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JPRS L/9517

30 January 1981

# West Europe Report

(FOUO 5/81)

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## WEST EUROPE REPORT

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### CONTENTS

#### THEATER FORCES

##### FRANCE

- On Patrol With Nuclear Submarine 'L'Indomptable'  
(Claude Azoulay; PARIS MATCH, 28 Nov 80) ..... 1

#### COUNTRY SECTION

##### INTERNATIONAL AFFAIRS

- French-German Trade, Currency Imbalance Needs Remedy  
(Philippe Durupt; VALEURS ACTUELLES, 10-16 Nov 80) ..... 4

##### BELGIUM

- VMO's Eriksson Discusses His Ideas, Actions by PC  
(POURQUOI PAS?, 30 Oct 80) ..... 8

##### FEDERAL REPUBLIC OF GERMANY

- FRG Journal Looks Into Bonn Arms Exports  
(Kurt Breme, Mario R. Dederichs; STERN, 22 Jan 81) ..... 12

##### FRANCE

- Analysis of Giscard-Barre Tension: Policies, Ambitions  
(Georges Mamy; LE NOUVEL OBSERVATEUR, 24 Nov 80) ..... 17

- PCF Launches Anti-Immigration Campaign  
(Francine Rivaud; L'EXPRESS, 15 Nov 80) ..... 21

- Analysis of PCF Plan: Like 1972 But With Important Changes  
(Roget Priouret; LE NOUVEL OBSERVATEUR, 1-7 Dec 80) ..... 23

- Mirage 2000 Test Conditions, Results  
(AIR & COSMOS, 13 Dec 80) ..... 25

- a -

[III - WE - 150 FOUO]

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<b>Briefs</b>	
Police Director Leaves	27
Defense Ministry Office Heads	27
New SDECE Director	27
Qatar Good Example	27
Helicopter Program Threatened	27

ITALY

Businessman Mario Rendo To Expand Activities in Sicily (Nicola Pressburger; PANORAMA, 1 Dec 80) .....	28
----------------------------------------------------------------------------------------------------------	----

MALTA

Premier Details Confrontation With Libya, Foreign Policy (Fu'ad Abu Mansur; AL-WATAN AL-'ARABI, 26 Dec 80) .....	33
---------------------------------------------------------------------------------------------------------------------	----

- b -

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THEATER FORCES

FRANCE

ON PATROL WITH NUCLEAR SUBMARINE 'L'INDOMPTABLE'

Paris PARIS MATCH in French 28 Nov 80 pp 30-37

[Article by Claude Azoulay: "Submerged With the INDOMPTABLE"]

[Text] For the first time a journalist has spent four days on board the most secret of the French nuclear submarines. The "Tonnant," the "Redoutable," and the "Indomptable" leave their base on Ile Longue in Brest. They reach deep water to submerge. This is a secret operation. The captain, Jean-Marie Mathey, stands before the firing panel with the missile officer near him.

These three dark shadows which furtively leave the base on Ile Longue at dusk are nuclear submarines of the French Strategic Ocean Force. For the first time a journalist, Claude Azoulay, special correspondent of PARIS MATCH, has seen and shared the life of the crew of a submarine of the deterrence force. On board, everyone is at his "diving posts." The ships will disappear into another world. Silent, speedy, invisible, undetectable, each one will slide through the oceans to reach its patrol zone, which is a secret, carrying weapons in its hulls whose overall power represents several thousand times the power of the Hiroshima bomb. Once on the high seas, nothing can find them. Only the president of France and the chief of the FOST [French Strategic Ocean Force], Vice Adm Claude Pieri, know their course. They pick up all messages without transmitting any and thus can receive orders in codes, without which allies or enemies would not know from where these orders are coming and to whom they are addressed.

Moreover, last Tuesday [25 November] the president explained in a television broadcast the terrible power of which he is the only holder: giving the order to launch a submarine nuclear missile. During the two to three months of its mission, for the crew, the mystery is total. They do not know where they are. Today five SNLE (Missile-launching Nuclear Submarines) make up our deterrence fleet. They are of the "Redoutable" type, the first ship to go into operations in December, 1971. A sixth submarine of a new generation, the "Inflexible," is under construction. Claude Azoulay spent four days on board the "Indomptable" during tests at the beginning of the patrol. Picked up at sea by a helicopter, he tells the story.

On the Sunday Menu, Shellfish St. Jacques and Crayfish

--In the cafeteria, reserved for petty officers and the crew, the atmosphere is rather relaxed. But to be admitted there, I must ask permission of the president

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of the mess, who is the longest-serving non-commissioned officer on board. Tradition requires this. The cafeteria is where the crew eats its meals at two sittings. The menu is always varied. Fresh vegetables and fruits during the first days of the patrol. Then follow refrigerated, frozen, and dehydrated foods which are consumed before canned foods, perhaps waiting for the day when survival pills will be consumed! In effect, only a shortage of food would require an SNLE, in case of war, to surface. Purified air, purer than that "on land", water and energy are provided by the nuclear reactor. The crew could spend years at the bottom of the ocean, like the crew of Captain Nemo, hero of the Jules Verne novel, if their psychological resistance would permit it. Invulnerable, unknown in terms of location, the "Indomptable" leaves no trace of its presence. Even garbage is compacted by a three ton press into perforated, metal cylinders, which are expelled under the control of the second in command and sink into the depths. The SNLE today, thanks to the depths which it can reach, is undetectable to any system presently known. In case of emergency four ships of the "Redoutable" type would be on mission at the same time. Between watches everyone relaxes in accordance with his tastes: home-trainer (published in English), jogging, card playing, reading, and movies. Every day from his command post somewhere in France Vice-Adm Pieri, their commander, sends them by radio a few lines of information summarizing the news. This is their daily newspaper, the only contact which they have with the world.

#### Three Months Submerged at a Depth of 300 Meters

--Darkness, pipes, tight quarters, ladders. In descending into the belly of this black monster I did not know that I was going to find a whole world, a factory, a city, a fortress, and a tension continuously maintained among a group of men where everyone knows that he is responsible for his life and also that of the others. Under the orders of a full captain [capitaine de fregate] 134 officers, warrant officers, and seamen, all volunteers, including five sailors doing their national military service, for months will live, cut off from the world, specifically directed on performing their mission. All of them have a precisely defined task which they carry out with rigorous discipline, aware of their duty and of their responsibility. A neophyte is first astonished by the small amount of living space left for a man. Everything is earmarked for equipment and for the operation of it. In the command and operations room [PCNO] the personnel on watch are tense, each one concentrated on the work at his post. The steersmen, belted to their seats, the officers at the navigation table, the radio operators in the radio room which is strictly off-limits, the Skipper [Pacha], all have serious expressions on their faces. Not the slightest smile, not the slightest wink of an eye among them. Is it because as an exceptional matter the admiral is there, as he is before every departure on patrol? No. They know that they are on an operation, that they hold the destiny of the earth in their hands, and that they are ready, in a few minutes, to unleash the end of the world. In effect, of the three components of deterrence, land, air, and sea, the SNLE represents up to now and no doubt for a long time something on which national defense can count 100 percent. I, as a journalist hesitate to disturb the crew with questions which I could ask later, in the officers' quarters in a completely normal and welcoming setting, which could be that of any family livingroom or diningroom, with upholstered and comfortable chairs. There is even an aquarium and a green plant.

Under these Command Panels, 640 Times the Power of the Hiroshima Bomb

We are on the "missile deck," which is the holy of holies. It is from there that a cataclysm would be unleashed.

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However, it is there, above all, that "deterrence" rests. The threat which these nuclear explosives represent saves peace. I was able to look at this compartment. It takes an effort of imagination to realize that it would take a simple gesture of a finger to send to a city or a concentration of armies terror and death. And that would come from the bottom of the sea, secure from any surprise. The missiles can officially go up to 4,000 km, but in reality their range remains secret. The present ships will benefit from the improvements scheduled on the "Inflexible": modernization of the systems of navigation and of sonar, increase in the depth of submergence, and, above all, increase in the power of the weapons. The launching silos will be made larger to accommodate M4 missiles with multiple heads. "A modernized submarine," Vice Adm Pieri told me, "will threaten at the same time more than 100 objectives. With four ships at sea, that would mean 420 possible targets. Ten targets, more or less doesn't matter. Our defense there is eminently a matter of deterrence. That must make any sensible man reflect." After having left the ship, with the admiral, picked up by a helicopter Super-Frelon of the Navy, I saw the men who had guarded our security, the operations officer [CGO], and the "Bosco," a petty officer responsible for delicate maneuvers whom everyone calls "boss," go back inside the ship quickly. The "Indomptable" disappeared in an enormous swirl of foam. Up close, it seemed to be immense. And then, very quickly, nothing was visible any more in the swell of the sea. Captain Jean-Marie Mathey and his 134 crew members were on their mission.

[Photo captions, page 32] In the officers' quarters: standing, a midshipman doing his national service stands and reads the menu. By tradition the service is very formal. Next below, the maitre d'hotel in white coat serves coffee. Next below, right next to the nuclear reactor, physical training. Next below, sacking the garbage, an operation which is essential for security; Captain Huet, second in command, personally supervises the disposal of trash. Opposite, in the cafeteria, the young sailors are in a group; the older sailors and the petty officers look like old seawolves.

[Photo caption, page 33] On board the "Indomptable," in the control room, at the time the submarine submerges. Captain Mathey, 44 years old, is at the periscope. This is taken in the light of the command post, which changes in intensity, whether it is day or night on the surface.

[Photo caption, page 34] The "Missile Deck": this is the strategic point of the submarine, the stage where the controls for the launching of the nuclear missiles are found, which cannot be released except by the order of the president alone. This photo was taken by Claude Azoulay from the Super-Frelon which has just picked him up, together with Vice Adm Pieri. Now, Captain Mathey, skipper of the "Indomptable," is master on board, after God.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

FRENCH-GERMAN TRADE, CURRENCY IMBALANCE NEEDS REMEDY

Paris VALEURS ACTUELLES in French 10-16 Nov 80 pp 41-42

[Article by Philippe Durupt "The Currency Paradox"; passages enclosed in slant lines printed in boldface]

[Text] The Bank of France is now the one that is supporting German currency. The exchange rate for the French franc affects the competitiveness of French manufacturers.

The Bank of France is flying to the aid of the deutsche mark and is drawing 10 billion francs from its reserves in order to maintain the deutsche mark at par with our currency, which has become too strong for it.

This is not an exercise in science fiction. Barre is winning his monetary bet even as he is losing his economic wager (high inflation, weak investments). The two are linked.

In February 1978 (a year before the creation of the European monetary system), the deutsche mark was worth 2.33 francs. Today, 33 months later, it is worth only 2.30 francs.

During the same period, French inflation has gone up to 36 percent, more than twice the German inflation (15 percent). French production costs have increased at least 20 percent more than those of our neighbors.

It would have been logical for the exchange parity between the two currencies to be modified so as to offset this enormous handicap for French competitiveness. The deutsche mark should have been reevaluated in relation to the franc. Nothing of the sort occurred--quite the contrary!

/Germany has been directly hit/ by the third oil shock. For the first time since November 1965, its trade balance showed a deficit of 110 million deutsche marks last August. Over the whole year its trade surplus, still positive, will be reduced in relation to previous years.

Its current account, which includes the transfers of "invisibles" in addition to the transfers of merchandise, will be short by some 27 billion deutsche marks. The main cause of this is the enormous expenditures of German tourists abroad. Topping it all, the capital outflows are aggravating the overall deficit.

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On the impetus of previous years (a strong deutsche mark), German manufacturers continue to invest heavily abroad, where production conditions are the most favorable (Southeast Asia, the United States, etc.).

The holders of petrodollars are cutting back their investments in Germany, where the rates are low as compared with the American rates. Conversely, foreign investors are trying to borrow more from German banks.

