to explode here this is one of the most solidly rooted myths and one of the most dangerous.

What does it consist of?

Very simply in this, that if a nuclear conflict were to break out it would not be possible to halt it before the annihilation of at least one of the adversaries. The use of the initial weapon would trigger an escalation that would continue inexorably until the weakest belligerent would find himself, with his silos empty, in a state of smoking ruins and the other belligerent would also be in bad shape, no matter how powerful he may have been.

This myth comes in two versions: The average person, who has difficulty distinguishing between "tactical" and "strategic" weapons, feels that it is the initial round of nuclear fire, whatever its nature, that would trigger escalation. For a certain number of experts, in contrast, a threshold reportedly exists between "tactical" and "strategic," and it is the crossing of this threshold which would initiate the unavoidable escalation to extremes. Both are thus in agreement on the automatic nature of the phenomenon to which they merely ascribe different points of departure.

But from this same perception of things adversaries and partisans of nuclear weapons draw different conclusions.

For the former, defense which could not escape from this automatism and which would consequently lead without recourse to collective suicide would be absurd. They reject the use of nuclear weapons and at the same time deny that nuclear deterrence has any effectiveness.

For the latter there are two types of consequences to the use of nuclear weapons:

1. First, since there would necessarily have to be an escalation to extremes it would be better, for the weaker of the adversaries, to use his weapons, all his weapons, before they were destroyed. Hence the too-often formulated

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recommendation of an "all or nothing" use of arms as soon as the fateful threshold is crossed (that of nuclear arms, period, or more generally that of "strategic" nuclear arms).

2. But while they draw this inference of the escalation to extremes, considered by them as unavoidable, the partisans of nuclear weapons unquestionably have to find an escape outlet from the absurdity of the collective suicide to which their use would lead. Some believe that it resides in renouncing the nuclear initiative or at least that of moving beyond the "threshold," others by the injection between "defense" and "deterrence," between effective and simple "threat" of use, of the distinctions that we mentioned earlier.

Now, what is self-evident is that to forgo the nuclear initiative voluntarily would be to allow the adversary to use that weapon. To discount that the latter would do so while he enjoyed enough superiority in conventional forces to secure victory at that level, and to base the validity of one's own defense on that hope seems more than hazardous.

As for the distinction/opposition between deterrence and defense, this is the myth about which we expressed our opinion earlier.

To sum it all up then, we must admit that regarding the topic dealt with here the adversaries of nuclear weapons have more logic on their side than some of their partisans.

On condition that one believe in the myth.

If this were the case we would have no alternatives but to join the ranks of the Peace Battalion.

This is not at all the case: The escalation to extremes is not unavoidable and we can advance two reasons to substantiate this position.

The first is of an historic order: We must mention it, but it does not deserve full elaboration.

The second is much more convincing. It stems from an examination, in all the cases of imaginable patterns, or the advantages and disadvantages that would result for each of the adversaries from an "escalation to extremes" whose initiative they would assume and of what could consequently impel them to it or contrariwise hold them from it.

This study prompts one to find that the escalation to extremes would in a certain number of cases be disastrous for both sides and that it could not be considered as the rule. It makes it possible to define the conditions and rules through which a medium power could avoid it: There are circumstances beyond which it should renounce implementing its nuclear defense and could not seek corresponding deterrence. There are rules regarding the possible use of its strategic weapons.

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We shall examine later the implications of these conditions and rules in the planning and conduct of the defense of the medium power. Their importance will prompt us to devote a special chapter to them.

A. Historic Argument

It rests on the fact that while, in the wars witnessed by our ancestors, the trend toward escalation to extremes was evident in a very general way, the opposite tendencies were seen just as often. And if in a certain number of conflicts it is the former which prevailed, most of the wars ended without any of the adversaries using--thank God--whether not to lose the wars, to win them or even after winning them, all the means of violence available to the belligerents, without there having occurred, in short, an "escalation to extremes."

This fact has not been altered by the successive appearances of increasingly more sophisticated and more deadly arms from the truncheon to the bow and crossbow, then to firearms, automatic weapons, more and more powerful artillery, battle gas, air bombings in various forms, and so forth. All the way, then, the new conventional weapons, excluding nuclear weapons, have changed nothing. One even finds that despite the disproportionate increase in the powers of destruction modern conflicts, while they have pushed the level of violence much farther than the "closet wars" of the 18th century, have remained from this viewpoint largely outside the massacres perpetrated in the old days by the Assyrians or the likes of Tamerlane, for example.

While some modern genocides have used large-yield modern implements such as gas chambers, we know others which have done an adequate job, even today and just as effectively, with sticks and picks.

It is thus not the "yield" of the available arms which provokes where applicable an escalation to extremes but rather what men think and feel: It is ideologies and passions which underlie wars. It is these ideologies and passions which determine whether they will end up in massacres or not. Arms, with their nature and power, no matter how great these may be, are only means. Nothing forces one to think that it is different for nuclear weapons.

This opinion will be challenged by some on account of the radical disruptions which the appearance of nuclear weapons specifically may have provoked in everything relating to war. Thinking about it thoroughly, however, and if one goes by principles, these disruptions are not as deep as people say. Deterrence, especially, is not the novelty that has too often been alleged. It has always existed and has always operated according to the same psychological mechanisms. Whether under Ashurbanipal or Genghis Khan, the people knew already that their defeat could be translated for them into as radical an extermination as the holocausts mentioned in our contemporary nuclear literature. While the nature of arms has changed, while their power, their range, the instantaneous nature of their effects have increased in almost immeasurable proportions, one is no less entitled to consider that the logic

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of war remains the same and that there are, for example, perennial correlations between the value which the political stake represents for each of the belligerents and the sacrifices which these decide to make to secure their goals or hold on to them or, too, between the deterrent effects of a threat and the material and psychological possibility ("capability" and "credibility") of implementing it.

B. Argument of the Logic of War

We shall lean on this logic not (and this will be our second argument) to develop our case by going beyond the lessons (whether valid or not) of the prenuclear experience and by considering what a nuclear conflict could be one day, this time with advantages and drawbacks which both adversaries could expect from an escalation to extremes and what could consequently prompt one of them to provoke it.

We shall limit ourselves to the case which interests us most directly: That of a conflict that would see a clash between two nuclear powers--a medium power which could obviously be France and which would fight defensively; and a great power which would be the aggressor. But from now on we shall be obliged to reason in the abstract because of the lack of concrete historical evidence and a lack of space to elaborate a scenario which would incidentally at best be only a particular case. We apologize for this to our readers.

Let us imagine, then, a nuclear conflict and its various developmental hypotheses depending on whether the initiative for it would be assumed by the great power and then by the medium power.

a. Nuclear Initiative of the Great Power

The simplest case to analyze is that in which the nuclear initiative would be taken by the great power in the form of a massive strike. What results could it expect from such action?

It is obvious that strongly hit, crushed, the medium power would be knocked out of the fight except however--and this by definition--for its "second strike" capability which would at the same time see all the psychological and humanitarian obstacles preventing its use fall away. This would then be a victory for the great power but undoubtedly not a "fresh and joyous" triumph. By way of reprisals it would have to absorb the entire "second strike" of its defeated adversary.

Accordingly, one of the following two alternatives would occur:

1. Either this "second strike" capability of the medium power would be greater than the value attributed to the stake of the conflict by the great power and the latter would pay for its victory a price higher than it would wish, which would be politically absurd.

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2. Or, this "second strike" capability would be less than the worth of the stake of the great power. In this case the latter would pay less than its real value for its success but still too high a cost since it could have achieved its triumph at distinctly less cost by going about it more intelligently. In the considered hypothesis of the force ratio and the stake, in fact a reduced first strike accompanied by the threat of a more powerful second strike in case of resistance could have brought the medium power to renounce all vengeance and capitulate purely and simply. The absurdity of the great power's behavior would thus be less than in the first case but it would continue.

Consequently, in both cases, for the great power a massive strike would be nonsensical.

For the medium power it would only be planned as a response to a massive initiative of its great power aggressor which would have placed it in such a state that the supplementary risks to be expected from a new strike by the great power as a reaction to its own reprisals would not add much more.

To be sure, this vengeance could not restore it either its physical integrity or its sovereignty: It would no longer have any "defense" value.

It is nonetheless rational to anticipate this, for its possibility alone, with the high degree of probability that one is entitled to assign to it, would have an unchallengeable effect of "deterrence."⁷

In fact, the absurd nature which a massive nuclear initiative against a medium nuclear power would represent for a great power makes it possible for the medium power to have the means of some deterrence, both fundamental because of the simplicity of its mechanisms and capitally important by virtue of its goals--dissuasion by which it could, through the threat of massive reprisals, prevent a crushing strike.

It seems indeed that this kind of deterrence is challenged only a little in terms of its principle and that it is generally considered feasible by France.

But in this connection one must indeed become aware first that it can enter into account only on condition that the medium power should in fact have sufficient second strike capability available and only as long as this capability would remain available. This would bar its use for other goals in the course of conflict. Second, that it is strictly and uniquely adapted to the threat of a massive adverse strike but would not prevent other forms of aggression against which other defense/deterrence systems would consequently be necessary and, should the case arise, other nuclear means.

b. Nuclear Initiative of the Medium Power

Let us move now to the second case where the initiative would have to be taken by the medium power.

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It is clearly more complicated than the preceding case, which prompts us to proceed in this regard by stages--a first stage where we shall imagine that the behavior of the antagonists in the conduct of war would be strictly rational,⁸ and a second stage where we shall take into consideration the effects to be expected from emotional factors but supposing that the latter would manifest themselves only on the part of the great power since, as regards the medium power, we seek precisely to spell out the rules of rational behavior.

But before broaching this study in various forms of behavior we must define the situations in which they may occur.

Indeed, states do not wage war at just any old time and in just any old way. Especially, they do not wage it in just any old way when there is a choice between two "levels," the conventional and the nuclear level, whose "costs" for the great power aggressor as well as the medium power would be different. A state does not wage war, or at any rate should not wage war, except with reasonable chances to win it or at least not lose it, that is, if the state felt able, at the level considered and with a chosen strategy, to inflict unacceptable "losses and damage" on its adversary while sustaining only "reasonable" damage itself. The terms "unacceptable" and "reasonable" are obviously evaluated as a function of the political "value" assigned to the stake of the conflict, on one hand by the great power and on the other by the medium power, failing which the latter would be better off capitulating.

The decision to wage war or to refuse to wage it, the choice of the "level" (conventional, nuclear, or other) at which a state would decide to accept it or to wage it would thus stem at any point in part from the idea that a belligerent would form of these "stake values" for itself and for its adversary,⁹ and in part from the losses and damage to be anticipated for both as a result of the strategies envisioned at the "levels" considered, and finally on the ratios that would be established among these different data.

The table following presents schematically the four imaginable combinations, obviously from the viewpoint of the medium power, and the decision that would be mandated on the latter in each case.

The indications made in the table call for some explanations:

"Great power's stake value" designates the importance attached to the stake by the great power and consequently that of the losses and damage that it would be ready to suffer to secure it (or at least the evaluation that the medium power would make of it).

"Medium power's conventional capability" and "medium power's nuclear capability" designate the amounts of losses and damage which the medium power would feel to be in a position to inflict on its adversary at the conventional and nuclear levels respectively and this at the price of "acceptable" losses to itself.

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Medium power's nuclear capability	Medium power's conventional capability	Lower than the great power's stake value	Higher than the great power's stake value
<p style="text-align: center;">↓</p> <p>Lower than the great power's stake value</p>		<p style="text-align: center;">- 1 -</p> <p>Any defense, conventional or nuclear, is doomed to failure</p> <p>No deterrence has a chance to succeed</p> <p>The medium power must capitulate</p>	<p style="text-align: center;">- 2 -</p> <p>Conventional defense possible</p> <p>Conventional deterrence to be tried</p> <p>Nuclear defense doomed to failure</p> <p>Nuclear deterrence impossible</p> <p>The medium power must:</p> <ol style="list-style-type: none"> a. Seek conventional deterrence; b. Use its conventional defense if necessary
		<p>Higher than the great power's stake value</p>	

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The portion of the table of interest to us is the lower left quarter bearing number 3: It consolidates the only situations justifying for the medium power effective recourse to its nuclear defense.

All these situations present the two following characteristics:

1. "Medium power's conventional capability" is lower than the "Great power's stake value," which dooms it in advance to failure and bars the medium power from resorting to it profitably.
2. "Medium power's nuclear capability" is greater than the same "great power's stake value."

If this were not the case we would fall into hypothesis 1 and the medium power would have nothing left to do but capitulate.

Self-evident, one could say again.