/These three sources of capital outflows/ are raising the pressure on the deutsche mark and forcing the Bundesbank to break into its foreign exchange reserves. The German leaders would have every reason to worry about such a trend if it were to continue. Nothing is less certain.

Admittedly, Germany did not react to the latest hike in its oil bill by as rapid a development of its exports to OPEC as in 1974. But this is due to circumstances that do not involve its competitiveness, which has remained intact thanks to four successive years of heavy investments.

It is due to the loss of the Iranian market, for which West Germany was the primary supplier, as well as to the slowdown in purchases of industrial equipment by the other OPEC countries. The destructions of the Irano-Iraqi war will someday bring about a resumption of the trade patterns with this area of the world.

The recession which has been hitting Germany for six months and which is bound to last throughout 1981 will curb its imports while encouraging German tourists to reduce their expenditures outside their borders.

Finally, while investments abroad are pressing heavily on the deutsche mark today, they hold the promise of future foreign currency receipts (dividends and orders).

The Germans trust the market's self-correcting mechanisms. The weakness of their currency, combined with one of the best-controlled inflation rates in the industrial world (four percent), operates in favor of a return to a stabilized trade balance which, in its turn, will have favorable repercussions on capital movements.

Japan has just barely survived one of these spectacular downturns. In 1979, its balance of current payments had entered a phase of rapidly growing monthly deficits: the yen lost 25 percent of its value in relation to the other currencies. Exports, stimulated by the drop in the currency, started climbing again. The trade deficit has been reduced since the first of the year, capital is again flowing into Tokyo and the yen has just regained two thirds of the ground previously lost. Today the Japanese government can afford the luxury of lowering its discount rate and abolishing its exchange control.

This is a fine example of perfect synchronization between monetary and commercial trends.

In France, on the contrary, the currency asserts its strength just when the trade balance is undergoing a brutal crisis. In September it showed a deficit of 47 billion, and it is heading toward a deficit of 60 billion for the year.

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Half of the gap will be filled by the invisibles balance. All the same, the precariousness of its surplus must be weighed. It is due to earnings from tourism which are threatened by the increasingly high cost of living. It is also due to former contracts for major projects, renewal of which is proving difficult.

As for the other half, the trade balance deficit will be made up by influxes of capital. This is where our monetary policy differs most from the German policy.

We borrow heavily abroad, especially through the public sector. At the same time, we attract the petrodollars to France. (They reportedly have subscribed to the recent State loans for approximately 5 billion.)

Two factors explain this influx: the policy of high rates, which attracts foreign capital but penalizes national investment; and the reputation of the Prime Minister. By repeating that he will never devalue the franc, and that he will use every available means to defend it, Mr Barre has convinced the financial community that it can benefit from both a good yield and a good exchange guarantee.

/All in all,/ the net capital influxes will represent over 30 billion francs this year. Their amounts outstanding will be over 110 billion and will have increased by 38 percent, after more than 19 percent last year.

Where the Germans resign themselves to a temporary fall for their currency in order to restore their margin of competitiveness, the French are defending the franc in order to ensure the short-term stability of their foreign trade balance.

The statistics for the Franco-German exchanges furnish a first test of the relative effectiveness of these two attitudes.

In 1979 the Franco-German trade balance was short 11.1 billion francs to our detriment. For the first 6 months of 1980 the deficit has reached 9.6 billion. At this rate it will have doubled in a year.

/German products/ are conquering our market (over 16.7 percent). French products, on the other hand, are having increasing difficulty in holding their own beyond the Rhine (8 percent in value). And it is not yet known how great a cut our manufacturers have been required to take in their profit margin in order to achieve this modest result.

Mr Jean-Yves Haberer, director of the Treasury, seems scarcely concerned about it. In an interview granted to "La Vie de France" he says:

"The notion that disparity in inflation rates controls exchange rates is false and simplistic. It is an idle illusion to believe that international transactions are limited merely to exchanges of merchandise."

It is not another illusion to imagine that our country can both defend its currency and show one of the highest inflation rates in the industrial world? Our exports and imports represent some 1100 billion francs: 45 percent of our gross domestic product. Any price rise that is greater than that of the competition and not corrected by the exchange rate lessens the competitiveness of our sales abroad and strengthens that of foreign products on our soil.

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In any event, the very official Center for Long-range Studies of International Information (CEPII) concedes that overvaluation of European currencies (its study came out before the assaults on the deutsche mark) can check inflation for the short term: in France, the indexing of public finance and wage income cancels out this favorable effect.

However, the CEPII experts believe that the same overvaluation has the long-term effect of importing unemployment from the soft-currency countries to the hard-currency ones (France's case).

Overvaluation of a currency would be compatible with the rise in wage costs only if the country of the currency in question could justify it with a real technological advance. This is not true for France. It was so for Japan, in 1979. That country, however, has been careful not to take advantage of it. Japan is even suspected of having used the deterioration of its balance of current payments as a pretext for pressing for the fall of the yen, for which it is reaping the dividends today.

Last Thursday the Rothschild Bank called some foreign investors together in order to present the financial market to them. All the questions from the audience indicated very great skepticism with regard to the franc.

Any situation, even one that is economically excessive, can be prolonged. Consequently, our international credit will permit us to cover our trade deficit by loans for a long time. All the same, it must not be forgotten that the very basis for the credit resides in the strength of our industry and that anything which weakens the latter will finally ruin the former.

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COUNTRY SECTION

BELGIUM

VMO'S ERIKSSON DISCUSSES HIS IDEAS, ACTIONS BY PC

Brussels POURQUOI PAS? in French 30 Oct 80 pp 15-17

[Text] Last Friday at the International Press Center, Albert Eriksson, leader of the Vlaamse Militanten Orde, was prevented from taking the floor. What a beautiful job! This made the 49-year-old cafe owner from Anvers a hero and almost a martyr. A Flemish nationalist born to a Swedish father, himself father of five children and grandfather of four. He lives among the relics of Cyril Verschaeve, of Staf de Clercq who was the head of the V.N.V. (Flemish National Union), and of Wim Maes who died in 1968. Hecklers booed Eriksson in the name of the freedom of the press to prevent him from explaining his viewpoint. This was a case of odious feel against a helmeted absurdity. Democracy is no excuse for such actions.

Anyhow, we resist any person who attempts to prevent us from accomplishing our job as we undertake it. We have therefore asked the head of the V.M.O. to tell us what he had in mind, so that with an understanding of the case, our readers can judge for themselves. Our conscience is clear on this matter. We have never concealed our profound aversion and hostility to those ultra Flemish fanatics and Fascists. Listening to Bert Eriksson's answers, we have recognized him as a skinny wolf slipped into sheep's clothing. Certain words and certain pronouncements coming from him awaken us to the disturbing nature of his attitudes. For this reason, it is better to listen to him.

Helmeted

POURQUOI PAS?: You seem to prefer appearing armed and helmeted rather than dressed in a suit for a press conference?

Bert Eriksson: It is difficult for me to attend either a national or an international press conference with a helmet. This has not been the case with the journalists from the opposition. I saw two who were helmeted.

P.P.: A private militia like yours infringes upon the 1934 Law.

B.E.: I'd rather raise two counter-questions. First: What is a private militia? Second: When we organize an authorized demonstration while the so-called anti-Fascist Front counterdemonstrates against us harshly, I ask myself if we are not going back 5 years to Louvain's incidents of October 1975. There, many persons were severely injured. This is what I tried to avoid last week.

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P.P.: You were seen, however, parading armed and in uniform.

B.E.: That is not true. Wearing a uniform is not sufficient to indicate that we are a private militia. After all, who does not wear a uniform nowadays? We have never used arms. Never! Sticks? Only the ones we use when waving our placards. (editor's note: A declaration hastily handed to some newsmen during the failed press conference of 24 October adds the following remarks: "Judicial and Police services are closely following the members of the V.M.O. Arms of any sort have never been found during the many repressive and preventive actions taken against the V.M.O. and its members. As far as the famous articles dealing with the V.M.O. training camps, they were stuffed with fake photos and false evidence.")

P.P.: How do you explain the leniency of the Anvers Police towards you?

B.E.: The Anvers Police are very objective. I cannot add more.

During 1947 or 1948

P.P.: A law suit was brought against you by the Anvers Criminal Court. Why?

B.E.: For establishing a private militia; entering without authorization certain zones, including the Fouron area; plundering public buildings and for some other reasons.

P.P.: Have you heard about a Senatorial Commission called on to rule on private militia like yours?

B.E.: And presided over by Wyninckx. I know him personally. Mr Jos, I mean Wyninckx. During 1947 or 1948, Jos Syninckx (A Socialist Flemish Senator-editor's note) was with me dressed in short breeches, a white shirt, a crew cut, a black scarf, a lion rosette on the left side of his breeches with a German-style selvage. He looked very official!

P.P.: You have treated immigrant workers as "rats."

B.E.: This has never been a topic of V.M.O. We have never treated immigrant workers as "rats." But it is true that during the Anvers' manifestations, the slogan "foreign rats, go home" were heard. We at the V.M.O. have only one slogan, one theme: "No voting rights to immigrant workers." But when 500 to 600 members of our movement parade, I cannot control all of them.

P.P.: Do you advocate the usage of force?

B.E.: I don't exactly understand your question. Force? Not necessarily. We are trying to reach a dialogue.

P.P.: During the Fouron incident, did you engage in such dialogue?

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B.E.: Yes, with Happart, without reaching, however, a positive result. We do not try to impose our views by violence in any way. That is absurd.

Sentimental or Emotional

P.P.: Still you are a Fascist?

B.E.: Just a minute, a counterquestion: What is a Fascist? For us, Fascism for 30 years has been only a notion without content. Not to mention that every one is calling everyone else a Fascist.

P.P.: You are rather nostalgic?

B.E.: What does it mean to be nostalgic? Being a conservative strictly speaking, is that nostalgic? I admit that for more than 30 years we have had some manifestations of a sentimental or emotional Fascism, which happens sometimes to the V.M.O. But we try to lessen its effects.

P.P.: And racism?

B.E.: I'm astonished that I'm asked this question all over. Racism rests on an accurate science. There are different races. What is true for cats, dogs and horses is also true for people. I don't see what do you mean by your classicial question: Are you a racist?

P.P.: As a Flemish, do you feel that you belong to a superior race?

B.E.: Absolutely not. We have never felt that we are superior to others. There are Whites, Blacks, Yellows, no more than that. This is God's will.

P.P.: You say that the V.M.O. has never in 32 years posed as an aggressor? But what about the Fouron?

B.E.: Aggression has never been on our side, but on the Francophone side, on the Walloon side, and more specifically on Mr Happart's side (in a small glossary published by "Alarm," the organ of the V.M.O., Jose Happart is simply characterized as a "scoundrel" editor's note).

With the Ku Klux Klan

P.P.: What are your relations with the extreme rightwing movements elsewhere than in Flanders?

B.E.: I know the head of REX, but no more than that. He visits my place from time to time to have a beer. With the "Youth Front" we have only one point in common: our views on the immigrant workers.

P.P.: Do you have any connections with the French ex-FANE, the German Hoffmann group, the Ku Klux Klan?

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B.E.: Surely not with the K.K.K. Incidents have been mentioned in the United States but nothing has happened there. But the press is exaggerating it. We have been invited with some members of the V.M.O. by a certain Mr Stone, president of the National State Right Party, which represents in Georgia White Power against Black Power. We attended a meeting and then we were expelled from the United States because of Jewish lobby intervention. With the French FANE, we have had occasional contacts and we exchange periodicals with them. As far as Mr Hoffman is concerned, he came once to my home accompanied by 15 persons to have a drink, no more. I have never seen him again. We don't have any contacts with terrorists. Terrorism is on the left and not on the right. They spoke of Munich, Bologna, Paris. What have they proven in the three cases? I'm astonished that they have not yet attributed to us the Algerian earthquake.