Self-evident, admittedly, but too often lost from sight even though extremely important, for a whole series of logical consequences flow from these two characteristics which make it possible to define rigorously the conditions in which the medium power would be prompted to take the nuclear initiative. These conditions would be the following:

1. The great power would have started the conflict at the conventional level, the only one where it could have achieved its war goals at a politically acceptable price.
2. It would have done so knowing full well of the existence in the hands of the medium power of a nuclear second strike capability greater than the great power's stake value but because the great power would have been persuaded that the medium power would not be in a position to use it, the former would then feel assured of being able to maintain the conflict and win it at the conventional level.
3. This conviction would be erroneous since, under the hypothesis of the situation, the medium power would contrariwise decide to escalate the confrontation to the nuclear level.
4. The great power should logically renounce its aggression if it discovered that it had made a mistake.
5. The great power would obviously strive to maintain the conflict at the conventional level. In no case would it take the nuclear initiative even though the medium power might try to prompt the great power to it. Furthermore, the great power would itself shun any political or military measure likely to facilitate the shift to nuclear weapons for its adversary.
6. It would thus be up to the medium power at any rate to take the nuclear initiative.

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These six points are of extreme importance. We must have them all in mind when we reflect on the behavior of the adversaries in the case of the medium power's nuclear initiative. But before broaching the latter we must return to point 3, which deserves a few additional comments.

This point 3 concerns the error committed by the great power in its estimates of the use of the medium power's nuclear defense. What is indeed to be seen is that the error in evaluation would very probably not involve the medium power's technical and material defense capability, widely known and which we have assumed to be greater than the "great power's stake value," but rather would involve the possibility (moral or psychological or political) for the medium power to put it into effect. The failure of the medium power's preventive nuclear deterrence would be imputable in short not to an insufficiency of capability but to a lack of credibility.

There would necessarily be reasons for such error in evaluation: The most plausible ones would be opposition to the use of its nuclear force faced by the medium power either on the part of its allies or some of its own citizens. In both cases these difficulties would undoubtedly be real: The great power would only have exaggerated their importance by considering that they would block the nuclear power's freedom of action whereas they would only hinder it.

Let us mention for the time being an important detail to add to our point 6 above: There is every chance that it is in a difficult political context that the medium power would have to take a nuclear initiative, and the great power would strive to aggravate these difficulties.

The logic of the situation now being clearly defined, we can broach the study of that of behaviors: That of the medium power, prompted to take the nuclear initiative, and that of the great power called upon to react to the latter.

We shall assume initially as we stated earlier that these behavioral patterns would be strictly rational: We shall proceed in comparative fashion, first figuring that the medium power would take the initiative in the form of a single and massive [nuclear] strike and then that it would do it in the form of a "measured" strike.

Option A: Massive strategic nuclear initiative of the medium power

This is the "all" in the "all or nothing" formula, the totality of the medium power's strategic weapons being fired in a single salvo to strike the "urban concentrations" of the great power.

The logical consequences would be the following:

1. The great power would sustain considerable losses and damage, greater than what it would have set for itself as an acceptable limit before the aggression.

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It would obviously wish to avenge itself because of it.

But we agreed to initially discount emotional reactions and therefore will not for the moment take account of this desire for vengeance.

2. The medium power would have used with a single salvo all its strategic warheads. It would then have available only its conventional defense, insufficient under the assumptions of the situation, and its tactical nuclear weapons whose kinship in defensive action with the thoughtless and dangerous act of an ill-advised friendship is known.

Since the stake of the conflict would not in the meantime have changed value, the great power would logically be compelled to pursue its aggression and would be assured of winning either at the conventional level or at the nuclear level (tactical or strategic) which would no longer present a danger to it.

Final result:

The great power, more harshly hit than its stake would warrant in its eyes,¹¹ would nonetheless press its aggression until victory because of it.

As for the medium power, the execution of nuclear defense of sufficient power but in an inadequate form irrevocably makes it lose its war, not to mention the reprisals that we shall discuss later.

Option B: The medium power assumes the strategic nuclear initiative in gradual and measured manner: Initial firing of one of a highly limited number of weapons, repeated if necessary, but at any rate keeping in reserve the largest portion of its strike capability.

Logical consequences:

1. The great power suffers limited losses and damage. No more than in the case of option A will we discuss for the moment the vengeance which it could however wish to exact for it.

2. The medium power's measured nuclear initiative does not change significantly either its own nuclear capability or the stake of the conflict for the great power. The "risks/stake" ratio thus continues to be for the great power in actuality what it had been previously. But the idea that it had formed of this ratio is radically modified for it now has proof that, in contrast to what it had believed earlier, the medium power is not only desirous but effectively in a position to use its nuclear defense. The great power undoubtedly continues to be technically capable of controlling the stake of the conflict but it now knows that it would have to pay a politically unacceptable price for it.

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Final result:

In all logic and again discounting the vengeance motive, the great power is prompted to renounce the stake of the conflict and to end its aggression.

For the medium power this is a victory.

On comparing the ultimate consequences of our two options the case is clear: Using the assumption that we have made (the only one that would justify a nuclear initiative by the medium power) and assuming again that the adversaries behaved in strictly rational fashion, the "all or nothing" formula would unavoidably lead the medium power to total defeat. An initial measured strike, by enabling it to hold in reserve the bulk of its means, would contrariwise prompt the great power to renounce its aggression and its goals.

For neither of the adversaries in this case any more than in that of an initiative by the great power would the "all or nothing" approach be justified.

But everyone knows that men do not always act and in every realm as logic and reason might dictate.

Let us therefore examine now the disruptions that "feelings" and "passions" would not fail to provoke in the rational cause-and-effect relationship that we have just described.

A few comments are necessary before we broach the jumble, necessarily delicate, of logic and feelings:

1. Let us recall first that we envision emotional turbulence only with the great power since our goal here is to assume rational rules of conduct for the medium power.
2. We concede that these emotional disruptions with the great power would not eliminate all rationality in it. Indeed, if that were the case the logic which the medium power would continue to evidence would no longer be of any use to it. In a more general way, any theoretical reflection on such a hypothesis is useless.

We do not bar for all that the possibility of a complete tilting of the great power toward the irrational. We only consider that this could not be a general case² but only a "borderline case" which should not for this reason figure any the less among the hypotheses inventoried by the leaders responsible for waging the war. If this hypothesis were slated to be concretized it would be appropriate to try to attempt preventive nuclear deterrence but, if the latter were to fail, it would be appropriate to renounce actual defense at this level and consequently to capitulate.

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3. Contrariwise, we shall consider that there would subsist with the great power a certain measure of rationality that could even be significant, and this for the following reasons:

a. If the role of the "emotional" is preponderant (we said it) in the "cause" of wars,¹³ it seems that in contrast the "rational" should have a predominant place in the way war is waged: Choice of the means of violence, strategy, tactics, organization, conduct of operations, and so on.

b. One may wonder whether this predominance of the rational in the "how" element has not become accentuated as, together with the cost of arms and especially their power of destruction, the drawbacks of a possible error in their use have increased.

It would also be necessary to specify "all other things being equal," especially the intensity of the hostile motivations.

Since the appearance of nuclear weapons it seems that this tendency is no longer subject to challenge and that all nuclear nations strive more actively than ever to define their logical use (or nonuse). All these nations have become aware that, in the absence of a common language, any conflict among them would risk involving them in the apocalypse and that this common language can only be that of logic.

Consequently, they are less than ever disposed to give free vent to their "emotional" reactions.

This is then not a gamble but contrariwise to consider that the behavior of the protagonists in a nuclear conflict would be largely rational and would strive to remain so evidences realism.

The scenarios that we proposed earlier assuming rational behavior patterns would thus remain valid in part. They would simply have to be the object of improvements whose meaning and importance we must now define to the extent that the subjective character of the data that we now have to take into consideration permits.

The emotional reactions whose effects we must calculate can be classified into two categories according to whether they would promote the "escalation to extremes" (or escalation) or contrariwise whether they would discourage it.

The first category is divided in turn into two subcategories:

First that of injured national pride, anger, the thirst for vengeance motivated by the abuse received, the losses and damage sustained, all feelings prompting a people and their leaders to return blow for blow at least, even if they have nothing more to expect from it and even if they have to endure for this purpose more pain and suffering than the initial political goals of the conflict justified.

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These feelings generate in some way an "additional stake" which comes on top of the initial political stake and which may even in an extreme case replace it (extension of the hostilities for vengeance alone after the political goal has been achieved or after it is relinquished).

As for the importance which this "additional stake" could assume, it seems that one can assign approximate proportionality to the amount of losses and damage experienced.

Then, there is the concern to safeguard a state's prestige. This concern and the "additional stake" that it also generates call for several observations:

1. First, that it is the concern of governments more than of peoples. In fact, for totalitarian regimes it meets a veritable need which places prestige on the borderline between the rational and the emotional.

2. Prestige moves in the same direction as vengeance but according to different and more complex quantitative mechanisms: While it is, like vengeance, and in part related to the volume of losses and damage sustained, it is also linked among other factors to the following:

a. To the "stature" of the adversary: It is all the more humiliating to give way when the adversary constraining one is weaker.

b. To the importance of the successes and advantages already acquired and which it is now necessary to renounce.

3. Whereas vengeance has its "raison d'etre" rooted in concrete facts (losses and damage), blows at prestige refer in part to "resolves" or "intentions" which one is forced to relinquish but which do not have an objective existence, which are known only by the statements of their authors or deduced from their behavior, and which therefore lend themselves more or less widely to distortions or concealments. We shall see how this particular trait could be used profitably by the medium power to limit the additional stake of "prestige."

In the second category we shall include apprehension and fear. One can indeed concede as a general rule that the latter, in contrast to vengeance, tend to initiate reactions, toward greater rationality in behavioral patterns.¹⁴

Quantitatively, fear like vengeance is linked to the amount of losses and degree of suffering.

But while vengeance would be in proportion to the sufferings already experienced, fear would be a function of those which could still occur. In the problem of concern to us today, this fear would be with the great power (another piece of evidence) in proportion to the nuclear capability which

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the medium power may still possess and which the great power would now know that the medium power would be at the same time decided to use and effectively capable of using.

Such are the additional elements that we must take into consideration to proceed, still within the context of our options A and B but this time imagining limited emotional reactions, to a further comparative examination of the behavior of our adversaries.

Option A: Massive strategic nuclear initiative of the medium power

Recall of the "rational" result:

The great power is hit hard but it only has to defeat the conventional defense of the medium power, ineffective under our assumption of the situation, to achieve its political war goals.

It thus pursues its aggression until victory.

"Emotional" correctives:

1. The great power wants to avenge the considerable losses and damage that it has sustained: Hence a significant addition to the initial stake of the conflict.
2. Low additional "prestige" stake since the great power finally achieves the goals that it had set for itself.
3. No apprehension leads the great power to control its vengeance since the medium power no longer has any means of effective retaliation available.¹⁵

Combined "rational and emotional" result:

Not satisfied with winning over the medium power (rational), the great power can give free vent to its thirst for vengeance and crush it (emotional).

The intervention of the "emotional" factor makes option A even more totally negative than it was from the single "rational" viewpoint.

Option B: Strategic measured nuclear initiative of the medium power

Recall of the "rational" result:

The great power renounces its aggression which, it now becomes aware, would cost it too much to implement.

"Emotional" correctives:

1. Additional limited "vengeance" stake.

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- 2. High fear of reprisals by the medium power (proportional to the nuclear capability still available to the latter).
- 3. Need to restore its harshly hit prestige. Hence a significant additional stake unless an escape hatch makes it possible for the great power to "save face."

"Rational and emotional" results:

These may depend on the balance that would be established between the medium power's nuclear capability and the aggregate value which the great power would henceforth assign to the stake of the conflict, that is, to the sum of the following:

Initial political value + emotional additions.

It is obvious that in a certain number of cases the medium power's nuclear capability, sufficient to face a strictly rational reaction of the great power, "would no longer be effective" in face of the "emotional" additions that its nuclear initiative, as measured as it might have been, would have generated.

But many other cases are conceivable where the margin of the medium power's capability would be fairly sizable and the "vengeance" and "prestige" reactions weak enough for the great power to be impelled to renounce its aggression.

For that to happen it would be necessary that the following inequation be satisfied:

Subsisting nuclear capability of the medium power	>	Great power's political value stake + vengeance + prestige
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As can be seen, these conditions are distinctly more severe than in the assumption of strictly rational reactions or merely to achieve preventive deterrence. They can nevertheless be fulfilled in a certain number of cases.

The taking into consideration of emotional factors reduces in short the "rational" chances of success of a "measured" nuclear initiative of the medium power and consequently the latter's field of validity. It does not eliminate them.

And if we proceeded once more to a comparison between our two options A and B, taking into account this time the "emotional" reactions of the great power, we find that the former could not lead the medium power except to totally negative consequences whereas the latter could, in a certain number of cases, constitute a valid solution. An initiative of the medium

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power through "all or nothing" could only be catastrophic: It must be definitively struck from the list of action alternatives that can be envisioned.