P.P.: In short what do you want?

B.E.: An independent Flanders drawn out of the Belgian context and the last 150 years of Belgium's history; having its place among the Nations of Europe while preserving its unity, culture and liberty. Recently one of my friends saw and heard a young girl jumping rope on the street and saying: "V.M.O. Gestapo - V.M.O. Gestapo"... All of this is to be blamed on the Leftist Press.

P.P.: Are you an admirer of the Third Reich?

B.E.: The Third Reich scored good points and sometimes less good ones.

P.P.: Do you contemplate being a Flemish Fuhrer?

B.E.: Not at all. I'm an ordinary waiter. I'm not educated. I'm 49 years old; how could I?

Thus spoke Bert Eriksson in the name of his 200 uniformed militants and his 400 to 500 un-uniformed militants (the figures are his). We asked Philippe Moureaux, the new Socialist Minister of Justice, what he thought about all of this. He answered readily saying that he has not changed his mind, that he was for the strict application of the Law of 1934, that he has been invited to give a full account of his views before the Senatorial Commission presided by Jos Wyninckx, and that he had to study his file beforehand.

A serene man, Mr Moureaux!

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COUNTRY SECTION

FEDERAL REPUBLIC OF GERMANY

FRG JOURNAL LOOKS INTO BONN ARMS EXPORTS

DW221341 Hamburg STERN in German 22 Jan 81 pp 57-60

[Article by Kurt Breme and Mario R. Dederichs: "A Gold Mine"]

[Text] Even before the Federal Government discussed the question of whether Saudi Arabia may arm itself with 300 "Leopard 2" battle tanks of German make, Chancellor Helmut Schmidt solicited support from the grand old man of the SPD. Tuesday of last week, the government chief explained to the floorleaders, Herbert Wehner, in urgent terms why Bonn must comply with the arms wishes of the desert kingdom: an affront to the most important oil supplier may jeopardize the raw material supply of the Federal Republic. Besides, the Americans were urging a German contribution toward the stabilization in the Gulf region which Schmidt would prefer to render with German arms than with German soldiers. And German industry, which is so dependent on exports, can also make a mint with other big deals in Saudi Arabia once its government is more generous about arms exports.

After this report, Schmidt was "quite unsure" (government spokesman Becker) whether he would get the backing he hoped to get, because instead of answering, Wehner screened himself with pipe smoke and remained silent. SPD boss Willy Brandt, as the chairman of the international North-South commission an opponent to the arms race in the Third World, also kept Schmidt in suspense: "Why should we relieve the Federal Government of the decision?"

The chiefs of the Bundestag faction and the party had covered themselves for good reason. An amazing alliance has formed in the SPD against the arms deal. Leftwing people's representatives such as Kiel Deputy Norbert Gansel reject the Leopard export as immoral; rightwingers of the same species such as Annemarie Renger and Gerhard Jahn are against it out of regard for Israel.

In the event Bonn does go through with arming the 45,000-man army of the super-rich feudal state, the Federal Government would be turning away from the political morals that have held sway up to now. "It is only in negligible exceptions," said Schmidt in May 1978 at the UN disarmament conference, "that we allow arm deliveries at all to states outside of NATO. On principle we do not allow any arms deliveries to areas of tensions."

In the 1980 election campaign Federal Foreign Minister Genscher went even further. "Surely our country commits a lot of mistakes, but in the question

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concerning arms exports we are the country showing the greatest reserve." Just recently, at the epiphany convention of the Baden-Wuerttemberg liberals in Stuttgart in early January, when we had already realized that Bonn does not want to miss the deal with the Saudis, the FDP boss said angrily: "The great dangers to world peace include arms exports."

Despite all public protestations of innocence, the Federal Republic has had a strong hand in the game of the arms business for quite some time. Since the social-liberals under Schmidt and Genscher came into government, exports of war equipment have increased quite a bit. As early as in the mid-seventies the Federal Republic exported more arms than it imported. Compared with the sixties, Bonn political scientist Eckhart Ehrenberg reckoned, the increase amounted to 350 percent. In 1978 arms exports for the first time reached a turnover level of more than DM2 billion. This puts Bonn in fifth place on the world list of arms exporters, albeit a considerable distance behind the top four: the United States, the Soviet Union, France and Great Britain. With the Saudi deal estimated at DM1.2 billion by experts, however, the Federal Republic would catch up with this top group.

The business with the Saudi rulers would suit the crisis-inflicted branch just fine. Hamburg peace researcher Peter Lock: "Surplus capacities exist in the German arms industry." Meanwhile, there are enough interested parties. "Our friends in other countries," Hans-Dieter von Bernoth, until just recently a member of the board of the Munich Leopard manufacturer Krauss-Maffel, rejoices, "would envy us the number of inquiries we are getting." Hans-Ulrich Piper of the Rheinmetall Gun Corporation lauds the chances of his arms: "The German arms technology is in demand throughout the world"--despite steep prices.

Thus the "Leopard 2" not only tempts the Saudis (even though it is nearly twice as expensive as the competitive British model "Chieftain.") Libya's expansion-happy chief of state Mu'ammur al-Qadhafi also shows interest, and NATO partner The Netherlands immediately ordered 445 units.

Yet, the biggest market for German tanks, guns, frigates and missiles is not among the alliance partners but in the oil states and in the developing countries of the Third World. Since 1970, the governments of the Middle East and Southeast Asia have increased their arms purchases fourteenfold. In the case of the African countries arms imports increased sixfold. So far as much as one-third of the German arms deliveries has gone to this region, which is marked by poverty, dictatorship and political chaos, and another one-third went to the Middle East.

The shipbuilding and aircraft industries are very heavily involved in the export business with the Third World, whereas deals involving armored vehicles thus far has been restricted to the NATO area. (The most important exception is the Thyssen tank "Marder" of which Argentina is building 200 units under its own type designation TAM under license). The Blohm Voss Corporation, the Thyssen shipyard in Emden, the Howaldts plant in Kiel and the Bremen Luerssen shipyard make up for the shipbuilding crisis by building torpedo boats for

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Abu Dhabi, Bahrain, Gabon, Ghana, Nigeria and Tanzania; frigates for Argentina and Nigeria; and submarines for Argentina, Ecuador, Indonesia, Peru and Venezuela. The Bremen Vulkan shipyard advertises its highly modern new frigate 122 using the slogan "an ideal sea defense system for all nations."

The Messerschmidt-Boelkom-Blohm (MBB) Aviation Corporation exports more than 100 B-105 helicopter gunships to Indonesia, Brunei, Nigeria and the Philippines, in part as license production. The Dornier Company in Friedrichshafen is building transport planes for Cameroon, Malawi, Morocco and socialist Ethiopia as well as--jointly with the French Dassault Corporation--12 Alpha-jet combat planes for Nigeria.

"Small size" military equipment, such as G-3 rifles, submachine guns, small arms, ammunition, fuses and hand grenades went in past years to Iran, Indonesia, Kenya, Thailand, Colombia, Guyana, the Philippines and Singapore. Demand is great because wars use up more and more materials: U.S. Army statistics experts figured out that in World War II 1,100 kilograms of ammunition were needed to kill one soldier, in the Vietnam war 17,800 kilograms were needed.

The export of German arms is basically permitted only with the approval of the Federal Government. But since a number of firms cooperate with foreign partners, planes, missiles and tanks developed and built by German firms are being acquired by questionable customers. The sale in such cases goes via a common branch firm. Because such firms are located abroad, it is possible to legally dodge the rigid German arms export stipulations for years.

The international firm Euromissile (partners: MBB and the French firm Aerospitale) has orders for its antitank missile "hot" from warring enemies Iran and Iran (360 each) as well as further orders for "hot" and the portable Milan missile; Syria ordered 1,000 of each, Brazil 4,000 of each and the People's Republic of China 15,000 of each. France is officially the supplying country--also with regard to the sale of Alpha jets to Morocco, Togo and the Ivory Coast. Leopard-1 tanks appeared in Libya, coming, according to intelligence service reports, from the Italian firm Oto Melara, which has a Krauss-Maffei license to build 600.

Many important firms with good names in the Federal German economy are involved in the arms business: the Nuernberg Diehl combine with aircraft electronics and mortar shells, the Renk gear factory with ship gears, the firm Dynamit Nobel with the "Lanze" bazooka, the firm AEG with radar installations for speedboats and submarines and the Porsche firm with the development of bridge-carrying tanks. The Berlin arms firm Diag supplied complete ammunition plants. The G-3 rifle by Hecker and Koch is being produced in six developing countries and used in 39 countries, most recently in the Uganda war. Military vehicles are being supplied to everybody by Magirus-Deutz, Daimler Benz and Volkswagen.

Germany's war materiel export blossoms remarkably well despite the restrictions by the war arms control and foreign trade bills. That is not hindered

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by Bonn's slogan: "No arms to tension areas." It was formulated in 1965 by the CDU-FDP government of Ludwig Erhard and confirmed in 1971 and 1978 by the SPD-FDP governments under Brandt and Schmidt. There was always "considerable leeway" with regard to its interpretation according to arms expert Eckhart Ehrenberg. The lobbyists' newsletter "Wehrdienst" said it more plainly: "Listening with the help of bugs and arms exports have one thing in common: the Federal Government tolerates both things secretly, but it admits it only when concrete actions can no longer be denied."

Some F-86 fighter planes from the FRG decommissioned in 1971 were used in the war between India and Pakistan. Portugal used Fiat G-91-R planes from the Federal Republic in its colonial wars in Guinea-Bissau and Mozambique.

The term "tension areas" turned out to be extendable. When the quarrel arose recently about submarines for Argentina and Chile, where the Vatican is currently mediating in a border conflict, Martin Gruener, state secretary of the Ministry of Economics, stated: "It is not known to the Federal Government that tensions exist between Argentina and Chile."

In the future the "tension area" term will make even less trouble for the arms industry. The spokesman for the firm Rheinmetall, Hans-Ulrich Piper, said that one needs to "adapt to international facts." The arms lobby tries to make a slackening of export stipulations more tasty for the Federal Government with three arguments:

Safeguarding 260,000 jobs in this field at times when the Bundeswehr demands do not suffice to fill capacities;

More foreign trade income, helping to close the gap in the German foreign trade balance;

Cheaper development and production of our own arms in greater serial production thanks to foreign orders.

The Federation Association of the German Aviation and Outer Space Industries complained that due to export restrictions "the turnover of several billions of marks was lost." Although the order situation is satisfactory everywhere--with the exception of shipyards--the lobbyists point out to the politicians how good medium-term safeguarding would be particularly for the workers: the monthly output of 30 tanks safeguards 10,000 jobs.

Enterprises like to use their workers councils against too smart critics of arms exports. Kurt Fischer, a member of the Rheinstal Workers Council, considers it his task "to help preserve jobs." In doing this, the workers representatives sometimes contradict the political line of the trade unions. Eugen Loderer, the chief of the metal workers union where most armament workers are organized, said: "I can only ask the Federal Republic to stick with a very narrow definition of tension areas."

That is hard for the Bonn rulers. Foreign Minister Genscher asks "whether tension areas is still a correct term." Genscher as well as Hans-Juergen Wischniewski, the friend of the Arabs, does not want to use that restrictive term in connection with Saudi Arabia, which is interested in the Leopard tank.

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Chancellor Schmidt wants to extend the political discussion about an individual case into a basic discussion. He wants to know "how we ought to represent ourselves in the world in the future and with what means." Whether arms will be supplied to critical zones or not is to be decided in the future on the basis of "national interests." A cabinet member explained what this meant: "The 1965 stipulations which were confirmed in 1971 served national interests at that time. Today national interests call for another definition."

Raw material supplies and German economic strength certainly play a key role in the new formulation of Bonn's arms export policy. The situation is not the very best: the FRG foreign trade balance, once considered indestructible, is now showing DM30 billion deficit--consequence of the 500 percent oil price increase. The German economy is forced to transfer more money particularly to Saudi Arabia, more than it can gain from there through the sale of German products.

The government hopes that the tank deal will produce a warm foreign currency [word indistinct] on the negative trade balance. In addition, there is the chance of additional orders in the civilian sector running into the millions. The Swabian arms factory Heckler and Koch demonstrates how that works. Having supplied together with the French some machines for the production of pistols and rifles, the desert rulers regularly ordered machine tools from the firm's negotiating today with it on the construction of a textile plant.

But the things that work smoothly economically may be dubious politically. Maria Schlei, the chairman of the SPD's foreign policy working circle, believes that German credibility is in danger. SPD deputy Norbert Gansel fears that the Federal Government could get into a foreign political bind: "Can we refuse to sell tanks to our oil supplier Libya, if we give them to our oil supplier Saudi Arabia?"

The new trend would become critical for FDP chief Genscher if new production capacities were created through the growing arms business. These capacities would have to be filled later on--with more and more foreign orders. The foreign minister told STERN: "If it were a matter of safeguarding access to new markets, foreign policy would become a servant of the arms industry. In no case may that be allowed to happen."

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COUNTRY SECTION

FRANCE

ANALYSIS OF GISCARD-BARRE TENSION: POLICIES, AMBITIONS

Paris LE NOUVEL OBSERVATEUR in French 24 Nov 80 pp 36-38

[Article by Georges Mamy: The French Comedy]

[Text] After a meeting of the cabinet on the 19th of November, the president of the republic, Valery Giscard d'Estaing, and his prime minister, Raymond Barre, struck a studied "pose." The two men shook hands with enthusiasm for a long time while the photographers and cameramen moved themselves into position.

Could we have failed to notice that this skit had no other aim than to put an end to the rumors that serious dissensions have risen between Giscard and Barre? No, of course not. And if it only concerned ill-feelings between two people, then we would have reacted like all Frenchmen: by not caring at all, and without worrying ourselves much with knowing if the rumors were founded or not.

But beyond this anecdote and the ridiculous little comedy performed on the court of the Elysee, it is above all the state of the French nation and of our future: which is of concern; in fact, real differences separate the Head of State and his Prime Minister, differences whose gravity is of concern to each citizen. It is thus necessary upon examination to open this strange file, and to ask oneself the question of why the two parties have agreed, for the time being, to conceal these dissensions behind a forced smile.

And first, the case seen from the side of Matignon. Raymond Barre reckons that for several months there has been no true political desire to accompany, support, and propagate his economic "gamble." In private discussions with the Head of State, he has stated many times that there was an incompatibility between the myth of "lessening tensions" and the necessity of mobilizing the French in face of the crisis. The Prime Minister feels that the Elysee is conducting itself as if it wanted to indulge the worst tendencies of the French. Among these tendencies, two are alarming in his eyes. The first is that there is no French class which is resigning itself to lowering its standard of living. The second is that all the French want more or less to be "helped." The Elysee is doing nothing to dispel these two "illusions," and to Barre, this is tragic.

Nobody, then, wants to change his standard of living: not the wealthy, who do not want to take risks; nor the disadvantaged, who refuse to worsen their condition. Employers hesitate to invest. The heads of industry do not know how to be competitive in foreign markets. The educators are not taking the initiative of

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a "Japanese-style" selection. Married women do not realize that "it will be difficult for them to find jobs for the next four or five years." The workers are not resigning themselves to changing their region or occupation. Last of all, the Prime Minister feels that the departure of immigrants is not going fast enough.

On the whole, Raymond Barre refuses the concessions that one habitually makes during election time. As a result, everything is frozen, immobilized, and paralyzed because any reform that does not follow the preconceptions attributed to the Giscardien voters is not put into practice.

In short, the Prime Minister, who believes himself to be the eventual heir to Poincare and Mendes-France, does not intend to take the responsibility of a failure which would not be his own.

On the side of the Elysee, the position is evidently not any less fierce. According to Giscard, the "foremost French economist" is having an attack of megalomania. He believes that he is the embodiment of truth, reason, and intransigence, but he has no political sensibility. He does not know that an economic gamble is also won by integrating psychological factors. He does not know where the French stand. Giscard, the elected monarch, believes himself to have a "good feel of his people" through reports he receives from the French police and his administrators. Now the French, he is told, are the advocates of stability, more conservative than ever, and fearful of adventure and daring. More than ever they need security and reassurance.

Barre, according to the same people, is looking for excuses because a certain number of public declarations that he made in the past are being contradicted in reality. He had foreseen neither the reduction in the standard of living and buying power nor the aggravation of unemployment in their present proportions. The idea of making the Elysee responsible is one of unbearable "arrogance." Does not the Prime Minister tolerate the "directives" given to him by Giscard? It is true that the point is to achieve through the prescribed measures a serious inflection (sic) of an economic policy that, in its application, knows deplorable ups and downs. It is "grotesque" that Barre would be tempted to use his recent experience in Lyon as an inspiration that he would like to apply to the French government.

Finally, the Prime Minister is sometimes quite simply accused of advancing his personal future at the expense of the next election, that is, of Giscard's political destiny. This was the situation before the last council of ministers.

#### A Perfect Logic

In the society that one could call "governmental" (the ministers, the members of their staffs, the high-level administration, etc.), the score has been kept as severely for one as for the other.

As for the President of the Republic? These privileged spectators are the first to realize that he continues to make himself ridiculous by the fussy concern with which he personally rules the rites of a hyper-monarchical protocol: no one facing him during meals (it continues); his son is served before his guests and his

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omni-present family... As his latest fad he is rounding up all the paintings representing the d'Estaing ancestors, the true ones, those to whom he is linked only by a name purchased by his father! This may cause one to smile, but it is also irritating. On the other hand, this little circle considers the diamond affair as negligible for the time being and finds rather amusing the reputation given to Giscard of very much devoting himself to the ladies and his hunting during his travels. One matter, however, is hard to take: Giscard's decision to send Roger Delpey to prison. Was not this man arrested only to confiscate a few embarrassing documents? Some "honest" ministers are worrying. No satisfactory explanation has been given to them. Maybe one day someone will risk asking the question.

But one is not any more lenient with Barre. Some people allege that he has moments of complete bewilderment in the certitude and self-conceit of his being the only one to understand the crisis, not only in France but in the world. He no longer tolerates any type of argument or critical observation. And, according to the same people, Raymond Barre may thoroughly expect a national destiny for himself because France will need to be "saved."

It would be stupid, nevertheless, to imagine that the differences between the two "heads" of power can only be explained by personal feelings. The foundation is also in question. It is clear enough, in fact, that Raymond Barre bases himself on the perfect logic of a system that he has chosen once and for all: a "caricature of quintessential liberalism," says an expert. He claims that in order to "break" the insupportable increase in French prices other than oil, it would be necessary then to suppress the de facto indexation of wages and thus reduce purchasing power, inasmuch as he excludes planning and interventionism. Barre remains within his logic. Just as he does in wishing that women stay at home and that the immigrants return to their native countries.

But Giscard, because he is also thinking of the election, or because he is not of the same character as his Prime Minister, does not have the courage of his convictions. This lack of a common standard increases the drawbacks and multiplies the failures.

Are the conditions fulfilled for a divorce between the two individuals, the two policies, and the two ambitions? It is this question which has fed rumors over past weeks.

We forgot too quickly that in politics there are special arrangements and uncommon imperatives. Henri Queuille, president of the Council of the 4th Republic, stated in public one day and not without ingenuity, that "we are condemned to govern together." Barre and Giscard are themselves condemned in a certain manner to remain "coupled," at least until next May 10th. Maybe beyond that provided that no one drops dead or there is no anger between one or the other.

#### The Arm of Dissuasion

It is simple enough: Raymond Barre has a "hold on" Giscard by the monetary situation that he has created. One of the best experts in the exchange markets, the principal exchange broker for the Morgan Bank, stated very recently in Paris: "if Barre left, the Franc would immediately decline to the lowest level of the (S.M.E.)"

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European Monetary System." This goes a long way in explaining the artificiality of a staggering monetary system associated with an inflation that nothing can stop and to an ever growing deficit of our international trade. If such a decline were to come about, it would undoubtedly be possible to check the decline and support the Franc so that it does not leave the S.M.E.: the Bank of France would buy back francs with the dollars and the marks that it holds in reserve. But psychologically, the blow would have been struck, and the remaining "confidence" would be impaired, and--who knows--the May election would perhaps be lost.

Here it is then, Barre's arm of dissuasion, the one which allows him some freedom to display a relative independence, at least in hushed conversations.

But the Prime Minister cannot, nevertheless, push his irreverence too far. He can ridicule an "oral reformer" as such without naming him, and defend his policy by stating that it is useful to Giscard because "if France takes a fall it is above all Giscard who will help it to its feet, not I," or still mention the President's letter which contains the 13 November "29 priority actions: Giscard likes to write but this will not upset the world...in any case this will create an overflow of paperwork." But here Barre has probably reached his limit: because he sees himself as the future successor to the Elysee, and since he believes that Giscard himself would eventually accept him in that role (perhaps as a means to annoy Chirac), he cannot, all the same, afford to make an enemy of this eventual and powerful vote-getter, nor Giscard's family.

Thus, the inevitable alliances reunite and the collusions of those involved perpetuate themselves.

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COUNTRY SECTION

FRANCE

PCF LAUNCHES ANTI-IMMIGRATION CAMPAIGN

Paris L'EXPRESS in French 15 Nov p 105

[Article by Francine Rivaud "P.C.: Too Many Immigrants"]

[Text] After the cost of living, low salaries and unemployment, the communist party now has a new campaign theme, this one being less traditional: the fight against the massive presence of immigrants in the working class suburbs. A theme, which up to now, appeared only periodically and unobtrusively in the communist party propaganda. Today, the anti-immigrant campaign, from Marseilles to the Parisian suburbs, is being carried out on a large scale.

At the end of October, the Val-de-Marne communist weekly THE WORKER proclaimed: "We are saying it honestly, it is too much." Too much? 28 percent of immigrants in Saint-Denis, 27 percent in Aubervilliers, 23 percent in Nanterre. However, less than 10 percent in Boulogne-Billancourt, Neuilly-sur-Seine or Charenton, whose mayors belong to the majority. Between 1975 and 1980 the number of immigrants has increased 40 percent in Garges-les-Gonesse, with the total population increasing only 4 percent. In Ivry-sur-Seine, the number has tripled in less than 20 years.

Where is the "tolerance level"? Most often, the sociologists set it at 10 percent: no more than one immigrant per 10 inhabitants. Up to the present, the communists have never recognized this level. Now, they seem to be setting it "de facto" at 20 percent.

Certain districts have become enclaves. The 1200 inhabitants of the autonomous port in Gennevilliers, located between expressway and industrial zone, are all Mograbins. 80 percent of the 3000 dwellings of Rose des Vents in Aulnay-sous-Bois, are inhabited by Arabs, Blacks or Asians. "Within 2 years, if nothing is done, there will be only immigrants in this town", says regretfully Pierre Thomas, town mayor. From the Val-de-Marne to the Seine-Saint-Denis, the elected communists, exasperated with this imbalance, have decided to no longer welcome new immigrants into the territory of their communes. "We have given enough, it is someone else's turn now": all are saying this, hoping that the municipalities belonging to the majority will finally share in the immigration responsibilities.

They interfere and are expensive, these "colored" men and women, poor, unemployed or unqualified workers. They pay very few taxes, but are the greatest consumers of aid, allocations and subsidies. When a school has a good number of little immigrants in it, the French people often withdraw their own children, fearing, as one

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mother put, "that they might learn Arabic"... At the Victor Hugo comprehensive school in Aulnay-sous-Bois, over 60 percent of the students are either from Africa or Asia. Inevitable consequence: each student, whether French or not, suffers an educational handicap. "In Gennevilliers, 57 percent of the children are behind 1 or more years," explains Mayor Lucien Lanternier.