A measured initiative could trigger an "escalation to extremes," but it could also in some cases halt aggression without provoking a catastrophe.

It would not always be sure to succeed.

But it alone could succeed.

(To be continued)

FOOTNOTES

1. Pierre Hautefeuille, born in 1916, is a general officer in the marine [naval infantry] reserves. A former member of the free French resistance, he was a student at the Center of Advanced Military Studies and at the IHEDN [Institute for Advanced National Defense Studies] in 1967-68 and then a cadre at the CHEM [Center for Advanced Military Studies] from 1968 to 1971. It is at that time that he began to study the problems posed by nuclear defense and deterrence.
2. In effect, as soon as the potential adversary has acquired them in turn.
3. The [atomic] bombs of Hiroshima and Nagasaki acted much more by virtue of their "deterrent" effect than because of the destruction that they wrought in those cities.
4. In reality, it is often possible to envision several systems of defense against a given threat and the same defense can be valid against several types of threats. There is no less necessarily equivalence among them. Multivalence cannot be adopted as a rule.
5. It is probable that on the day when France's oil supplies were attacked, those of other Western countries would also be hit. The problem of defense would not be solved for all that, for France or for the others. It would be raised in the same terms and would call for the same solutions. Only the scale would be different.
6. No type of dispersal would make it possible to fall below this average.
7. This prompts us to amend what we mentioned earlier in connection with our first myth: Deterrence may flow from the possibility of implementing either effective defense of sufficiently powerful "vengeance."
8. One cannot imagine a complete degree of rationality except in the conduct of war (or of operations). On the other hand, the causes of conflict,

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the definition of its stake by the adversaries, the assignment to the stakes of a certain amount of value (whether explicit or not) by each of the adversaries are always subjective.

9. One is aware of the extreme difficulty that the political leaders would have in assigning quantitative values, even approximate to these different data. In this specific aspect of their responsibilities the leaders could not expect any help from the theoreticians.
10. The latests developments in the Arab-Israeli conflict have prompted some authors to note an increase in the possibilities of conventional defense so that nuclear defense/deterrence would thereby become useless.

To believe them, the medium power could, at the price of reasonable effort in its conventional defense, expand the area of validity of the types in cases 2 and 4 in the table up to the point of including in it all the conflict situations that can be envisioned. Types 1 and 3 would disappear and with them all justification for nuclear defense/deterrence.

We cannot share this viewpoint. Even supposing (which is not proven) that this may be the case in 2, 5, or 10 years, it would no longer be so 5 or 10 years later, progress continuing to play a role but this time in the interest of the conventional offensive, while the need for nuclear defense would reappear.

The study and preparation of the latter and of its byproduct, nuclear deterrence, have therefore lost none of their applicability.

11. One comment in this respect which would rate lengthy elaboration: As long as a belligerent has not exhausted his physical capability of combat, it is not the losses already suffered by him compared to the value that he assigns to the stake that can prompt him to give up but rather those that he must still suffer to wage the war to a victorious conclusion.
12. As some analysts allege, however. The latter premise their views on the unavoidable nature of the "escalation to extremes."
13. There is often a tendency to consider as "rational" wars aimed at the conquest of material resources or interests and as "irrational" wars with religious, racial, or ideological goals. In reality the former are just as irrational as the latter. Our attachment to material resources is no more justified in itself than that of others--in other periods or other places--to a religious ideal or an ideological system or what have you.

The coexistence of different value systems is just as responsible for conflict as the rivalry or competition within a single value system.

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14. Pushed to the extreme, however, fear which has become terror is once again conducive to a loss of rationality and can lead either to paralyzing weakness or, contrariwise, to the same uncontrolled brutalities as anger.
15. So far we have used the assumption of a two-way conflict between a great and a medium power in order to simplify an already sufficiently complex reasoning.

By envisioning a three-cornered conflict in which the medium power would have a great power ally available but could not for all that depend on the latter's automatic support (indeed, if that were the case only a conflict between the two great powers would be involved), it is possible to believe that the conclusions would be analogous. Indeed,

1. The medium power, after using all its strategic nuclear weapons, would no longer be as tragically exposed to its adversary's reprisals since it would benefit from a "certain degree" of protection from its great ally.
2. The fact remains however that the latter might hesitate all the more to grant this protection as the level to which the medium power would right away have raised the nuclear debate would be higher and would prompt its ally to become itself committed in a more dangerous manner.

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THEATER NUCLEAR FORCES

FRANCE

NAVY'S IMPROVED SUPER-ETENDARD AIRCRAFT DESCRIBED

Paris ARMEES D'AUJOURD'HUI in French Mar 80 pp 26-27

[Article by Commander Herve Moal]

[Text] Following his entrance into the Navy in 1956 Commander Herve Moal has performed various duties in the Naval Air Arm. Certificated as an atomic technician and engineer, he has for 3 years now, been project engineer for the Super-Etendard aircraft within the Central Services Studies Department of the Naval Air Arm.

The Super-Etendard is a carrier-based aircraft derived from the Etendard, whose basic characteristics it retains, with improvements, but it is equipped with an entirely new and original weapons system of highly advanced technology, which makes it the first French new generation armed aircraft.

Improvements Resulting in an Aircraft Both Proven and Different

An aircraft based aboard carriers is subject to very severe operational requirements because of successive catapult launchings and landings in surroundings which are particularly deleterious as far as the equipment is concerned.

The experience accumulated during nearly 20 years of using the Etendard, an aircraft completely adapted to our aircraft carriers "Clemenceau" and "Foch," was put to good use when the Super-Etendard was designed by retaining the Etendard as a basis and by affecting essentially the following improvements to it:

The Airframe

Improved left augmentation was obtained by:

extending the leading edge slats over the entire length of the wings;

increasing the surface of the wing flaps as well as their travel; and

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the new profile of the elevator and strengthening its servo-control.

On balance these are very positive steps:

the maximum weight at take-off or on the catapult has been increased from 10.8 tons to 11.9 tons;

the load and fuel carrying capacity and radius of action have been significantly increased; and

the approach speed was reduced about 10 knots, compared with the Etendard, which decreases the entrance speed into the arrester cables, or enables landing on deck with certain military charges or with larger fuel reserves. It also makes it possible to land on deck with weaker winds upon the deck.

The Engine

The ATAR 08 K 50, manufactured by SNECMA [National Company for Aircraft Engine Study and Construction] is derived from the ATAR 9 K 50 engine of the Mirage F 1. It is an engine without afterburner and with nozzle of fixed cross section, a solution attractive a priori in its simplicity. Actually the perfection of this engine was a long and delicate process, necessitating very complete flight tests by the CEV [Flight Test Center]. Such as it is today this engine appears very reliable. It has had the benefit of all the technical improvements effected upon the ATAR 09 K 50 engine, several hundred units of which have been constructed and installed upon Mirage F1 aircraft, and which has flown, in the aggregate, several hundred thousand hours.

That solution, besides significant reduction in development time, is also proving economical from the spare parts standpoint, many of which are common with the ATAR 09 K 50 engine.

Compared with the 08 C engine of the Etendard the gain in thrust of the ATAR 08 K 50 is on the order of 500 decanewtons, or about 12 percent, which provides the Super-Etendard with more brilliant performance with slightly lower specific consumption. Fast, the ATAR 08 K 50 has the confidence of the Naval Air Arm's pilots, an important psychological element for those who remember the disappointments of the ATAR 08C at its beginnings.

The Equipment

To conclude the section on improvements let us mention the new equipment of which the Super-Etendard will have the benefit:

an autopilot for maintaining low altitude;

an autothrottle facilitating landing on deck, particularly at night; and

a Vor IIs, TACAN and IFF altitude coder.

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Innovations which make the Super-Etendard an Advanced, Effective, and Evolved Weapons System

As much as in the developments described above the solutions adopted remain conventional and sure, in the weapons system one may speak of a veritable "revolution."

In fact, confident of the know-how of the French aeronautics industry, the navy made a two-fold technological wager on the future -- on the one hand, on the weapons system itself and on the other hand, on its environment. Today, despite difficulties which had to be surmounted it can be said the wager has been won.

The Navigation and Attack System (SNA) of the Super-Etendard

For the first time on a French warplane the structures of an integrated weapons system is organized about an inertial station which becomes the heart of the systems.

The UNI 40 inertial station permits discreet, very precise autonomous navigation, but its main advantage resides in the sharpness with which it provides the "aircraft" parameters (attitude, speed, altitude, and position) necessary for firing calculations.

Utilization of a digital computer in the UAT 40 attack unit allows management of the ensemble of data for the various elements of the weapons system and performances of all calculations to correct firing.

The results of those calculations are presented to the pilot continuously in the "heads up" sight unit.

The multimode AGAVE radar permits seeking, designation, and tracking of objectives, maritime or aerial, as well as air-ground telemetry.

The advantages provided by such a weapons system reside in:

firing precision;

lessened and simplified work load on the pilot;

widened capabilities for firing and bombardment by elimination of piloting limitations; and

precision, autonomy, and discretion of navigation.

Several manual and automatic firing modes are at the pilot's disposition.

The firing precision obtained with such a system is actually remarkable. As for navigation, the error is on the order of 1 mile per hour.

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The Super-Etendard's Environment: the "Aircraft Carrier Reference (RPA) operation of an inertial station necessitates a preliminary phase of initiation called "alignment." This complex operation proceeds on the ground autonomously, the aircraft remaining stationary for several minutes before being ready for navigation.

Aboard an aircraft carrier, a platform moving laterally, autonomous alignment of the aircraft requires that its inertial system be provided with reference data, mainly position, speed, and heading of the aircraft carrier, which are elaborated by the "aircraft carrier reference" (RPA) system. The role of the RPA is therefore to provide the quality of data required with high operational reliability over very long time periods.

The "aircraft carrier reference" designed and manufactured by SAGEM [General Electrical and Mechanical Applications Company] integrates the following data:

the inertial, by utilization in the RPA of aircraft model UNI 40 inertial stations;

the speed of the aircraft carrier; and

external manual or automatic positions provided by any other means (radar, for example).

Perfection of the RPA system and its logic required 15 series of experiments aboard aircraft carriers.

Nearly 5,000 flight hours and more than 500 deck landings effected since its entry into service, in mid-1978, with the naval air arm have enabled the Super-Etendard to demonstrate its remarkable characteristics; this aircraft is a happy compromise, combining the certain past of the Etendard with advanced technological solutions for a modern and reliable weapons system, whose maintenance, in order to remain compatible with the system, is provided by automatic testing devices for complex equipment (ATEC).

Weapons

Equipped with two 30-millimeter cannon and five bomb hooks -- two under each wing and one under the fuselage -- the Super-Etendard can carry 400-kilogram and 250-kilogram bombs and rocket launchers.

For attack at sea it has the AM 39 Missile available, and for air-air combat, two Magic Missiles.

It can carry a tactical nuclear weapon.

In addition it has an "electronic counter-measures" capability.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

EDITORIAL ON FIRST ANNIVERSARY OF EMS

Milan IL SOLE-24 ORE in Italian 13 Mar 80 pp 1-2

[Editorial by Ugo Piccione: "The EMS Is 1 Year Old--A Positive Trial"]

[Text] Brussels--It is certainly not easy to outline a complete balance sheet of the first year of activity of the European Monetary System, the EMS that many Italian "Cassandras" predicted would have not only a few months of life, but also and above all catastrophic reverberations on the monetary, economic and social situation of our country.

On strictly the monetary level the final balance sheet is decisively positive. Notwithstanding the pressures of destabilizing factors, such as the repeated and considerable increases in the price of petroleum and the principal raw materials, the incessant spreading of the Eurodollar and the erratic fluctuations in the price of gold, the exchange ratio within the EMS has been characterized, in the last 12 months, by a stability that appeared definitely irrecoverable, resulting both in the sufficient flexibility of the EMS and a more responsible policy of action in the international money markets of the U.S. Federal Reserve Bank.

Fluctuation Restraint

In 1979 the average change in EMS currencies against the "ecu" was only 1.9 percent, as compared to the average change of 5.2 percent in the preceding 6 years, thanks to the sound operation of the much discussed "divergence indicator" and the timeliness with which, translating into action the pledges made at Brussels, it was decided, last September, to reevaluate the German mark by 2 percent in relation to the other monies of the EMS and to adopt restrictive measures in several "divergent" countries (Denmark, Belgium and Holland). Contrary to gloomy forecasts since entry into force of the EMS, the lira has evidenced a remarkable stability that has placed it among the "strong" currencies of the EMS, together with the mark and the French franc, assisted in this unexpected performance by the relatively wider margin of fluctuation, (6 percent compared to the normal of 2.25 percent) accorded them by the monetary mechanism of the EEC [European Economic Community], and also by the wise manipulation of

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exchange rates by the Bank of Italy in the weeks immediately preceding the beginning of the EMS.