The burden weighs heavy on the community budget, "It is not right for several communities to carry alone the social burden of immigration," says Jacques Laloe, mayor of Ivry-sur-Seine. Over half of the social aid from municipal budgets is allotted to immigrant families. "The poor must pay for the poor," notes Pierre Thomas. On the other hand, Neuilly-sur-Seine, which numbers some of the heaviest taxpayers in France, has very few immigrants. The inhabitants of the communist municipalities can hardly support an additional effort without giving in to xenophobia. Racism, always hidden, is about to reappear. "Everything is for them," say those who think only of deserting their neighborhood.

The exasperation of the communist mayors, if one is to believe them, is fueled by the belief that they are victims of a dual political maneuver: on the one hand, "someone" wants to draw their workers out of the communes and thus away from the preferred electoral vote of the Communist Party; on the other hand, "someone" wants to degrade the social climate by accrediting the idea that red suburb equals hell.

However, it is not by mere coincidence that this exasperation should explode today, at the beginning of a presidential campaign. Giving it free rein, the communist mayors also know that they are recuperating one of the causes of dissatisfaction of the popular vote, hit by unemployment and for whom the "foreigner" is a convenient scapegoat. At the time of the election, the satisfaction of the French proletariat overrides the union of the "proletariats of all countries."

The Communist Party mayors are not the only ones to listen carefully to their constituents. "When I happen to have welfare housing at my disposal, it is natural of course that I should offer it to those in my administration," explains Achille Peretti, mayor of Neuilly. "Besides, he adds, I also have my own immigrants. They are both modest employees and diplomats. There are 24 ambassadors residing in Neuilly."

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. FRANCE

ANALYSIS OF PCF PLAN: LIKE 1972 BUT WITH IMPORTANT CHANGES

Paris LE NOUVEL OBSERVATEUR in French 1-7 Dec 80 p 39

[Article by Roget Priouret: "Where President Marchais Would Lead Us"]

[Text] Roget Priouret analyses the 131 plans of the communist candidate's platform at the 1981 April elections. He detects in it more than a mere 'catalogue'.

An isolated France, behind custom barriers to insure a strong economic growth at high costs (which disposes of the required manpower but, alas, not of the matching energy or raw materials resources); an actual inhibition of the ability to maintain a continuous industrial activity of any importance under private controls; a break with the upper echelons of the middle classes, which until now had been coddled and even flattered: such are the outlooks offered--implicitly--by the 131 planks of Georges Marchais' electoral platform. Its visible logics are those of the "Leftist Join Program" of 1972: on one hand, a return to a rapid economic expansion through a massive distribution of purchasing power, even more generous than 8 years ago; on the other hand, a push toward socialism through nationalizations, whose list has increased by half.

But there are important alterations. Priority is given--rightfully--to jobs and working conditions. The self-management concept, which the PCF adopted for 2 or 3 years now, occupies an important position [in the platform] but this masks a CGT [General Confederation of Labor] intention to seize the enterprises controls. Actions against the wealthy classes are more indicative of a desire to punish them rather than a need to increase the state budget collections to cover the munificent outlays made to other positions.

Damn the Reprisals

By reason of the munificences, Georges Marchais' platform goes beyond the leftist revendications. True, it calls for an immediate rise of SMIC [Interoccupational Minimum Growth Wage] to Fr 3,300, but also for an increase of the other low wages; it provides for a 35-hour workweek, but reduces it to 30-hour for the mother of a child under 2 years of age; it establishes a retirement age of 60 for men and 55 for women, but also allows retirement for anyone younger who as least contributed for 37.5 years to Social Security; it provides for building half-a-million HLM [Low-cost Housing Program] units annually, including some to be built in the center of cities, but it also includes a general reduction of HLM rents. This is an endless list. It

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includes free comprehensive medical care and an annual medical check-up. It concludes on these two demands: "a second SNCF [French National Railroads] ticket for legal holidays with pay; two holiday gas vouchers." [in italics] As to the budgetary increases which would result from such a platform, Georges Marchais remains silent. He even adds to it the creation of 140,000 public jobs. He has taken an easy stand: the presidential candidate and the incumbent French president have only to offer guidelines; to implement them is within the government's province.

But if these measures are applied, for nationalized and private enterprises alike, the production costs will shoot up concurrently with the labor costs (salaries and social insurance contributions) whose increases will be at least 25 percent. Price controls, which will be reinstated, will only be able to take this into consideration. Thus, foreign made products will become cheaper in France, and French products more expensive abroad. The only means to keep the situation under control will reside in custom duties imposed on imports and financial aids provided for exports. Whence a first consequence: France will be economically isolated, breaking away from the Common Market and from all Western nations. Is it conceivable, for an instant, that there will not be any reprisals? and that the other countries will let us dump our products on them in order to pay for our oil imports?

A second conclusion can be added. It is Georges Marchais' intention, rightfully, to see France take first place in machine production, over Germany, and in data processing, electronics and scientific instruments fabrication, over the United States. But our technological gap--which cannot be blamed on the communists--will not be corrected in a France snugly retired within itself, but only a country open to the world, which will at the same time accept that foreign firms provide us with their technologies and that our firms get fertilized in foreign countries.

The impossibility to keep alive in the long range a private industrial enterprise is clearly the object of plank 17: "Tax on firms' profits shall be increased" [in italics] (when currently these are taxed at 50 percent); "A highly productive tax on firms' capital shall be introduced" [italics] (when this capital is essentially formed by installations, i.e. the production system, and when actually it is private wealth which should be hit--as it is done anyway by plank 33). The measures affecting jobs are also severe. The strong growth would allow the creation of 260,000 new jobs in industry each year, states the first plank. But the following planks do in fact prohibit, in the middle of a full scale technological mutation, use of any coercion to force anyone to change employment against his/her will. In reality, the PCF does not expect to conquer the middle classes anymore. If seizure of income exceeding FR 40,000 per month does not affect them, they are in turn hit by the reduction in salary spread, to be cut back to a ratio of one to four, by the reform of distribution channels, by the trade margins controls, by the elimination of the tax advantages granted to bonds. It may be the only new item which has appeared in recent times in the PCF conceptions. Everything else does only confirm the limited importance that it attaches to French relations with the Western nations. Moreover, Georges Marchais does not discuss them.

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COUNTRY SECTION

FRANCE

## MIRAGE 2000 TEST CONDITIONS, RESULTS

Paris AIR &amp; COSMOS in French 13 Dec 80 p 17

[Text] Prototype No 01 of the Mirage 2000 began a new group of tests at the end of November, at Istres, with Guy Mitaux-Maurouard, the test pilot for the Marcel Dassault-Breguet Aviation aircraft, at the controls; this series of tests will probably last 3 months and the main purpose is to study the performance of the aircraft at great and very great angles of attack. The first tests already made it possible to register attack angles of 40° with the aircraft at that time being on a quasi-ballistic flight path (speed indicated about 35 kn; altitude 40,000 ft) in the course of which the controls provided good effectiveness, thus permitting the pilot to retain complete control of his aircraft.

These tests are to be continued all the way to zero indicated speed, with complete control over the aircraft, without any restriction on the controls as such. The results obtained and those anticipated evidence the fact that, because of its CDVE (electrical flight controls), the "2000" offers remarkable safety since at the very great angles of attack explored, the effectiveness of the controls eliminate any risk of going into a spin. The aircraft's aerodynamic shape (delta wing), combined with its high thrust-to-weight ratio and the possibilities offered by the CDVE prevents any abrupt rolloff and permits the aircraft and its pilot to assume attitudes (involving going all the way to 70° angle of attack, with the stick way back) that are unaccessible to any other type of aircraft.

The most remarkable point in these tests resides in the fact that, due to the refinement of the CDVE adjustments and their optimization, it is possible to achieve a new level of very high maneuverability (turn rate, etc.) while permitting the pilot to maintain control of his aircraft, without forcing any restrictions in controls upon him while the computers permanently determine what can be done; by way of example, the so-called "bell" maneuver, forbidden on recent modern aircraft, could be performed by it.

These in-flight tests above all were designed to achieve optimum adjustments, most of the work having been done at the St-Cloud establishment; with the help of the "general flight control test bench" at that establishment and knowledge acquired by specialists (aerodynamic coefficients), it is possible with good precision to simulate the performance of the aircraft; this in particular explains the speed with which the Mirage 2000 aircraft can explore their flight environment.

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At the end of each sortie, a considerable effort is devoted to the reconstitution of the precise flying conditions at St-Cloud where the necessary voluminous information processing equipment is available along with personnel capable of using the equipment and data. This program involves quantitative tests whose final results will enable operational pilots to achieve flight performances "at the very limits," without risk of loss of control and going into a spin.

On 9 December, Mirage 2000 No 01 totaled 231 sorties. Its first flight as we recall goes back to 10 March 1978. Since then, four other prototypes of this combat aircraft have flown; they are the Mirage 2000 single-seat No 02 (first flight on 18 September 1978), the Mirage 2000 No 03 (first flight on 26 April 1979), and Mirage 2000 No 04 (first flight on 12 May 1980) as well as the two-seat Mirage 2000 B-01 (first flight on 11 October 1980). These five aircraft total about 700 sorties.

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COUNTRY SECTION

FRANCE

## BRIEFS

POLICE DIRECTOR LEAVES—Jean Confida, director of the "police generale" at the Prefecture of Police, will step down at the end of January [1981]. His successor, Maurice Lacoste, has spent a large part of his career in [the Ministry of] Foreign Affairs. [Text] [Paris LA LETTRE DE L'EXPANSION in French 5 Jan 81 p 6]

DEFENSE MINISTRY OFFICE HEADS—Marc Buchet, special administrator, has been appointed director of the Civilian and Military Office under Minister of Defense Robert Galley. Buchet held a similar position under both Defense Ministers Bourges and Le Theule. Andre Canals, PTT administrator, has been appointed head of the Civilian Office under Galley, and Brigadier General Achille Lerche of the air force (also a former official under Bourges and Le Theule) has been appointed to be head of the Military Office. Technical advisors are Rene Chabod, armed forces controller; Genevieve Apron (Press); Noel Forgeard, chief engineer for mining (Industrial Affairs); Jean Picq, chief clerk and advisor for the Accounting Office; and Andre Ride, magistrate. Delegation leaders are Gaston Hourley, inspector-general of administration in the Ministry of the Interior, and Michel de Rosen, finance inspector. [Text] [Paris AIR & COSMOS in French 10 Jan 81 p 13]

NEW SDECE DIRECTOR--Philippe Mestre will be made director of the SDECE after the departure of Alexandre de Marenches. The papers are being signed. [Mestre] will assume his post in the next few weeks. [Excerpts] [Paris VALEURS ACTUELLES in French 5 Jan 81 p 12]

QATAR GOOD EXAMPLE--Fourteen Mirage F1 aircraft for Qatar. This country is once again turning to France to purchase weapons since this order has just been added to orders for the Alpha Jet, placed at the beginning of the year, involving missile-firing patrol craft and Exocet missiles mounted on coastal batteries. The remarkable thing in these transactions is that the French manufacturers are now getting a foothold in a region which had been dependent on Great Britain and the United States. This is opening prospects for the improvement of France's balance of trade which shows a deficit and that also makes for closer links with Qatar, a country which has already agreed to increase petroleum shipments to France by 10 percent to make up for the Iranian shortages. [Text] [Paris AIR & COSMOS in French 13 Dec 80 p 8] 5058

HELICOPTER PROGRAM THREATENED--As a result of cutbacks in the originally planned budget package, the intergovernmental committee on the French-German AT helicopter (HAC/PAH 2) has asked manufacturers to work out a less ambitious solution. Although very important for both countries, the future of this program is thus not formally guaranteed; we recall that, on the French side, it would always be possible to develop a solution on the basis of the "Dauphin," already used in various tests involving the elements of a weapons system based on domestic components. [Text] [Paris AIR & COSMOS in French 13 Dec 80 p 16] 5058

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COUNTRY SECTION

ITALY

**BUSINESSMAN MARIO RENDO TO EXPAND ACTIVITIES IN SICILY**

Milan PANORAMA in Italian 1 Dec 80 pp 228-233

[Article by Nicola Pressburger]

[Text] Mario Rendo, Sicily's leading entrepreneur, made a fortune on government contracts. Now he plans to branch out, and he has three projects in mind: soy beans (already under way), the tourist trade, and methane gas.

There will be big holiday celebrations this year when Catania entrepreneur Mario Rendo's family comes home for Christmas. At the end of 1980, 58-year-old Rendo's 27 companies, put together, will top the 211-billion-lire mark in total volume of business. With that milestone behind them, Rendo and his partners (six sons, a brother, two nephews, and longtime friend Umberto Campagna), will be running the biggest privately owned industrial empire in Sicily, and perhaps in the entire Italian Southland.

Rendo's conglomerate is a group of companies which by this time are producing just about everything. His seven agribusinesses sell oranges, pork, and beef to the tune of 8 billion lire a year, not to mention freeze-dried vegetables in Austria and Germany. His construction companies build bridges, roads, and complete residential neighborhoods with their own community services and shelters (they built one in Paterno). His sheet-and-tube and plant installation companies can handle everything from simple steel tubing to huge power plants.

Rendo's whole empire has been built on the soundest and richest foundation Italy can offer: government contracts. About 90 percent of the Catanian entrepreneur's business comes from bridge and road construction, port and river installations, and buildings for national or local government needs. "We don't let anything get away, not even the littlest jobs," says the manager of one Rendo company. The lion's share goes to building construction, which by itself accounts for half the total volume of business. Even Rendo's farm holdings, though, have found the government a good customer: Agrofil, a cooperative owned by members of the Rendo family, provides complete field rations, including field kitchens, to the Italian army every year; that brings in better than 2 billion lire.

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It all got off to a slow start with a small construction business inherited from Rendo's father in the Fifties. Then, in 1969, came the quantum leap. In the aftermath of the Belice earthquake, Rendo stepped forward with a bid to provide housing for several thousand of the homeless families. His happening to own a pre-fab construction company, Sicilprofilati, established in 1964, proved no less than providential. "In 9 months we put up 1,800 two-family houses," recalls Antonio Moretta, who at the time was head of Sicilprofilata and now heads the biggest of Rendo's corporations, IMPA Metalworking, with 25 billion lire worth of business per year and a backlog of firm orders for the next 2 years. The company made no less than 10 billion (1969) lire out of that contract, which would be the equivalent of around 40 billion today.

Since that time, Rendo and his family partners have done nothing but set up or buy new companies at the rate of two or three a year, and, in the process, bagging more and more contracts and new sources of financing.

One master-stroke, for instance, was his acquisition of the Costantina citrus company, the biggest in Sicily, close to Catania. Rendo bought it in 1972 for 2 billion lire -- which was practically nothing as it turned out, since the Sicilian Regional government granted exactly that sum to subsidize improvements and new stock for the operation. "The job actually cost more than 5 billion lire," says Antonio Schilliro, who now runs Costantina. "We installed 300 kilometers of underground irrigation piping." Today, though, the orange groves are worth more than 40 billion lire, and once the new orange-trees begin bearing, it will bring in a sure profit of at least 3 billion per year, plus another billion lire worth of business from the nursery, where 100,000 baby orange trees are thriving in a greenhouse on Costantina property.

No less astute was the deal he made with Impa, established 4 years ago. Rendo bought the land for 600 lire per square meter in swampy area already held by the Region, at a time when there was not even a hectare of industrial land to be had in Catania. Reclaiming the land and building the plants cost a total of 20 billion lire. This time, too, Rendo could count on grant financing from the Southland Fund (Cassa del Mezzogiorno) to the tune of 1.8 billion lire, and on low-interest loans for another 10 billion. The rest he invested out of pocket as the new orders began coming in.

Today Rendo owns plants that can handle any of the 40 products called for in major construction contracting. Nor is that all. According to conglomerate managers, the various Rendo companies now handle less than 15 percent of major construction contracts in Sicily. Rendo has also loosened his ties with the Cassa per il Mezzogiorno ever since 2 years ago, when Liberal Regional Councilman Benedetto Cottone joined forces with the PCI councilman to block award of the contract for a big irrigation installation to Rendo in non-competitive private negotiations. Now Rendo is happier working with SIP (telephone switching stations), with the state-owned railroads (he recently bagged a contract for 300 freight cars, worth 15 billion lire), with the Post Office (24 buildings all over Italy for a total of more than 6 billion lire), and especially with ENEL (the national electric power agency), for which he

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most important service the foundation has done for Rendo is a campaign calling for widespread planting of soybeans in southern Italy, spending hundreds of millions of lire on studies commissioned from foreign companies (Battelle of Geneva) and Italian university consultants.

There was widespread resistance to this initiative, but it lasted only 2 years: last September, at the latest conference put on by the foundation, Rendo finally succeeded in convincing everybody, including former Agriculture Minister Giovanni Marcora and the new president of Coldiretti (small farmers' association), Arcangelo Lobianco, that soybeans were a good bet, particularly if planted as a second crop, right after wheat. What's in it for Rendo? One of his companies, Coma, has already taken in 400 million lire on distribution of seed soybeans to farmers and on buying and reselling the crop to the Ferruzzi conglomerate in Ravenna. And yet in 1980 only some 30 or so farmers planted soybeans in the south. According to Rendo's experts (a group of them spent several months on Ferruzzi farms in Latin America studying soybean cultivation techniques), this crop could be grown on 100,000 hectares of southern land. Should it come to that, the profits could be enormous, especially for people who, like Rendo, have had the foresight to be ready for it. Already standing in the port of Catania are four big elevators ready to store the soybean crop and load it aboard ships bound for the north.

In the eyes of Rendo's foes, the soybean deal is a typical example of the way a private operator can impose his personal planning on an inert bureaucracy. Many of them complain, too, that he has used the same tactics in Sicindustria, the Sicilian industry association, where his oldest son, Luigi, is in charge of drafting programs. The same lament is heard from the National Homebuilders' Association (ANCE), on whose board of directors sits still another Rendo son, Eugenio.

Rendo, though, is not a man to quail in the face of accusations. He already has two more really big projects on the back burner. The first of them has to do with the tourist trade. Rendo has commissioned several international consulting companies to do a study on ways to get money into Sicily in joint ventures by the big travel agencies and financial institutions.

The second project has to do with the imminent arrival of Algerian natural gas on the island. "If the [Sicilian] Region does not move in time, we shall bring out a proposal ourselves, one we already have ready in the files," warns one of Rendo's inner circle. Meanwhile, Mario Rendo has lost no time in setting up two companies to bring natural gas to eastern and western Sicily. "Whatever happens," says one of his managers, "we are not going to be caught napping."

## Lots of Relatives and 27 Companies

Only a few months ago, Mario Rendo determined to reorganize the jungle of his companies and set up a real holding company, albeit all in the family. To do it he created FIMAI, with 7 billion lire in capital,

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built the three big thermal power plants at Melilli, Tavazzano, and Monfalcone. He also carried off a prestigious contract from the EEC to build the steel tower at Adrano, a pilot plant for solar energy; and in France he put in the winning bid for a share of the work on the Superphenix nuclear power plant in Lyon. "Aside from Bellelli of Taranto, we are the only people in the South who can handle nuclear business," says Impa's Antonio Moretta. "We formed a consortium to take on construction of the Montalto di Castro power plant, which was a 180-billion-lire job."

Thirty years as a public contractor have made Rendo a very rich man. The Catania magnate is right now getting ready to launch his second yacht in the little private marina in Catania, where the whole family keeps its boats. Very shortly, now, there will be the formal opening of the fourteen sumptuous villas at Cannizzaro, on the slopes of the Catania hills, where he, his sons, and his grandchildren will take up residence: a family clan of 30 or so people, all of them substantially supported by him. Rendo's generosity has become legendary all over Sicily, even among his employees and guests: at birthday parties he hands out solid gold pendants in the shape of elephants (Catania's symbol), and crocodile handbags.

This overnight wealth has not invariably drawn favorable comment, however. Many Sicilian industrialists, especially the small and medium ones, accuse him of crowding out everybody else. "He knows too many people, he has too many influential people looking out for him, and contracts come up tailored to measure for him," complains one small-industry entrepreneur in Sicily. There is consternation, too, among the big corporations in Rome who dominate the government contracting scene. The charge they level against him is that he has expanded the "Sicilian system" to a national scale. Rendo, they allege, managed to get himself a fat slice of public works contracts because he systematically and aggressively underbid other contractors, and because he is a personal friend of some key men (such as Education Undersecretary Antonio Drago, a fellow Catanian and a Christian Democrat) and a number of government officials.

Rendo's men retort that this is merely jealousy or worse -- that the northern industrialists cannot stand to see a Sicilian get ahead of them. "I am working for the future of my land, for Sicily," Rendo often says. And he boasts of having brought a plant installations firm in Milan, Sacma, back into the black after its former owners had run it to the brink of bankruptcy (Sacma provided installations for such prestigious clients as the Munich subway system).

One of Rendo's smartest moves was made back in 1975, when he set up the Mario Rendo Cultural Foundation, which served as springboard for a lot of Rendo's own activities. A few years back, when the maestro had set up a company of his own to buy Canadian farmland, the foundation sponsored a twinning ceremony between Milan and Toronto. Since then it has run studies and published magazines and pamphlets on irrigation in Sicily and on methods of citrus growing, because both these sectors are rich sources of contracts for Rendo industries. The biggest and

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whose shareholders are, in addition to himself as president, his sons Luigi (33), Eugenio (32), Ugo (29), Massimo (21), his daughters Grazia (23) and Marcella (15), his brother Ugo (55), Ugo's children, Luigi (30), Grazia (20), and Maurizio (17, and his friend Umberto Campagna and Campagna's three school-age children. The chain of command in the new company is still embryonic: brother Ugo, for example, looks after the administrative side, while Umberto Campagna is more or less in charge of housing construction.

FIMAI has 100 percent control of a foreign holding company, FIMAI Luxembourg, which in turn controls still another three companies: Agrofil Austria, Agrofil Germany (selling freeze-dried fruits and vegetables), and a Canadian farming corporation which is, for the time being, inactive.

At home, FIMAI is incorporating the conglomerate's companies into groups on a sector-wide scale. In metalworking there are four companies: Sicilprofilati, Impa and Zime (both in Catania), and Sacma in Milan, which can build anything from bridges to power plants, with a combined capital of 10 billion lire an annual volume of business of 55 billion, and 1,000 employees.

The plant and installation sector is covered by Saem, capital 3.2 billion, volume 15 billion, and 250 employees, one of whose contracts covers [gas] purification for the August area.

Bigger complications surround transfer to the holding company of the construction companies which by themselves account for 110 billion lire of billing and provide jobs for 2,000 people: only three of the six companies (Mec, Immobiliare Siciliana, and Soceos) are stock companies, while the other three (Rendo Mario, Rendo Ugo, and Campagna Umberto) are held collectively. In agribusiness, with 11 billion in billing, there are two stock companies: Comes (soybeans) and AVP (the orange-tree nursery), but another five are cooperatives, including the Agrofil freeze-drying plant (7 billion lire volume), the Passo Martino ranch (3,000 head of cattle, 10,000 hogs), and Costantina, the biggest orange and tangerine spread in Sicily (the others are Trinacria and the Rendo Brothers Grove Association, with 100 hectares of orange groves).