Shady areas are not lacking, however. Foremost among these is the complete absence of a common strategy with respect to the U.S. dollar, whose fluctuations exert varying effects on the individual EMS monies, and to which each country is inclined to react strictly to national considerations, such as the geographic and monetary structure of their own foreign trade or the evolution of the rate of inflation and internal unemployment.

The Franc and the Mark

The risks of such immobilization of capital for the operation of the EMS were, above all, clearly demonstrated last summer by the heavy negative impact on the Belgian-Luxembourg franc by the interventions in defense of the exchange ratio between the mark and the dollar carried out by the Bundesbank; in order to maintain the franc coupled with the mark, the Belgian monetary authorities were compelled to, in fact, "burn" monetary reserves of almost a billion dollars.

Until now, however, and also because of diversity of international political interests of the various EEC governments, there have been only philosophical discussions on the problem, that considering the profound reverberations on the coordination of national policies in matters of exchange, interest rates and expansion of the money supply, imposes notable conditions on the development and, in the end, survival itself of the EMS. Therefore, it is not surprising that, for some time now there has been an ever increasing possibility of a one to two-year postponement of the second phase of the System--the creation of a real European [Monetary] Fund and the introduction of the "ecu" as an instrument of reserve, a partial alternative to the dollar--which was originally meant to begin in March 1981.

On the economic level, the EMS has certainly not contributed to promoting that focus that is indispensable to the progressive realization of a European Monetary and Economic Union. The differences, on the contrary, have deepened; the disparity between rates of inflation has considerably increased, from almost 5 percent in the Federal Republic of Germany to 19 percent in Italy, and even in the diverse involvement with which the individual governments have known how or have wanted to face up to the problem.

Certainly, no one has ever maintained that the EMS would have permitted itself to check on inflationary processes, to reestablish the budget of the government, or to reinitiate productive investments and, in this way, the rate of employment. But it is so very true that it was taken for granted, that the coordination of exchange rates resulting from the EMS would have pushed all, and in particular those countries, such as Italy, with rates of inflation decisively above the average, to adopt, even if gradually, an economic management [system] compatible with the overall objectives of the EMS.

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However, things have not gone in this manner. Because of essentially internal political considerations, the stopgap measures which have been relied upon so far are found to be of insufficient effectiveness and that, in the end, it could actually necessitate a shock therapy much more drastic than that which would have been necessary if, from the beginning, one might have proceeded with the necessary timeliness and coherence.

Our country is not a classical example. Everything seems to indicate, in fact, that neither the government nor the political and union forces have really perceived all the consequences of participation in the EMS. From the economic standpoint, Italy is further alienating itself from the other European economies; it continues to record the highest rate of inflation and increase in wages, with the inevitable repercussions that this has on the internal and international competitiveness of Italian production.

The Exchange Rate 'War'

Without taking into account, then, the unstoppable fermenting deficit of the government (it represents by now 11.5 percent of the gross domestic product, a rate equal to three times the EEC average), that together with all the indices of the system has multiple effects far from marginal on the dynamic national inflation.

Having shelved the Pandolfi Plan, one strives to deflate the economy by essentially maneuvering the lever of credit flows and the interest rates, while one should aim to deflate the system by eliminating all those factors that contribute toward pushing the Italian prices and costs at a rate considerably higher than that of all the other industrialized nations.

It is this, exactly in the moment in which the horizon of the international, European and Italian economy is rapidly darkening (think only of the interest rate "war," the slowing down of international trade, and the rates of growth to the detriment of the balance of payments, even in "strong" nations like the FRG and Japan, and the recovery of the dollar and its effects on other currencies and economic systems).

And that is why, now, people are beginning to speak, in Italy, of a possible devaluation of the lira (which, just barely a few months ago almost claimed an Oscar for stability) as the only possible operation to restore competition to the economy of our country. However, the experience of these last few years has demonstrated beyond any doubt that an appropriate manipulation of the rate of exchange, even if it can constitute a necessary instrument for a serious anti-inflation policy, can only have extremely limited results. So much so that, in the Italian case, such manipulation has been utilized in the past above all else to cope with the strong increases in money wages, instead of restoring the necessary equilibrium between the evolution of Italian prices and those of other

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countries. Without forgetting, then, that with the fall in value of the rate of exchange, it is possible to pursue, alternately, two objectives: increase in the profit margins of exporters and those producers subject to foreign competition, even in the national market, or the increase in foreign sales thanks to greater international competitiveness. But since these are alternative objectives it is evident that a choice of one entails giving up the other.

Time is running out and no longer permits us to continue to foster the illusion that at any moment everything will come to an end only to reappear in order. It is the moment, instead, to proceed responsibly, to make precisely those decisions that are inevitable to demonstrate to the EEC partners the seriousness with which we intend, specifically, to respect the pledges we have undertaken and thus to remain part of the community. It is not possible, in a year of support of the EMS, still to pretend to ignore the fact that inflation reduces, rather than increases employment levels and that the maintenance of monetary stability is a priority objective, insofar as it includes, at the same time, the objective of attaining the highest possible employment rate.

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COUNTRY SECTION

FRANCE

COMMENTARY MADE ON MARCHAIS' HUMAN RIGHTS DEFENSE COMMITTEE

Paris LE NOUVEL OBSERVATEUR in French 3-9 Mar 80 p 67

[Article by Delfeil de Ton: "The Bigger It Is, The Easier It Gets By"]

[Excerpt] Gremetz, head of the PC [Communist Party] is interviewed by journalists at France-Inter. He refuses to answer Dominique Jamet, guilty of working for the same newspaper as Christian Charriere. Jamet goes away. What do the other journalists do? They stay. Marchais gives a press conference. One journalist arrives, accompanied by Pliouchtch. Marchais forbids Pliouchtch from coming to his conference. What do the journalists do? They stay. They stay to hear Marchais present the Human Rights Defense Committee of which he is founder, president and spokesman. Pliouchtch wanted to ask him why his mother, a 65-year-old housewife, is not allowed to come to see him in France because, having forfeited his Soviet citizenship, he is persona non grata in the USSR. Blessed journalists and brave Marchais!

There is an entire page in L'HUMANITE, after Marchais' press conference, presenting a "first balance sheet of 20 years of gains for the rights of man in the world." All the figures are there. I looked to see how many Indochinese refugees, according to the PCF [French Communist Party], there were who had drowned while escaping from Vietnam. There weren't any. That will probably be in the "second balance sheet."

Of course, the PCF alone has the right to present a balance sheet of gains for the rights of man, for it rejects them all, from wherever they originate. The bigger it is, the easier it gets by and, in his press conference, Marchais also said: "In 1979, 50 million people died of malnutrition (...) If nothing is done, half a billion men, women and, especially, children, will die in the next 20 years as well. What do the self-proclaimed 'defenders of the rights of man' say about this tragedy? Not a word." It is only Marchais who talks about the famine in the Third World. In his balance sheet for the last 20 years, he puts this down for Afghanistan [sic]: "Repression under Amin; 150,000 dead and missing." Amin, who was executed by the Soviets without a trial, had been put in power by the Soviets. The only newspapers which did not say a word about the oppression under Amin's rule were the communist press. Remind Marchais to call Leroy and Andrieu before his Human Rights Defense Committee to hear their explanations.

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The account in L'HUMANITE (21 February) tries to sweeten Georges Marchais' press conference, but some nice little nuances can be found just the same. Thus:

"A journalist asks: 'What is better--being a Jew in the USSR or a black in the United States?'

"Georges Marchais replies: 'It is better to be a Jew in the USSR!'"

My female companion, Zylberberg, who was reading L'HUMA over my shoulder, also likes to make comparisons. She comes back with: "And it's better to be a Jew in New York than a black in Moscow!"

In his press conference, Marchais brought up the old Soviet slander against Sakharov. Sakharov himself had responded to it in 1974. His answer appears in his book, "Sakharov Speaks," which was published in French by Seuil. According to this Soviet slander, Sakharov addressed "congratulations to Pinochet (Andrieu, L'HUMANITE, 22 February 1980, p 1) and "I greet in the Chilean coup an era of rebirth and consolidation" (George Marchais, L'HUMANITE, 21 February 1980, p 4). The truth is that Sakharov had sent a telegram to Pinochet, immediately after his coup, to try to save the life of the communist poet Pablo Neruda. The telegram was also signed by Maximov and Galitch, and it read: "Pablo Neruda is not only a great Chilean poet. He is also the pride of all South American literature. His name is indissolubly linked with the struggle of the Latin American peoples for spiritual and national emancipation. The loss of this great man will cast a shadow for a long time on the era of rebirth and consolidation proclaimed by your government." The telegram contained neither greetings nor congratulations to Pinochet. It was simply a humanitarian gesture in which Sakharov and his friends took Pinochet at his word to save Neruda.

Sakharov, Marchais tells us in his press conference, "felt that the United States had not done enough in Vietnam!" And this time, he gives proof by citing a passage from Sakharov's book:

"I feel that if the American side had demonstrated a greater spirit of decision and consistency in the military and, especially, political sphere, the tragic evolution of events could have been prevented. Political pressure on the USSR to forbid the delivery of arms to North Vietnam; sending in a powerful expeditionary corps at the appropriate time; petitioning the United Nations; more substantial economic aid; appealing to the other countries of Europe and Asia; all of that could have influenced the course of events and have thus prevented the war and its attendant mutual atrocities."

"Prevent war and its attendant mutual atrocities." If we refer to Georges Marchais' balance sheet, that would mean to prevent 3,600,000 deaths in Cambodia and 2,000,000 in Vietnam. When Sakharov expresses regret for those 5,600,000 deaths, Marchais hears Sakharov as thinking "that the United States did not do enough in Vietnam." In the framework of his Human Rights Defense Committee, will Marchais allow Sakharov the right to respond?

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COUNTRY SECTION

FRANCE

CFDT'S MAIRE ON RELATIONS WITH PCF, CGT, BUSINESS LEADERS

Paris LE NOUVEL OBSERVATEUR in French 11-17 Feb 80 pp 24-25

[Interview with CFDT Labor Union Secretary General Edmond Maire by Claude-Francois Jullier and Thierry Pfister]

[Text] LE NOUVEL OBSERVATEUR: Never has the CFDT [French Democratic Confederation of Labor] criticized the PC [Communist Party] as vehemently as in these last few weeks. Why?

EDMOND MAIRE: The reality must not be reversed: the PC has not made such vehement attacks against the CFDT for 20 years. The reason: the CFDT is posing for the Communist Party--and for many of its militants, workers and intellectuals--a problem which it cannot evade. Indeed, communist militants are discovering CFDT members in action every day. The CFDT has been in every fight. These attacks are not causing the CFDT to change, but it is obvious that they are considerably hampering trade union action based on a minimum of unified dynamics.

LE NOUVEL OBSERVATEUR: These attacks by the PC have thus led to vehement responses by the CFDT. And that is leading you, Andre Bergeron pointed it out, to the limits of contradiction: you do not want to drive back the communists into a ghetto, but you say that it would not be conceivable to have communist ministers in the government.

EDMOND MAIRE: I did not say: there must not be communist ministers in the government. I simply noted that most of the French today would not accept seeing in the government ministers who would reject alternation and the free right of peoples to self-determination.

As for Andre Bergeron, he would probably have liked for our disagreement with the Communist Party to lead us to try to exclude communists from national life. We absolutely reject that. If there is a contradiction, isn't it rather the fact of trade unionists who reject unity of action and retreat into ineffective minority isolation?

LE NOUVEL OBSERVATEUR: If you refuse to drive back the communists into a ghetto, is it because you believe that the PC is capable of developing?

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EDMOND MAIRE: Quite right. By rejecting any relations with the communists and with the trade unions in which they militate, Workers Force is blocking the situation and preventing any development. In contrast, unity of action with the communists and debates, without obscuring our differences, have made possible a certain development of the PC, at least that of many communists and CGT [General Confederation of Labor] members. The repercussions, in those two organizations, of the Soviet invasion of Afghanistan are one proof of it.

LE NOUVEL OBSERVATEUR: You are often reproached for being a political group and not a trade union ...

EDMOND MAIRE: Bergeron likes to say that, and so does Seguy sometimes, because both of them, each in his own way, leave it up to political parties alone to change or to direct society. In reality, the CFDT is faithful to the entire original tradition of the French trade union movement. What basically changes a society? It is social struggles and popular mobilization concerning a proposed different society. Action causes people to become aware and to discover the limits of the anticapitalist fight and leads to the necessary struggle for building socialism.

We are not trade union anarchists, however. We think that the trade union movement has a central but not exclusive place in promoting social struggles, but that it must not be the organizer of the society of tomorrow. Parties have an essential and irreplaceable role to play. That is the basis of the CFDT's freedom of tone and its vast scope of intervention.