Rendo also holds minority interests in Sipem of Enna, which makes concrete pipes, does 8 million lire worth of business annually; is a partner in the Lodigiani and Graci companies (Rendo is president); in Hobas Italiana, of Enna, which makes fiberglass pipes (other Lodigiani partners are Parasiliti construction, Hobas chemicals of Basel); in SCEV of Catania (concrete railroad ties), which bills 5 billion a year, and in Sicop Coignet of Milan, prefab building, billion 6 billion. Sooner or later, all these interests will be pulled together under FIMAI.

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COUNTRY SECTION

MALTA

PREMIER DETAILS CONFRONTATION WITH LIBYA, FOREIGN POLICY

Paris AL-WATAN AL-'ARABI in Arabic 26 Dec 80-1 Jan 81 pp 20-23

Article by Fu'ad Abu Mansur: "Dom Mintoff to AL-WATAN AL-'ARABI: We Started the Battle with the Libyans and Will Emerge Triumphant in the End"

Text People who know the secrets of Maltese-Libyan relations realize that the dispute over exploration for oil on the "continental shelf" was the point at which the ewer flowed over -- the floating part of the iceberg that had formed between the island and the jamahiriyah. Why has the Libyan-Maltese honeymoon ended, with no hope of returning? The Maltese premier, Mr Dom Mintoff, received AL-WATAN AL-'ARABI's correspondent and related the whole story to him. He said, "We took the initiative of starting the fighting. We threw out the Libyans, they left, and in the end we will emerge victorious." In answer to other questions, the Maltese leader sketched the outlines of historic relations between the Arabs and Malta.

The first day I arrived in Valetta, the prime minister of Malta, Mr Dom Mintoff, invited me to his office in the Castel Hotel, situated at the top of the hill in the town of Valetta, to discuss the questions I had sent him before coming to the island.

During the course of the interview, especially where it touched any points bearing on the Maltese-Libyan dispute and its ramifications, Mr Dom Mintoff suggested that I sketch out an integrated picture of Maltese conditions, the body of the economic and social developments which had occurred on the stage of public life since the departure of the last contingent of 7,500 British troops who had been stationed in its naval bases.

For this reason, he invited me to attend a session of discussion of the general budget for 1981 in the building of the Gran Maestro, the parliament which houses 65 Maltese deputies: 34 of whom belong to the ruling Socialist Labor Party, the rest (31 deputies) being distributed among various opposition blocs, most important of which is the Maltese National Party, which draws most of the men in the opposition.

I went into the "palace of the great teacher" in the capacity of an observer who was neutral as regards the Maltese ruling party, to which Dom Mintoff belongs, and the opposition blocs chaired by Dr Eddy Adami. I noticed the presence of two women in the government seats. Later, I learned that the Maltese government

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and parliament contain one representative, Levelyn Bulak, female and minister who is in charge of responsibilities for culture and social affairs in Dom Mintoff's government, Agatha Barbara.

The impression I received after 3 hours of peaceful "confrontation" between the Maltese government and opposition is that the democratic life prevalent in Malta to a large extent resembles the democracies of Western Europe. Sessions are open and discussions are heated. The deputies' research is concentrated on the government's shortcomings in one field or another, while the people watch and reflect without obstacles or restrictions.

The next day, the daily papers came out with numerous headlines on the debate over the new budget. Comments ranged from support to provocation and accusation. However, they were unanimous over the need to preserve the principles of neutrality Dom Mintoff had formulated through a cohesive economy which will suffice for the requirements of the island and will keep it far away from alliances which generally export political positions wrapped in economic aid or long-term loans.

The Maltese people today relate events in the history of the island by saying, "This happened before the breakoff with Libya," or "after it", just as 6 years ago they dated events by the British presence or the British evacuation from Malta. This is because the island's experience with colonialism is a long one replete with contradictions and events.

It is well known today that the British colonization of Malta lasted 150 years, from 1814 to 1964. It was one of a series of conquests of numerous types and sorts which the island had known since the dawn of history because of its strategic location, which controls the southern entries to Europe (Italy, Spain and the Strait of Gibraltar), the entries to the countries of the Maghreb (Libya, Tunisia and Algeria), and the waterways leading to the Middle East via the western Mediterranean.

This sensitive location attracted the tribes of the Vikings, Phoenicians, Carthaginians, Byzantines, Romans, Arabs and Crusaders, as embodied in the Knights of Malta, followed by Napoleon for a very short time until the British invaded Malta after crushing Napoleon's fleet at the naval battle of Abu Qir in Egypt.

In 1974, Malta was declared a democratic republic. The position of prime minister took the place of that of the British governor, considering that the president occupies an honorary position, in the English manner. For the first time, on 31 March 1979, the territory of the island of Malta was emptied of a foreign military presence. The Maltese celebrate this "historic event" and consider the date of the evacuation of the last foreign soldier "Freedom Day."

However, this event made the island face the responsibilities of total independence as a consequence of its departure from the firmament of the Commonwealth, and it decided to join the organization of nonaligned states. It consolidated its relations with international socialism through the Maltese Socialist Workers'

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Party's participation in it. It launched an appeal to neighboring and friendly countries to invest in industrial and commercial projects there. Some countries refrained from answering, while other countries hastened to benefit from the "historic invitation" which Dom Mintoff had issued.

The Libyan jamahiriyah has been in the forefront of countries that have tried to play a significant role in the republic of Malta. It drew up a policy of "outstretched hands" toward Malta starting in 1964, and this relationship was firmly planted with the arrival of President Mu'ammarr al-Qadhafi to power in 1969.

Libya offered financial and technical aid to the labor government of Dom Mintoff to help it rid itself of Western influence and compensate it for the loss of revenues from the Western naval and air bases which existed there. Libyan investments in Malta today are estimated at about \$120 million -- in hotels, factories, cultural and technical centers, and a shipyard.

The Maltese-Libyan "honeymoon" reached its peak in 1969, when President al-Qadhafi visited the island and met with a great welcome. Ceremonies were held in his land in Malta and its two islands of Gozo and Comino. al-Qadhafi did not hesitate to give the Maltese government five helicopters and various forms of aid, and he set forth a schedule for increasing Libyan projects and investments in the island.

However, the sands between Tripoli and Valetta shifted quickly. Signs of bad times began to gather in the skies over the two capitals. The dispute reached its peak when Libyan warships forcibly intervened and prevented the drillship Sime-2, which the Texaco company had rented from the Italian organization ENI, from following up on its exploration for oil in the "continental shelf" under dispute between the two countries.

People who are knowledgeable about the secrets of Libyan-Maltese relations consider that the dispute over the "continental shelf" and its boundaries is the straw that broke the back of the arrangements over which the two countries had reached agreement; they had been founded on the special calculations on each side, as distinct from the aspirations and ambitions of the other. Not even Dom Mintoff hides the fact that "this dispute has continued to lurk like a ghost over the totality of his discussions and agreements with President al-Qadhafi."

When I met the Maltese premier and asked him about developments in the dispute between Malta and Libya, he dwelt on prolix explanations at length. He brought a map in order to show me the crux of the dispute specifically, supporting his statements with documents signed in Valetta by Taha el-Sharif ibn 'Amir, minister of state for Revolutionary Command Council Affairs, on behalf of Libya, and Wistin Abella, minister of development on behalf of Malta, stating,

"On 23 May 1976 we signed an agreement with Libya calling for the dispute between us to be submitted to the International Court of Justice in the Hague (The Netherlands). It was our aim, in doing this, to continue on the path of cooperation, hoping that the competent international bodies would guarantee the resolution of the dispute and that scope would not be granted to others to exploit it and

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damage the two countries. To this day, we consider that the Libyan People's Conference has not ratified the 1976 protocol bearing on the subdivision of the continental shelf. The Libyan constitution does not give the government the right to hand over agreements which have not yet been ratified to international arbitration bodies. We previously notified Secretary General Kurt Waldheim twice on this situation."

Question What results did you reach after going to Kurt Waldheim? Is there the promise of positive measures in the near future?

Answer We set out a clear working plan in this regard. We wanted to take the view of international bodies into account. However, I doubt the sincerity of the Libyan government's intentions regarding the transfer of the matter to the court. We learned that Libya suggested to Diego Cordovez, the United Nations secretary general's special representative, that Libya agreed to record its application with the International Court of Justice, but it gave erroneous information in the statement it submitted to the representative of the secretary general of the United Nations while he was in Tripoli. One amazing feature is that after conclusion of the agreement with Malta, Libya concluded another agreement with Tunisia related to the extra territoriality of oilwells in the sea. The Libyan People's Conference ratified the latter agreement but not the former. Secretary General Waldheim set 15 December of this year as a final opportunity for Libya to ratify the agreement transferring the dispute to the World Court. Today we have gone beyond that date, and there are no prospects on the horizon. We have informed Dr Kurt Waldheim that Libya will not honor its proposals to discuss the dispute with us.

## Jallud Is the Complication

Question What measures will Malta take now that that date has passed without the agreement being ratified by the Libyan People's Congress?

Answer After this date passed it became clear to us that Maj 'Abd-al-Salam Jallud was the one complicating the issue and delaying discussion of the matter.

Question Could we learn about the headings and the particulars of the agreement you signed with Libya, which is still waiting for People's Congress approval?

Answer The agreement consists of an official, legal contract representing the wills of the governments of Malta and Libya which is aimed at reaching conclusions which will make it possible to continue exploration operations in Maltese territorial waters. One of the consequences of this problem is that the Sime-2 drillship which the Texaco Company rented from the Italian organization ENI has left the site and gone back to the Adriatic to drill for gas. In the memorandum of protest which we presented to the United Nations, we stressed our right to these waters and said that the Libyan government should offer firm proof to the contrary, emphasizing that it has the will to commit itself to international practices and permit completion of the drilling of the well, after it had been suspended as a result of the intervention of Libyan warships and the threat of force.



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This is the legal background from which our procedures are derived. In 1976, as regards the headings of the agreement we concluded, it observes these goals:

"The two governments of the Republic of Malta and the Libyan Arab Jamahiriyah request the international court to issue its decree on this matter:

"1. Defining the bases of international law which can be applied in determining the continental shelf belonging to the Republic of Malta, the area of the continental shelf belonging to the Libyan Arab Jamahiriyah, and means which will guarantee that the principles are applied by the two parties.

"2. As a result of the issuance of the court's final decree, bilateral negotiations will take place to determine the two continental shelf areas within the borders of each country.

"3. This agreement will be valid as of the date of exchange of the documents ratifying it."

This Is What We Told the Arabs

Question Western media have repeatedly pointed out that Malta made a mistake exchanging the British by the Libyans. What is your comment?

Answer We have always told Arab leaders that we are not a celestial body revolving in the Libyan firmament. We have acted with Libya in a manner we have been prepared to act with every country in the Mediterranean basin except Israel. We have asked all friendly countries to send military delegations to the island. Some, like Algeria, Italy and Libya, responded to the request and others, such as France, abstained. As regards construction of a radio station in Malta, we have asked all Arab countries to participate. Only President al-Qadhafi answered our appeal. When the other Arabs wanted to participate, they asked us to expel the Libyans. Naturally, we refused, proceeding from the premise that our decisions are independent. Today there are Libyan institutes in Malta. The explanation of this is that we have opened the door to the various countries around us and have given facilities to all. There also are American institutes on the island. If their doors are shut today, that is because those in charge of them have decided that it was not in their interest to run them. The Libyans have been shrewder than others because they have bided their time. When they threatened the oil drilling contractor, we expelled them from the island, they yielded to our will, and left. Today the Europeans refuse to acknowledge that there is no Libyan military presence in Malta. This may be attributed to the fact that they had bases on the island in the past. I in turn ask the Europeans: Do you recognize the new legal status on the island? If the answer is affirmative, I am prepared to extend the hand of cooperation to them. The holy Koran says, "Maybe you hate a thing which is good for you." The Maltese-Libyan dispute emphasizes to the Arabs today that Malta wants to remain free.