LE NOUVEL OBSERVATEUR: You say that the PC's attitude affects unity of action. How?

EDMOND MAIRE: The present situation illustrates the PC's negative role in social action and unity of action linking the CFDT and CGT since 1966. On 29 January, the two trade union groups met. After 4 hours of discussion and without reaching an agreement, we parted company. Georges Seguy and I explained to reporters: there are problems, but we are trying hard to overcome them, since a lasting division would be a very serious blow to the worker movement.

The next day, there were three articles in L'HUMANITE: the PC lit into the CFDT tooth and nail, accusing it of class collaboration and all sorts of treachery. Given the PC's influence or the influence of communists in the CGT, that amounts to direct interference in relations between trade unions, with the aim of preventing unity of action. Well now, when someone is an official of the CGT and a communist, which is very common, what can he do? He cannot simultaneously agree with Seguy's remarks on 29 January and with the communist argument in L'HUMANITE of 30 January, which called for using a bazooka to destroy the CFDT ...

LE NOUVEL OBSERVATEUR: Georges Seguy has since made amends ...

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EDMOND MAIRE: You are no doubt referring to the press conference held on 6 February following the meeting of the CGT's Executive Committee, when Georges Seguy's criticism was much less caustic in form but just as unfair basically. Shortly before then, Krasucki also made a very violent speech in Grenoble to accuse the CFDT of being absent from the struggles and Pierre Feuilly wrote the same thing in LE NOUVEL OBSERVATEUR.

LE NOUVEL OBSERVATEUR: But Pierre Feuilly is not a communist ...

EDMOND MAIRE: That's true. The CGT's noncommunist members criticize their organization's leadership for its international positions, but they would really be in trouble if they also criticized it for its trade union action. On the contrary, sometimes they lay it on thick. Feuilly totally invented a statement by Jacques Chereque, who reportedly gave "his endorsement, in advance"--I quote--"to the layoff of 100,000 automobile workers." That kind of defamation makes it possible to dodge the debate over the real problems, such as those posed by the future of several of our industries threatened by the crisis.

LE NOUVEL OBSERVATEUR: If the CFDT is not "absent from the struggles," what is it doing?

EDMOND MAIRE: I believe that it is doing more than anyone else to develop more effective trade union action. It has proposed, especially since September 1979, keeping a limited number of attainable priority demands in order to bring about mobilization and obtain results to prove the effectiveness of collective action. That is how workers will regain confidence.

Using the present situation and the worsening of the government's policy as a basis, the CGT believes that other kind of action is necessary, and in particular as Seguy says, "voluntary, militant action" to create a mood of resistance to the policy of the government and employers. Thus it is a matter of using any attack against the government with a popular response to stage a protest, even if it is known that it will produce no result. In short, the important thing is denunciation; and protecting the organization by thinking of the future.

That attitude is ineffective and, in our opinion, derives more from politics than from trade unionism. Moreover, the voluntaristic attitude and the pursuit of sensationalism run the strong risk of leading trade unions to abandon the field of the company.

What is of paramount importance socially today is not the disagreement between the CFDT and CGT, it is the redefinition by employers of their social policy. It consists of introducing great flexibility and great mobility into everything that concerns working conditions, the organization of labor, the role of expertise and the development of collective guarantees. And Chotard and Ceyrac explain that this operation has two effects: it is the company alone that can find its responses to the crisis; it must therefore have a minimum of constraints. As a result, no new social agreement of any scope,

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no new social legislation; on the contrary, it is necessary to weaken the law's current stranglehold on the 40-hour work week and that of collective agreements. Second effect: the company must discover the flexibility and develop the individualization of the situation of wage earners, with the willingness to put trade unions in the wings.

LE NOUVEL OBSERVATEUR: Doesn't the CFDT's realism, which recognizes the effects of the crisis, ultimately favor employers and the government?

EDMOND MAIRE: The CFDT is not accepting the effects of the crisis. It is distinguishing therein between the results of the interaction of multinational corporations or dominant capitalist forces, which it is against, and of the inevitable development of international relationships between developed and underdeveloped countries, which it is trying to influence in the direction of interdependent cooperation. As for our attitude in the field, in opposition to government and employers, it is aggressive. That is why it is realistic. We say: the credible goal is the one which mobilizes. To prompt the mass of workers to act, it is not enough to shout slogans that reassure the militants. Telling truckers, who work 72 and ½ hours on the average: "The Confederation is demanding 35 hours immediately," that isn't serious. The CFDT says: "We are seeking a staggering of schedules to manage to reduce the working time of truckers. But to demand 35 hours immediately and for everyone, that is wishful thinking, that is not a trade union attitude." And L'HUMANITE denounces us and accuses us of betraying the working class ...

LE NOUVEL OBSERVATEUR: All the same, there was an agreement between Robert Boulin and trade unions to achieve a reduction of working time before 31 December 1979 ...

EDMOND MAIRE: A declaration of intent ...

LE NOUVEL OBSERVATEUR: Thus there was no agreement, but there was no massive strike movement to demand a reduction of working time.

EDMOND MAIRE: No. That is certainly our problem. Workers must again have confidence in their own action. For that, unity of action is essential; it cannot be just a tactical objective. We want to mend the ties of unified action.

If the CGT today considers it impossible to continue with the three priority demands adopted in September, well let's negotiate! Perhaps we must decide to continue with only one of those goals. Or we can choose a new approach, lead a mass mobilization together and discover unified dynamics through successive goals. The government has just dealt a blow to the right of workers to health care by limiting the settlements made by mutual benefit insurance companies. Why not choose this initial issue for a campaign? And then until now, we have not been in a position to make employers yield concerning the duration of work, but we are going to carry out the most unified action possible by industry and by company so that a bunch of convergent actions will shake that resistance of employers.

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LE NOUVEL OBSERVATEUR: The CFDT has been advancing this argument for a long time; but it has not led to much ...

EDMOND MAIRE: Ah! It has at least led to partial results.

LE NOUVEL OBSERVATEUR: The working class is not mobilized. Can it be mobilized?

EDMOND MAIRE: We do not see everything in black. Our initial National Council has shown us the existence of numerous campaigns, often effective. When the demands correspond well to actual situations, when they are developed through a detailed collective debate, the result is an awakening of the fighting spirit in keeping with the goals which we have established. But it is true that mobilization is not widespread, that it is not equal to the stakes. The main thing is not to become resigned, to say: "We are going to retreat into voluntaristic action, because the working class is not mobilized." In our opinion, that is accepting the situation.

LE NOUVEL OBSERVATEUR: But you are accused precisely of becoming resigned.

EDMOND MAIRE: No. It is the opposite which is true. The CFDT refuses to take simple actions, militant protests in the streets once every now and then, to save face and to wait for leftist parties to get us out of this situation one day, although we don't know how. Social mobilization must start with the workshop, the factory, on the basis of the most common everyday problems.

LE NOUVEL OBSERVATEUR: However, employers are glad to see you returning to a more traditional form of trade union negotiation.

EDMOND MAIRE: What employers like is trade unionism that confines itself to slogans and is satisfied with representing an ineffectual protest in companies. On the contrary, the CFDT tries to use to a maximum the flaws in the reorganization mechanism set up by employers to impose other solutions.

Everyone is well aware that some French employers prefer the CGT to the CFDT. The CGT seems more "reasonable" to them, i.e., more predictable. We can still conclude a wage agreement with it, they say. With the CFDT, it is more difficult because we do not hesitate to question the organization of labor, hierarchical relationships or the wage scale.

Other employers, it is true, have the opposite attitude. They would like to be able to rely on more mobile trade unions to change the organization of labor and the structure of companies more quickly.

Yet it is not because there are employers who say they prefer the CGT that we accuse the CGT of class collaboration. It is not because there are employers who prefer the CFDT's attitude that we must be accused of the same thing. Each trade union attitude has its own logic. They must be viewed such as they are, without trying to describe them as "reformist" or

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"revolutionary." If it were enough to shout "Long live the revolution!" at the end of a youth congress for it to be achieved, that would have been done long ago. No doubt there is a need in our country for trade unionism which will raise again, from their foundations, the problems of transforming society and gradually increasing the awareness of the population in its action.

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COUNTRY SECTION

FRANCE

ASSESSMENT OF RPR, UDF ECONOMIC POLICY DIFFERENCES

Paris LE NOUVEL OBSERVATEUR in French 18-24 Feb 80 pp 26-27

[Interview with former Gaullist leader Jean-Marcel Jeanneney by Thierry Pfister]

[Text] LE NOUVEL OBSERVATEUR: The politicians who have come forward as heirs of Gaullism, with RPR [Rally for the Republic] Chairman Jacques Chirac in the forefront, are hardly treated with consideration by General de Gaulle's former associates. Among the first group, you who became part of General de Gaulle's government in January 1959 and did not participate in government action after June 1969, you are one of the most criticized.

JEAN-MARCEL JEANNENEY: Perhaps.

LE NOUVEL OBSERVATEUR: Anne and Pierre Rouanet's recently published book, "Les Trois Derniers Chagrins du General de Gaulle" [The Last Three Disappointments of General de Gaulle], provides new details about the final months of the general's government. In particular, it seems that Georges Pompidou and Jacques Chirac, who was then secretary of state to the Ministry of Budget, acted to undermine his authority and to hasten his succession through the monetary crisis in the fall of 1968.

JEAN-MARCEL JEANNENEY: Yes, I think so and they almost succeeded.

LE NOUVEL OBSERVATEUR: It is odd that a mere secretary of state could have played such an important role in making so serious a decision.

JEAN-MARCEL JEANNENEY: The real minister of finance at the time was the head of the government: Maurice Couve de Murville, former inspector of finance. He had always dreamed of that job. When de Gaulle called on him in 1958, he thought that he would set up shop on Rue de Rivoli and not on the Quai d'Orsay. But he had many other matters to attend to. His minister of finance, Francois-Xavier Ortoli, seemed unable to keep up with events. Chirac probably had a little too much freedom, since Georges Pompidou was always behind his endeavors.

LE NOUVEL OBSERVATEUR: Even then, the economic policy choice made was based on massive economic stimulation.

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JEAN-MARCEL JEANNENEY: Pompidou and Chirac always thought that inflation was better than unemployment. They were preoccupied with the dominant theory at the time, according to which inflation assures full employment, which is false except over the very short term. In their eyes, this policy had the dual merit of satisfying both employers and wage earners in the immediate future. I have always thought that that view was dangerous. First, because even over the short term, inflation is less and less effective in that regard as people become accustomed to it. It's like drugs: the dosage must constantly be increased! Second, because that policy inevitably leads to the inflation-deflation cycle, the stop-go sequence, which causes unemployment.

LE NOUVEL OBSERVATEUR: Does this desire to satisfy employers also explain their choice in favor of devaluation?

JEAN-MARCEL JEANNENEY: It seems to me that Pompidou was pursuing a triple objective: first, perhaps unconsciously, was to discredit the general to hasten his succession. The second objective was to assure economic growth. Pompidou sincerely believed that devaluation was a good solution. Moreover, as soon as he was in power, he carried it out, wrongly in my opinion. I imagine that even at the time of the Grenelle negotiations, in June 1968, he must have been thinking of it. The third goal was to satisfy the speculative and other appetites of big business. You do not innocently come out of the Rothschild bank. Oddly, men like Pompidou and Chirac, who are not products of that world but have access to it or relations with it due to circumstance, are often more subordinate to it than those like Valery Giscard d'Estaing, who are born into that world and are more inclined to be detached. Business leaders often complained about Giscard d'Estaing when he was on Rue de Rivoli.

LE NOUVEL OBSERVATEUR: The gamble on economic stimulation must nevertheless have been sincere, since Jacques Chirac carried out a similar policy in 1974-75 when he was prime minister.

JEAN-MARCEL JEANNENEY: That was a short-term application of Keynesian theories. Chirac was thinking about the impending election. He is right in saying that his policy did not speed up an already strong increase in prices, because the business upturn reduced costs. But it was inevitable that, at the same time, it would dangerously upset the balance of payments by stimulating imports and cutting down on exports. In his opinion, that was probably unimportant if the president of the republic dissolved the National Assembly before that bad effect appeared. Chirac's misfortune was Giscard d'Estaing's refusal to dissolve it.

LE NOUVEL OBSERVATEUR: To the extent that they jeopardize the currency, aren't these policies in opposition to General de Gaulle's attitude?

JEAN-MARCEL JEANNENEY: The general thought that the currency must be stable to represent an element of order in the economy. There again, there was a basic difference in outlook between the Gaullist view and that of Pompidou and Chirac: de Gaulle always reasoned and acted with the perspective of

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several decades; Pompidou and Chirac had the upcoming elections in view.

LE NOUVEL OBSERVATEUR: How did you dissuade the general from devaluation?

JEAN-MARCEL JEANNENEY: From the beginning of the monetary crisis, I had thought that devaluation was "absurd," as the general had also said. But as minister of state in charge of reforms, I was not in charge of the economy. I would probably have kept silent if my son in law, Jean-Claude Paye, had not stopped by the house by accident. He was in Brussels then, the executive secretary of Raymond Barre, vice chairman of the Communities Commission. I asked him what his boss thought about the franc's situation and he told me that devaluation was not a solution in Barre's opinion. So I decided to get in touch with Raymond Barre. Then my wife convinced me to tell the general what I had on my mind. On Friday evening, I requested an interview with the general. The Council of Ministers was to meet the next afternoon. He received me at 11 on Saturday morning and I argued that devaluation was politically disastrous, that it was not economically desirable and that, contrary to what almost everyone claimed, it was not inevitable.

LE NOUVEL OBSERVATEUR: Why was Barre also against devaluation?

JEAN-MARCEL JEANNENEY: Barre has always been very independent of business circles. Moreover, he has always thought that it was not advisable to tamper with the currency, which is not only a political instrument but one of the bases of the economy. Finally, he did not want France to be in a position of monetary inferiority in relation to the Germans and Dutch, because his views have always incorporated elements of international financial and economic power. Pompidou seemed to believe more in skillfulness in negotiations. And de Gaulle also made his minister of foreign affairs negotiate--and with what effectiveness!--but after establishing solid foundations through his national policy.

LE NOUVEL OBSERVATEUR: By one of those curious shortcuts of history, it was Raymond Barre who made up for Jacques Chirac's policy in 1976 and returned to a more Gaullist view of the economy.

JEAN-MARCEL JEANNENEY: And not only in that area alone. I find Valery Giscard d'Estaing's foreign policy far less removed from the general's than anyone could have imagined: defense policy, attitude toward the United States, reinforcement of German-French understanding as a principal feature of our diplomacy.

LE NOUVEL OBSERVATEUR: Are you saying that real heirs are in power?

JEAN-MARCEL JEANNENEY: Giscard d'Estaing and Barre lack de Gaulle's will for reform. The general wanted to exercise power to change things in depth, even if it meant going ahead of public opinion. He suffered from obstacles which Pompidou put into the reforms, for fear of the problems and misunderstandings that they always cause. During Giscard d'Estaing's 7-year term, following reforms which have been useful but which did not affect the economy,

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we have entered a management period. The only real--beneficial--innovation has been the deregulation of prices. For Barre, any reform is fearsome a priori and if he has the slightest doubt about its effects, he prefers to refrain from making it.

LE NOUVEL OBSERVATEUR: In your opinion, does the RPR express the continuity of Gaullism?

JEAN-MARCEL JEANNENEY: The essential difference between RPR deputies and UDF [French Democratic Union] deputies is that they do not owe their elections to the same political apparatus. Most RPR officials were elected thanks to Pompidou rather than de Gaulle. I am shocked by the RPR's heavy use of de Gaulle's name and by the habit of journalists describing it as a Gaullist movement. I regret that the family has not prevented that as it could have, in my opinion.

LE NOUVEL OBSERVATEUR: The RPR is against liberal economic policy, however.

JEAN-MARCEL JEANNENEY: The RPR's economic concepts are ambiguous to say the least. In the government, the RPR would follow the same policy as the UDF on many issues. It is most different at the ideological level. First, when it demands indicative planning with the keen obligation of respecting it, whereas Giscard d'Estaing has always been against it. Today the Planning Commission, however distinguished its general commissioner may be, is hardly anything more than a research department. Second, when the RPR, like the socialists, insists on the necessity of recovering the domestic market and does not rule out a certain protectionism--which I also recommend, but at the European level. But the RPR expresses its views about that timidly, because it is afraid of clashing with big business, which supports the worldwide views of the president of the republic.

Otherwise, I find that the RPR's platform mainly consists of economic stimulation of the 1974-75 type to fight unemployment. Is current unemployment mainly the result of insufficient overall demand? I don't think so. It is due particularly to a poor correspondence between job demands and job offers, to a certain sclerosis of the labor market. It is not by stimulating construction that the necessary jobs for women will be created.

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COUNTRY SECTION

ITALY

CONFINDUSTRIA ON TRADE COMPETITION AMONG INDUSTRIALIZED NATIONS

Milan IL SOLE-24 ORE in Italian 6 Mar 80 p 3

[Article by Antonio Duva and Mario Piccinini: "Italy Is Less Competitive--an Investigation by CONFINDUSTRIA (General Confederation of Italian Industry) on the Period July 1978-December 1979"]

[Text] The Italian economy is facing the decade barely begun in conditions of particular weakness.

Along with a few other industrialized countries, such as Great Britain, Italy has a series of well-defined weak points.

In the first place, it is experiencing the highest rate of inflation of all the countries of the OECD area, although their rate too has taken on a more sustained rhythm in recent times.

The public sector's rate of deficit in relation to national income is among the highest; and in addition, in the economic structure of the country are indexation mechanisms so diffuse and accentuated that very few comparisons with analogous situations can be found.

The consequence of a situation of this kind, as is known, is that the indexing heightens, domestically, the effects of the international price increases.

Finally, the rigidity of the labor market, regulated by norms that have deficiencies recognized even by the trade-union organizations, has greatly limited the flexibility and mobility of the use of the labor market, with consequences that have had a great deal to do with the occurrence of situations of difficulty and crisis on the part of the firms, both public and private, and especially the large ones.

It is especially in the relationship between production levels and levels of compensation that coherence of choices has been lacking for some time.

Thus, labor cost per product unit has had a far more rapid dynamic in the last 10 years than that which is to be found in almost all the other industrial economies.

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At a recent conference in Brescia, the president of Federmeccanica, Walter Mandelli, reviewed the particularly significant results of research carried out on this subject by Citibank.

The labor cost per product unit in the years from 1970 to 1978 increased by 207 percent, while the level of increase was quite a bit lower elsewhere: in Japan it increased by 112 percent; 105 percent in France; 57 percent in the FRG; and 54 percent in the United States.

The effects of the relationships that run between the evolution of the exchange rates and the levels of relative inflation should be considered within this overall framework.

The relative-inflation levels are one of the most reliable yardsticks of variations in competitiveness that occur among the different economies.

How does this yardstick behave? The research carried out by the Studies Center of CONFINDUSTRIA under the supervision of Mario Piccinini, and examined below, gives an exhaustive answer to this question.

The general indication emerging from the study is that during the recent 4-month periods, the effects of the prices-exchange rate dynamic have had a notably negative impact on Italy.

The general result of this trend is contraction of the rates of export growth and therefore possible slowdown of productive activity, which is beginning to take shape as the most plausible scenario for 1980.

This research thus produces further confirmation of the necessity to initiate, without further delay and so long as it is in time, a rigorous long-term economic policy, not dominated by the exasperating succession of phases of inflation and recession.

This report, of which a summary is given here, follows the preceding one of last October; it takes as the aggregate index of the competitiveness of the Italian economy the product of the index of relative inflation as between Italy and another country (or group of countries), measured as the ratio between the respective wholesale price indexes and the index of depreciation of the national money vis-a-vis another money (or group of monies).

With reference to a group of countries (United States, United Kingdom, France, FRG) with which a large part of our commercial exchange is concentrated, considered both singly and together, the variations in competitiveness of the Italian economy were calculated.

On an annual basis, the results obtained show, after the substantial improvement of 1976, a levelling-off of Italy's average competitiveness gains deriving from the evolution of the ratios of exchange and of the relative inflation.

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Taking December 1975 as base, the permanence in time of competitiveness gains of very modest extent is made obvious by comparison of the corresponding two indexes of devaluation and relative inflation as given in Table 1:

Table 1

Period	Weighted devaluation of the lira (1)	Relative inflation (2)	Competitiveness (- = improvement) (3) = (1×2)
			$\frac{\quad}{100} - 100$
1976	84.0	113.3	- 5.0
1977	78.2	125.0	- 2.2
1978	76.0	128.7	- 2.2
1979	74.0	133.9	- 0.9

Temporal Analysis

In the 4 years considered (from 1976 to today), our economy has benefited from competitiveness gains that average around 2.6 percent, on an annual basis.

The progress of exchange rates in the last 2 years has led to a tendential neutralization of the more favorable competitive position "bought" by Italy with the marked depreciation of the lira that occurred in the first months of 1976 (see graph).

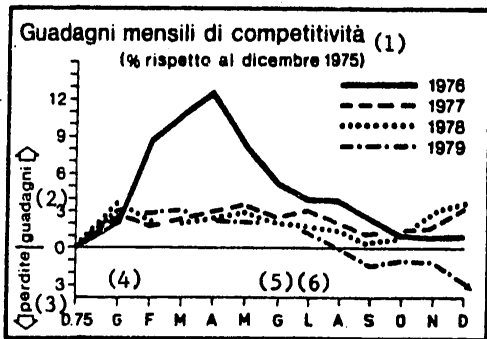
The most disturbing basic datum, though, is the rapid decline during 1979 of the wide margins acquired with the devaluation of 1976. The moderate average depreciation of the lira has only partially compensated for the widening of the inflation differentials that sharpened in Italy's favor in the second part of 1979 (Table 2).

As is seen for the whole group of countries in question, month-by-month comparison of the variations in the phenomena observed reveals distinct tendencies also for the last 18 months in relation to the characteristics and the differing temporal intensity of the adaptation of prices to the lira exchange ratio (Table 3).

The available data confirm, on balance, that the concerns outlined in the preceding note are well-founded. They demonstrate, in the course of the recent 4-month periods, the negative effects for Italy of the prices-exchange rates dynamic.

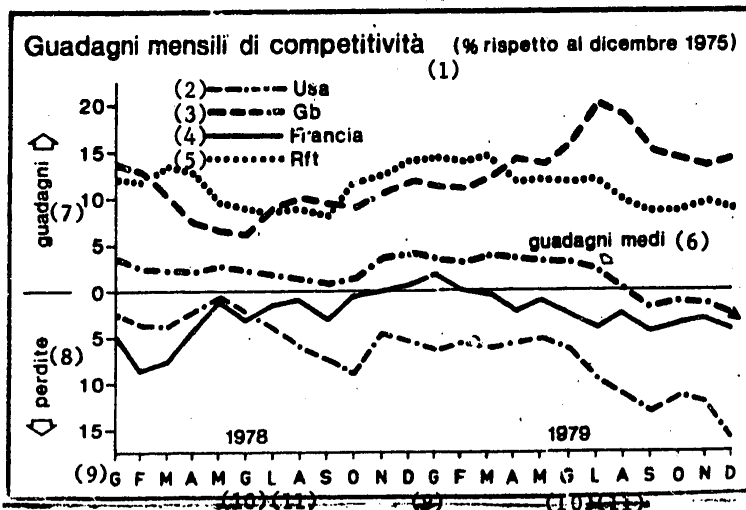
By comparison with the period to the end of 1978, in which the devaluation of the lira, overcoming the increases in relative inflation, had brought considerable recovery in competitiveness, 1979 was characterized by the following trends:

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Key:

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|---|------------|
| 1. Monthly competitiveness gains (% as against December 1975) | 4. January |
| 2. Gains | 5. June |
| 3. Losses | 6. July |



Key:

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|---|------------------|
| 1. Monthly competitiveness gains (% as against December 1975) | 6. Average gains |
| 2. United States | 7. Gains |
| 3. Great Britain | 8. Losses |
| 4. France | 9. January |
| 5. FRG | 10. June |
| | 11. July |

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Table 2. Degree of Competitiveness of the Italian Economy

MESI (1)	(2) Tasso di deprezzamento della lira		(3) Tasso d'inflazione		(8) Italia (b)	(9) Indice di inflazione relativa (b/a)	(10) competitività (10) (miglior -)
	(5) Svalutaz. media ponderata (%)	Indice di deprezz.	(4) Prezzi all'ingrosso				
			(7) Paesi considerati (a)	(6) Italia (b)			
	(11) (dic. 1975/mesi 1978-79)	(12) (var. % mesi '78-79/dic. 1975)					
1978							
Luglio (13)	- 23,6	76,4	17,9	51,4	128,4	- 1,9	
Agosto (14)	- 23,8	76,2	17,8	52,3	129,3	- 1,5	
Settembre (15)	- 23,5	76,5	18,4	53,8	129,9	- 0,6	
Ottobre (16)	- 23,6	76,4	19,3	54,6	129,6	- 1,0	
Novembre (17)	- 25,3	74,7	20,0	55,8	129,8	- 2,0	
Dicembre (18)	- 25,7	74,3	20,9	57,4	130,2	- 3,3	
1979							
Gennaio (19)	- 25,8	74,2	22,4	60,1	130,8	- 2,9	
Febbraio (20)	- 26,0	74,0	24,0	62,8	131,3	- 2,8	
Marzo (21)	- 26,2	73,8	25,6	65,2	131,5	- 3,0	
Aprile (22)	- 26,1	73,9	27,1	67,9	132,1	- 2,4	
Maggio (23)	- 26,3	73,7	28,7	70,6	132,6	- 2,3	
Giugno (24)	- 26,4	73,6	29,6	72,1	132,8	- 2,3	
Luglio (13)	- 25,9	74,1	31,1	73,8	132,6	- 1,7	
Agosto (14)	- 25,5	74,5	32,4	77,6	134,1	- 0,1	
Settembre (15)	- 25,2	74,8	33,6	81,0	135,5	+ 1,4	
Ottobre (16)	- 26,3	73,7	34,9	84,8	137,0	+ 1,0	
Novembre (17)	- 26,6	73,4	35,8	87,0	137,7	+ 1,1	
Dicembre (18)	- 26,3	73,7	36,6	90,6	139,5	+ 2,8	
Anno 1976	- 16,0	84,0			113,3	- 5,0	
(25) Anno 1977	- 21,8	78,2			125,0	- 2,2	
Anno 1978	- 24,0	76,0			128,7	- 2,2	
Anno 1979	- 26,0	74,0			133,9	- 0,9	

(27) Svalutazione media rispetto al dicembre 1975, riferita al gruppo di valute considerate (dollaro Usa, marco tedesco, franco francese, lira sterlina).
 (28) Prodotto tra l'indice di inflazione relativa e quello del deprezzamento medio.