Question There is information to the effect that the question of the continental shelf is not the only major one between Libya and Malta. Are there other causes which have led to the divorce after the long "honeymoon?"

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Answer Problems and difficulties always occur in relations between states. The question of the continental shelf was neglected for a long time, and here it is today blowing up in its current form. We see numerous disputes among countries as regards the open seas. We well remember how the dispute broke out between Libya and Tunisia, not just because of the continental shelf; there are more complicated issues between the two countries. If the Maltese people today have embarked on a struggle against Libya, that is because of their firm belief that they will emerge triumphant from it, especially since we are the ones who have taken the initiative in starting the battle, while the Libyans are continuing to stress that they are determined to proceed with the friendship they feel for us in various fields.

Question What conclusion have you reached in the context of oil exploration in Maltese territorial waters? Is the island slated to join the "club of oil states" in the near future?

Answer That is a difficult question. Up to today, we cannot speak with certainty about the quantities of oil present here. There are positive signs in this regard, and numerous companies are submitting applications to engage in drilling in our territorial waters and have taken risks to that end. This is proof of the likelihood of finding oil. You can publish what I tell you in AL-WATAN AL-'ARABI: we are ready today to sign new agreements with the exploration companies, in accordance with our particular conditions, to drill for "black gold." Eight or nine companies are asking us for maps and documents on the drilling locations, and they are prepared to start operations after bids are announced. The proof all lies in the positive results, but we cannot make any definite statements about the size or quality of oil deposits; we lack documented proof in this regard.

Question It is stated that Yugoslavia hastened to send a military force to Malta to protect the independence of the island and take precautions against surprise events to which it could be exposed. Are there temporary defense measures between you and Yugoslavia?

Answer When we conclude agreements with international parties, we stress most clearly that our measures lie within two limits which cannot be passed over -- the freedom and neutrality of Malta. These two limits will be of benefit to the various peoples of the Mediterranean. We are able for example to receive Soviets in our ports, but refuse to do so, taking the interests of the countries adjacent to us into consideration. The Italians have actually signed treaties with the Americans and have hosted them in military bases in the islands of Sardinia and Sicily. Malta is free to invite any country at all to its territories, including the Soviet Union. We have chosen our system with total freedom. Our choice is based on keeping the Americans and the Soviets out of Malta. The countries which agree with us over this must extend us help to achieve our goals. Yugoslavia has come to the island not to expel Libya but to preserve our neutrality and freedom. Libya has not occupied Malta; it has just expelled the marine contractor. In this field, we cannot talk about the occupation of the island. The news the media have circulated is grossly exaggerated.

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Question Diplomatic observers in Arab capitals have observed that you took a decisive stand regarding the Palestine cause, during the last international socialist conference, held in Madrid, and that you seem to be rejecting the Camp David schemes. You are calling for the establishment of an independent Palestinian state. Is this a special position of Malta's or is it the position of international socialism in general?

Answer Our positions vis-a-vis the Palestine cause is not new. It goes back to the days of the English occupation of the island. At that time, we were exercising our political presence, and had it not been for that presence we would not have gained our independence. We stressed our stand, although all these European countries, including France, refrained from doing anything to make colonialism leave the island. Even General De Gaulle, who worked tirelessly to reduce the French colonial presence in the world and to implant the freedom of France, refrained from helping us, and preferred to have us remain a colony of the Atlantic Pact and its Mediterranean base. This office of mine used to be the Atlantic Treaty operations room for the Mediterranean.

Up to 1967 Malta was cautious about friendship with Israel and the Arabs. After the 6-day war, we told the Israelis that they had to go back to the 1967 boundaries. Our position toward Israel today is based on its refusal to go back to its old borders. This does not mean that we are in favor of the annihilation of Israel. However, we condemn its expansionist settler policy.

Question Therefore you are claiming that Israel must go back to the 1967 boundaries. However, isn't it necessary to form a clear political notion of the Palestinian state, realizing that it is not an issue of borders but an issue of a presence?

Answer If there is a return to the 1967 borders, the basic complexities of the problem will be on their way to a solution. No misunderstanding will then remain among the Arabs themselves about formulating a specific policy on the Palestinian state.

Question You condemn Israeli policy and conversely accept a permanent Israeli diplomatic mission to Malta. Isn't there a contradiction between the theory and the application?

Answer We are striving for a just resolution to the Palestinian cause. Our positions in international socialism bear witness to that. We were the first country to have enough courage to present the cause in all its dimensions and complexities. Today, we consider that numerous countries have started to follow our steps. I see no contradiction between our theoretical position and our practical one. We are not, thank God, afflicted with political schizophrenia. Proceeding from this premise, we are seeking a resolution to the Palestine cause which will be consecrated in a sovereign state.

Question Investigations into the episode of the explosion in the Jewish synagogue in Paris (on Rue Copernique) have revealed that the person who set off

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the explosion was bearing two passports, one Cypriot and the other Maltese. Have you sufficiently studied the circumstances of this issue?

Answer Here in Malta explosions have occurred around which a curtain of obscurity has descended. They were directed against Libyans. They go back before the dispute with Libya. These bombs were set off from ships anchored out at sea. Experts' reports established that these bombs were Israeli-made. Here I might also refer to explosions which occurred on board Libyan warships anchored in Italy. Some sources have rumored that the person committing these acts was Maltese and belonged to a Maltese organization. We started to investigate and confirmed that this organization was nonexistent and that the means of detonation used were of such complexity that Italian experts have said that the Italian navy is not proficient at the use of this technology. The Maltese are wholly ignorant of these means and techniques. They content themselves with a few fire-crackers on religious holidays.

As regards the Maltese passport which was in the possession of the agent setting off the explosions in Paris, I can refer here to the episode of the theft of nine passports from our embassy in Paris about a year ago. Our investigations have not reached a positive conclusion in this regard.

Question Are the Maltese police watching the conduct of the Israeli diplomatic mission on the island?

Answer We have Libyan, Israeli and Palestinian diplomatic missions on the island. Everyone is committed to respect Maltese sovereignty. When acts are committed which infringe on our security and freedom, we expel the persons who perpetrate them without hesitation. If we possess confirmation of Israel responsibility for the explosions against the Libyans, we will not hesitate one moment to expel the Israelis. Thanks to God, we discovered those bombs before they went off and spared ourselves dramatic developments.

Question You are emphasizing international socialism and its premises in solving the Palestinian cause. There are facts which emphasize that this socialism in numerous occasions has been a platform for Zionism, its appeal, and its cultural and political orientations.

Answer I do not agree with this statement of yours. We must understand and appreciate the historic circumstances carefully and specifically. It is well known that European socialism was in the vanguard of persons fighting Hitler and working to destroy his power. It so happened that the most prominent persons fighting Hitler were Jews. It was they who fought against Franco and Mussolini. Therefore, it is hard for us to ignore their good deeds in the struggle which changed the face of modern history. The victims of world fascism were Jews. Willi Brandt, Kreisky and their like paid a high price for their participation in the struggle, and today they are working alongside us and helping to crystallize decisions which lie within the framework of Palestinian interests. That is the moral legacy which brings the combatants of international socialism together.

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I must unfortunately observe that the Arabs have not yet crystallized this coherent moral legacy, which is founded on blood and sacrifice.

Question What are the most important principles of Maltese neutrality? Is it a carbon copy of the Swiss or Austrian notion of neutrality?

Answer Our geographical position is different from Switzerland's or Austria's. While the mountains protect Switzerland, Malta converseley is open to the sea on all four sides. Proceeding from this situation, we are working to formulate Maltese neutrality, and to have it endorsed by international sources through the guarantee of four capitals, Algiers, Tripoli, Paris and Rome. We signed the first agreement with Rome, and this involves our neutrality. Among the most important principles of neutrality we have formulated are:

1. No military based for any foreign power in Malta whatever.
2. Maintenance of equal distance from the great powers.
3. Refusal to grant military or logistical facilities to either of the super-powers.
4. An effort to create a federal league among the peoples of the Mediterranean Sea.

These are the bases which inspire the creation of a Maltese socialism remote from Soviet or Chinese orientations. Our objective is to bring our society to a stage of prosperity and give the opportunities to everyone to attain a suitable, dignified life. In this path, we have called on Unesco to hold its conference in Malta at the end of December to consecrate our historic role in fusing a single cultural bond among the peoples of the region, and I believe that Malta will be the model center for a marriage of Arab and European civilizations in the Mediterranean.

Question You have often stated that you aspire to consecrate Malta's role as a bridge linking Europe and Africa to the Middle East. What are the premises and goals of this role? What opportunities can guarantee that it is realized?

Answer I am not actually the one who aspires to this role; the Maltese people are the ones making the call. We have been present in the Mediterranean since ancient times but unfortunately we have always been pawns in the hands of stronger parties, or people who create artificial strength. Nonetheless, it has not been possible for us to develop or prosper. We have rarely pulled ourselves together, because we have always been the victims of others — people who are skilled in the industry of war and enjoy repaying blows. For the first time in history, the Maltese people are being given the opportunity to live like other peoples of the world. They do not want to be soldiers or sailors for other powers but want to be the masters of their destiny and live at peace with their neighbors. When we were under the yoke of English colonialism, France, Italy, Germany and America refrained from helping us. Only the socialist and labor parties helped us, above and beyond the Arabs, and indirectly, the Soviets, not out of love for us but because they were the enemy of those states. These are the relations which bind us to Africa, Europe and the Arab world. We do not aspire to be a bridge.

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We are a natural bridge, in reality. As a living people, we want to exploit these ties for the good of all. What can we do in other fields, in helping to crystallize the unity of the peoples of the Mediterranean in the economic, cultural and political fields for the sake of a just peace? We have been delivered from a destiny which would naturally have led us into the embrace of the Americans or the Soviets. At the Helsinki conference, we put the issue of the Mediterranean in the agenda and compelled those attending the conference to study it carefully. France supported us and here I in particular recall the well known interventions of our friend Michel Jobert.

Question After the death of Marshal Tito and the assumption by the Cuban president of the responsibilities of chairing the nonaligned movement, some Western diplomatic circles have been whispering that you have exerted great efforts to reach a position of responsibility in the executive agencies of the nonaligned countries' organization. Do you actually have such aspirations?

Answer We want to work with what nature has endowed us with. We are not against Castro, but we want to create an effective socialism. We are also not against the Yugoslavs who have rejected the Soviet road to socialism, have refused to be a body in the Soviet orbit, and have preserved this system of difficult balance between America and the Soviet Union. Our history is different from that of Yugoslavia. President Tito proceeded alongside the nonaligned movement, and their histories have been intermixed. He relied on friends of the weight of Sukarno, Nasir, and Zhou Enlai. When they died, the cloak of nonalignment fell on him and he was compelled to wear it. We are compelled to accept the conditions which our history dictate to us, and the repercussions that devolve upon us from the conditions and positions of our neighbors.

Question How do you view Maltese-Arab relations, and what projects can guarantee that they are developed?

Answer We have relations not just with Libya but also with Algeria, Morocco, the Kingdom of Saudi Arabia, Tunisia, the two Yemens and the Palestinians. These relations, it is hoped, will develop in the near future. We are opening the doors of the island to all Arabs. We have made Arabic language instruction a requirement in our schools. The new generation of Maltese speaks and reads Arabic fluently. This decree of ours is based on the goals of cooperation and integration between Malta and the Arab world. A weekly newspaper will soon be issued in English, Maltese and Arabic with the aim of strengthening cultural relations between the Arab world and Malta. The Arab leaders must help Malta in this sphere.

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