Key:

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|--|--|
| 1. Months | 16. October |
| 2. Rate of depreciation of lira | 17. November |
| 3. Rate of Inflation | 18. December |
| 4. Wholesale prices | 19. January |
| 5. Weighted average devaluation | 20. February |
| 6. Index of depreciation | 21. March |
| 7. Countries considered | 22. April |
| 8. Italy | 23. May |
| 9. Index of relative inflation | 24. June |
| 10. Competitiveness (- = improvement) | 25. Year |
| 11. (December 1975/months 1978-1979) | 26. Average devaluation as against December 1975, referred to group of currencies considered (U.S. dollar, FRG mark, French franc, pound sterling) |
| 12. (% variation months '78-'79/December 1975) | 27. Product of index of relative inflation times index of average depreciation |
| 13. July | |
| 14. August | |
| 15. September | |

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Table 3. Variations (\pm) in Percentage Points as against Preceding Month*

MESI (1)	Svalutazione media ponderata (a) (2)	Inflazione relativa (b)(3)	Competitività (4) (c)
1978			
Maggio (5)	0.1	-0.6	-0.5
Giugno (6)	-0.4	0.3	-0.8
Luglio (7)	—	0.3	-0.2
Agosto (8)	0.2	0.9	-0.4
Settembre (9)	-0.3	0.6	-0.9
Ottobre (10)	0.1	-0.3	0.4
Novembre (11)	1.7	0.2	2.0
Dicembre (12)	0.4	0.4	0.3
1979			
Gennaio (13)	0.1	0.6	-0.4
Febbraio (14)	0.2	0.8	-0.1
Marzo (15)	0.2	-0.1	0.2
Aprile (16)	-0.1	0.6	-0.6
Maggio (5)	0.2	0.5	-0.1
Giugno (6)	0.1	0.2	—
Luglio (7)	-0.5	0.1	-0.6
Agosto (8)	-0.4	1.5	-1.6
Settembre (9)	-0.3	1.4	-1.5
Ottobre (10)	1.1	1.5	0.4
Novembre (11)	0.5	0.7	-0.1
Dicembre (12)	-0.3	1.8	-1.7

* During the period observed, as against December 1975, the average values of devaluation, relative inflation and competitiveness were, respectively: 1976--(a)=16.0%; (b)=13.3%; (c)=-5.0% (average improvement); 1977--(a)=21.8%; (b)=25.0%; (c)=-2.2%; and 1978--(a)=24.0%; (b)=28.7%; (c)=-2.2%; 1979--(a)=26.0%; (b)=33.9%; (c)=-0.9%.

Key:

- | | |
|---------------------------------|------------------------|
| 1. Months | 11. November |
| 2. Weighted average devaluation | 12. December |
| 3. Relative inflation | 13. January |
| 4. Competitiveness | 14. February |
| 5. May | 15. March |
| 6. June | 16. April |
| 7. July | 17. May-August |
| 8. August | 18. September-December |
| 9. September | 19. January-April |
| 10. October | |

(a) in the first 4-month period, the resumption of a higher rate of relative inflation, accompanied by a limited instability in the lira exchange rates, resulted in moderate losses of competitiveness;

(b) in the second 4-month period, the weight of the domestic inflationary rhythm, along with the scattered recoveries in the lira exchange rate, produced significant dips in competitiveness;

(c) in the year's last 4-month period, the steep rise in domestic prices was countered by the substantial average stability of lira quotations: thus, the biggest losses of competitiveness, in an absolute sense, occurred mainly in September and December.

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Table 4. Monthly Gains (-) in Competitiveness for Individual Countries

MESI (1)	U.S.A.	(2) Regno Unito	(3) Francia	Rep. Fed. (4) Tedesca	Miglioramento (5) medio (-)
(6) (% rispetto al dicembre 1975)					
1978					
Luglio (7)	+ 4,0	- 9,0	+ 1,6	- 8,9	- 1,9
Agosto (8)	+ 5,8	-10,0	+ 1,2	- 9,1	- 1,5
Settembre (9)	+ 6,4	- 9,4	+ 2,6	- 8,5	- 0,6
Ottobre (10)	+ 8,4	- 9,0	+ 0,8	-12,0	- 1,0
Novembre (11)	+ 4,6	-11,0	-	-12,3	- 3,0
Dicembre (12)	+ 5,3	-11,7	- 0,6	-13,1	- 3,3
1979					
Gennaio (13)	+ 6,3	-11,2	- 1,2	-13,4	- 2,9
Febbraio (14)	+ 5,9	-11,1	- 0,1	-13,0	- 2,8
Marzo (15)	+ 6,1	-12,1	+ 0,3	-13,6	- 3,0
Aprile (16)	+ 5,9	-14,0	+ 2,3	-11,5	- 2,4
Maggio (17)	+ 5,6	-13,8	+ 1,3	-10,8	- 2,3
Giugno (18)	+ 6,8	-16,1	+ 2,3	-11,3	- 2,3
Luglio (7)	+ 9,7	-20,1	+ 3,6	-11,4	- 1,7
Agosto (8)	+11,7	-18,2	+ 2,7	- 9,4	- 0,1
Settembre (9)	+13,2	-15,3	+ 4,6	- 8,6	+ 1,4
Ottobre (10)	+12,0	-14,1	+ 3,8	- 8,6	+ 1,0
Novembre (11)	+12,5	-13,0	+ 3,1	- 8,9	+ 1,1
Dicembre (12)	+16,3	-13,2	+ 4,1	- 8,6	+ 2,8
Anno 1976	- 4,7	+ 1,0	- 2,6	-10,3	- 5,0
(19) Anno 1977	- 0,2	- 3,5	+ 3,5	- 8,8	- 2,2
Anno 1978	+ 4,2	- 9,9	+ 2,8	-11,0	- 2,2
Anno 1979	+ 9,3	-14,4	+ 2,2	-10,8	- 0,9

Key:

- | | |
|---------------------------------|--------------|
| 1. Months | 11. November |
| 2. United Kingdom | 12. December |
| 3. France | 13. January |
| 4. Federal Republic of Germany | 14. February |
| 5. Average improvement (-) | 15. March |
| 6. (% as against December 1975) | 16. April |
| 7. July | 17. May |
| 8. August | 18. June |
| 9. September | 19. Year |
| 10. October | |

In the light of these successive indications, it can now be asserted that the decline in competitiveness occurring in August, although connected with well-known seasonal phenomena, was followed by the feared further rise of prices in Italy, the duration and extent of which, however, are proving greater than even the worst forecasts.

A constant observation that has proven common to the three periods examined is, therefore, the gradual drop in competitiveness throughout 1979. What is more, the reversal of trend of the competitiveness indicator that occurred at the end of 1979, although forecast on the basis of the provisional data in August, indicates, by its obvious and consolidated nature, that the 1976-1979 cycle has now ended. The negative effects of the most recent trends in

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international competitiveness will make themselves felt during the year in progress, in which, also because of this reversal of trend, the support given to productive activity by exportation will be less than in the past.

In prospect, co traction of the growth rates for export outflow, which appears less profitable, and the consequent slowdown in productive activity, seem to become the most plausible scenario for 1980, even if one prescind from the evolution of the world economy, which is expected to reinforce this tendency.

Country-by-Country Analysis

The preceding analyses of the competitiveness of the Italian economy as viewed in relation to that of each of our principal trading-partner countries have shown the modifications occurring over time from the initial competitiveness positions established in the first months of 1976--the time from which the last drastic realignment of lira quotations dates.

As has been pointed out several times, in 1978 it had already become evident that our competitive positions vis-a-vis three of the four countries considered had been completely upset.

In fact, while in the months from January to May 1976 the margins of competitiveness appeared due mainly to the relative advantages that our products could develop within the FRG, United States, and to a lesser extent the French economies, in the course of 1977 our economy, because of the different evolutions of exchange parity and prices, underwent steady losses of competitiveness precisely in relation to the French and American economies, though it came to recover competitiveness vis-a-vis the United Kingdom.

The years 1978 and 1979 have seen these tendencies confirmed, albeit with some temporary exceptions involving mainly extent.

With regard to the last 2 years and relative to each of the countries considered, the data collected make it possible to note the following:

United States--In 1978, the appreciation of the lira, in a situation of parallel evolution of prices, brought considerable losses of competitiveness as against the American economy.

In the first half of 1979, the strong depreciation of the dollar, together with the relatively low rates of inflation in the United States, saw a worsening of the Italian economy's position, which already was not very competitive. In the second half of the year, because of both the further depreciation of the American currency and the aggravation of our inflationary surplus, the preexisting loss of competitiveness was more than doubled, worsening our exports' competitive position vis-a-vis this economy.

United Kingdom--From November 1977, though, the wide margins of competitiveness regained by the Italian economy appear due more to the levels reached by the appreciation of sterling as against the lira than to containment of relative inflation.

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The years 1978 and 1979 saw the accentuation of these tendencies, which favored the acquisition of higher levels of competitiveness in relation to this economy; but the extent of this competitiveness could turn out to be overvalued because of late realignment of lira-sterling parity, when it is considered that in December 1975 this parity appeared quite unfavorable to the English currency.

Especially in the second 4-month period of 1979, the strong revaluation of sterling--although this was countered by a temporary higher dynamic of increase of English prices--favored by the consolidation of the wide margins of competitiveness enjoyed by the Italian economy at the end of the year.

France--After August 1976, the modest depreciation of our money was permanently cancelled out by excessive relative inflation, which showed signs of stabilizing only in the months that preceded the startup of the EMS [European Monetary System].

During 1979, though, the recovery of quotations of the franc at a level higher than the increase of Italian relative inflation vis-a-vis France produced an overall situation of improvement of Italy's level of competitiveness, even though the last 4-month period showed losses of an extent greater than for the year's average.

FRG--This is the country in relation to which ongoing gains in competitiveness have been established. They were maintained in 1978 and in 1979 with annual average values of about 11 percent.

The depreciation of the lira in relation to the mark, which starting in January 1976 proved to be of absolute values steadily higher than our relative-inflation surplus, showed a reversal of trend starting in March 1977.

In the last 4 months of 1979, the absence of a parallel equalizing of the exchange rate with our higher rate of inflation resulted in competitiveness levels more restricted than in the past.

Inflationary Reality, Devaluation

In the October report, commenting on the strong increase in the wholesale price index for August, it was noted that since December 1975, this was the first time that the residual margins of competitiveness were seen to go all the way down to zero. This appeared to mean--in the light of previous experience also--that the overall margin for maneuver on the exchange rates (more restricted vis-a-vis the currencies of the EMS and broader in relation to the other currencies) had been kept strictly within the limits imposed by the excess internal inflation, and that for the first time, therefore, this was happening without leaving room for "residues" of further induced competitiveness.

This suggested that eventual recoveries of competitiveness could be achieved only in function of greater depreciation of the lira, or through containment of the domestic excess inflation.

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But if this first alternative, which, it has been stressed several times, is of the nature of a temporary expedient, hardly seem proposable even toward the currencies outside the EMS, it becomes, with all the more reason, even less realistic inside it. It would indeed be difficult to achieve any modification of the present parities within the EMS, where it is considered that the present level of Italian reserves seems sufficient to avert such pressures on the lira as to draw in directly the other partners in the European Monetary System.

The urgency of taking the second alternative, with the needed strictness, is reinforced by the worsening of Italy's competitive position at the end of 1979. Indeed, as noted earlier, the wiping-out of the residual margins was followed, for the first time since 1976, by considerable losses of competitiveness. In the present context, the broadening of the forms of indexing in our economy makes it highly probable that inflationary impulses greater than those of our competitors will prevail--impulses that must be brought under control, under penalty of reoccurrence of the vicious circle of inflation-devaluation-inflation.

Pursuing the objective of satisfactory economic growth--ensured by the existence of adequate levels of competitiveness--requires, in addition to containment of the domestic inflation rate, growing increments in productivity, necessary to compensate at least for the effects of the oil price increases on the development capacities of our economic system.

The mechanism of indexing of wages, in fact, favors an automatic corrective to the worsening of the exchange rates, to the remuneration for the labor factor, but not to that for capital, reducing the accumulation process and therefore the future possibilities of growth.

Complementing what has been said above, it can be noted that the influence of inflation on the costs-earnings balance does not affect all the sectors of our economy in equal measure; indeed, there exists in the various sectors capacity for carryover of higher costs into prices.

The services branch, for example, which can show broad structural flexibility, in contrast to the industrial branch (especially with reference to medium-large firms), which is burdened with innumerable rigidities, certainly has not lost positions in equal measure by comparison with the foreign competition.

Problems of Structure, Productivity and Profitability

Starting in 1974, both comparison of the evolution of consumer prices (including the prices of "services") and comparison between the general index of wholesale prices (which include the prices of the products of agriculture) and the wholesale price index for industrial products only, without the component of energy-product prices, show, on the whole, a price evolution that has favored the "services" branch and the "agricultural" branch.

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Table 5. Competitiveness of the Economy and Profitability of Industrial Exports (Percentage of variation in relation to December 1975, taken as base 100)

Improvement (-) in competitiveness of economy as a whole		Improvements (-) in profitability of industrial exports (*)
1976	- 5.0	+ 1.6
1977	- 2.2	- 1.8
1978	- 2.2	- 2.5
1979	- 0.9	+ 0.9 (**)
1979	I	- 2.9
	II	- 2.3
	III	- 0.1
	IV	+ 1.6
		+ 2.3
		- 0.3
		+ 2.3
		+ 4.0 (**)

(*) The export prices considered include consumer goods and investment goods.

(**) Provisional.

Still with regard to 1979, and with reference to the usual base period (December 1975 = 100), it is noted that profitability from exportation of industrial products underwent an abrupt reversal of trend starting with the third quarter of the year, in parallel with the appearance of loss of competitiveness for the economy as a whole (Table 5).

Overall Results

This makes it obvious that, in the present experience, industry has felt earlier, noting it before the other sectors of the economy, the appearance of losses of competitiveness, and has felt them more than the others, through an abrupt reversal of the trend of profitability in exportation.

While on the one hand this shows industry's greater sensitivity to the economy's general variations in competitiveness, on the other hand it makes it clear that in terms of price carryover, it is the sector of economic activity that carries the biggest burdens deriving from inflation as regards the export markets.

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COUNTRY SECTION

SWITZERLAND

ECONOMIC, POLITICAL PROBLEMS OF 1980'S VIEWED

Hamburg CAPITAL in German Apr 80 pp 305-308

[Article: "Rate of Exchange"]

[Text] The allegedly richest country in the world is no longer what it once was. Through his recently published book--"Wohin treibt die Schweiz" [Whither Is Switzerland Drifting? Munich, Scherz Verlag]--the Swiss public finance expert Dr Walter Wittmann, 44, professor at the University of Fribourg and visiting professor in Vienna, demolished a hope: Namely that in spite of all the attacks by the Ayatollah Khomeyni on the Shah's billions in the vaults of the Swiss banks, the country of Wilhelm Tell could be protected from economic upheavals.

On the contrary: The slender, sporty economist, who belongs to numerous Swiss commissions of experts, discerns acute danger. Basing himself on thorough studies, he formulates his forecasts as cautiously as he climbs the mountains of his home territory, the Buenden highlands near Disentis, to stalk chamois bucks or to pick mushrooms.

"Now, on the threshold of the 1980's, we are facing the moment of truth," writes Wittmann. He claims the next recession will hit the Alpine republic as surely as the spring avalanches from the Mont Blanc and the St. Gotthardt. In fact, the economic conditions in the vaunted model country have undergone striking deterioration.

In 1979, the GNP increased by a mere 1 percent and thus clearly lagged behind the production increase in the Federal Republic of Germany (4.4 percent). On the negative side, the Swiss rate of inflation (1978, only 1.1 percent) approximates the German rate (1979, 4.1 percent). As is the case everywhere, the inflation is fueled by the expensive petroleum, even though the country of the franc with its as yet rock-hard currency should be able to cope with the OPEC price dictates more easily than other industrialized nations.

However, the fact that, a slight decline vis-a-vis the deutschmark notwithstanding, the Swiss franc is still being traded at excessive prices at the

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international foreign exchange markets has had a bad side effect as well. It is only with the aid of state subsidies that Swiss industry, 80 to 90 percent of which is dependent on exports, can sell many products on the world markets.

It is for the same reason that the tourist industry has been suffering from a decline in the number of visitors. Walter Wittmann urges the government and the National Bank "to do everything possible, in order to stem an economically unjustified revaluation of the franc."

The factory shutdowns in the watchmaking industry show most clearly in what direction Switzerland may be drifting, if the worst comes to the worst. In this branch alone, 30,000 jobs have been lost. But in the textile and construction industries as well, structurally weak enterprises collapsed.

The academic mushroom picker states openly that the low "statistical unemployment" (presently 0.4 percent) is eyewash, for: "So far we have been able to 'export' the unemployment, since the foreign workers concerned were sent back to their homelands. In the 1980's, Switzerland must expect an unemployment rate such as in other highly developed countries is customary during economic slumps. In addition, there will be structurally caused underemployment, all of which may result in hundreds of thousands of unemployed." For Swiss conditions, this would be almost tantamount to a catastrophe, for 10 years ago, only about 300 older workers and office employees were unemployed in any given year.

According to mountain climber Wittmann, another economic avalanche may be triggered by the rash social legislation, which was passed in Bern shortly before the outbreak of the recession, without regard for long-term consequences. The young professor urges "to apply modern methods of efficiency to the social state of Switzerland;" Wittmann claims that otherwise the State Old Age and Survivors' Insurance Fund (AHV), from which every Swiss obtains a basic pension, may go bankrupt in a few years.

Like the Federal Republic of Germany, the Swiss are facing a pension fund collapse, since in the euphoria of the past economic boom the leading politicians--ignoring the industrialists and the taxpayers--gave full rein to their social spending impulses and miscalculated the costs of the guaranteed adjustment to the permanent inflation. The deficits must now be offset through increased premiums and higher taxes.

In addition, the Swiss Social Democrats and leftist groups want to obligate all employers to pay the retirees industrial pensions to compensate for the gaps in the AHV state insurance fund. The trade unions--formerly as peaceful as a glee club--are equally outspoken in pursuing the same sociopolitical objectives. During times of crisis, the worthy functionaries formerly recommended to the union members voluntary wage cuts until the return of normal economic conditions. Strikes were as taboo as the plague. Young

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hotheads have long since disabused the old journeymen of this unmarxist restraint. At the Construction- and Wood-Workers' Congress in October, the leading functionaries announced that they would not forever feel bound to the peace agreement of 1936, according to which all point of controversy were to be settled "by mutual agreement." The trade union bosses rolled up their sleeves and threatened to take aggressive steps, unless their "minimum demands" were met soon:

- Reduction of the working time to 40 hours per week (at present, 44 hours are the rule, and in many enterprises, 48 hours);
- 4 to 5 weeks of vacation, and in addition, leave for continuing education;
- intra-plant codetermination;
- a more equitable adjustment of wages to the cost of living;
- protection against dismissal in the event of introduction of modern labor-saving technologies.

German employers can only smile about this: These issues were settled by them and their trade unions a long time ago. But in Switzerland, where the legislature is for the most part 10 to 20 years behind German legislation, especially in regard to social policies, such demands sound like a call for revolution.

Even Wittmann, the Liberal, is shocked--despite the fact that in his book he himself sounded the alarm. But his priorities are different: He feels the confederacy should at long last solve those fundamental problems, which the parliament and the Federal Council have been putting off for years.

In Wittmann's view, the most urgent task is the elimination of the federal budget deficit of presently 10 million francs, which will double by 1983, and the much-delayed total revision of the federal constitution, which has been in the works for 8 years.

The attempt to increase revenues by introducing the value-added tax was blocked by a national referendum--a procedure typical of Switzerland. The Social Democrats and the trade unions now want to close the growing financial gap by imposing additional taxes on banks and wealthy citizens and foreigners. However, their planned national referendum is unlikely to be carried by a majority, since the Swiss direct democratic process does not function any more.

Wittmann furnishes convincing proof of that: "A sizeable percentage of the voters rejects all proposals. In addition, there are the malcontents on the right and the left, who are totally opposed to the state in its present condition. A decidedly larger group of voters has to a great extent written off the Swiss state; these voters no longer expect the state to do anything

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of importance." Not even 50 percent of the citizens entitled to vote turned out for the federal elections in October.

This unfortunate lack of interest, which reduces the splendid federal democracy ad absurdum, is attributable to the sterile system of proportional representation, which has been in operation for 24 years. After each of the federal elections since 1956, the seven Bern ministries have been distributed among the same four (dominant) parties--Liberals, Christian and Social Democrats, and the bourgeois-rural People's Party. Overshadowed by this large four-party coalition, the other political groups--ranging from the Protestant People's Party to the Communist Labor Party and the ultraleftist Revolutionary Marxist League--are mere backbenchers in the National Council (federal parliament). What is missing is a genuine parliamentary opposition, without which--claims Wittmann--"the fundamental problems cannot be solved."

However, the Social Democrats headed by the Basel trade union leader Helmut Hubacher are not prepared to terminate the agreement concerning proportional representation and to cede the political power in Bern to the middle-class bloc. As an opposition party allied with the hitherto weak radical reformers, they would stand a chance only if in the next elections a catastrophic economic crisis drove the hitherto resigned abstainers into their arms.

Wittmann does not dare predict that this is going to happen in the critical 1980's. At any rate, Switzerland's foreign friends, who on account of their stock and cash deposits with Swiss banks, their valuable insurance policies and their real estate in Tessin, Valais or Graubunden have so far felt utterly secure, must willy-nilly get used to this idea: With the usual time lag, Switzerland is slowly drifting toward the left, while in other countries conservative forces are coming to life again.

For many a wealthy reader of Walter Wittmann's book, the belief in a safe, inviolable world between Lake Constance and Lago Maggiore has been shaken.

The Franc Free Again

The exchange rate of a currency is the international indicator of the economic conditions in the country concerned. Viewed in this way, the normalization of the rate of exchange between the Swiss franc and the deutschmark signals the end of an occasionally ebullient enthusiasm for the Swiss Republic.

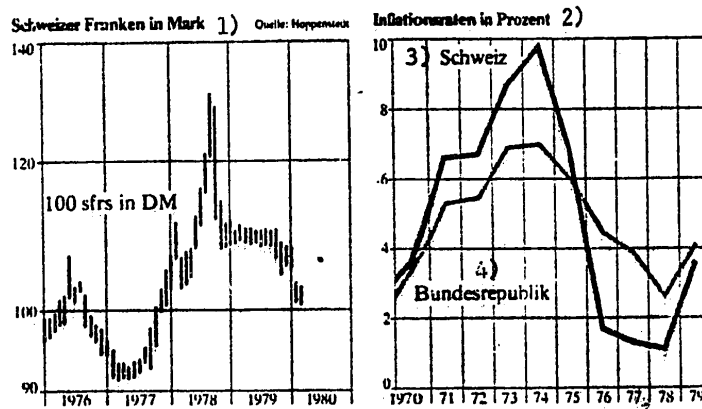
Federal German fugitives had to pay up to DM 1.32 for 1 franc, if they wanted to deposit German money in a Swiss account on Zurich's Bahnhofstrasse. And even this was possible only under certain conditions: For a long time, foreigners were not permitted to deposit more than 100,000 francs in Switzerland. And interest was returned only for a maximum of 20,000 francs. Now the run on the Swiss currency is a thing of the past. After 3 years that were distinguished by low rates of inflation, the oil-induced inflation has gained momentum in Switzerland as well. The alpine republic, which lacks

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raw materials, is also affected by the international rise in the prices of metals and other raw materials.

The Swiss franc has lost its glamour. Vis-a-vis the deutschmark, the rate has leveled off at approximately DM 1.04 to 1.05. And at the end of February, the National Bank lifted the ban on interest on savings accounts kept by foreigners. Since mid-March, time deposits with a minimum term of 3 months have been permitted as well.



Key:

- 1. Exchange rate Swiss franc/deutschmark
- 2. Rates of inflation (%)
- 3. Switzerland
- 4. Federal Republic

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