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# West Europe Report

(FOUO 6/81)

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## WEST EUROPE REPORT

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### CONTENTS

#### THEATER FORCES

##### INTERNATIONAL AFFAIRS

- USSR Military Threat to Europe Great: NATO Technically Lost  
(Georges Buis; NOUVEL OBSERVATEUR, 15 Dec 80)..... 1

##### COUNTRY SECTION

##### INTERNATIONAL AFFAIRS

- Ulster Army-Irish Police Anti-Terrorist Communication Link  
(David Beresford; THE GUARDIAN, 9 Jan 81)..... 6
- Passivity, Complicity Regarding Basque Terrorism Noted  
(Jean-Francois Revel; L'EXPRESS, 13 Dec 80)..... 8
- Problems, Changes of East-West Trade in 1980's  
(Juergen Noetzold; EUROPA-ARCHIV, 10 Dec 80)..... 10

##### BELGIUM

- PS's Cools Calls Labor Unions Irresponsible  
(Andre Cools; POURQUOI PAS, 11 Dec 80)..... 17

##### DENMARK

- Exports Seen Rising Four Percent if Competitive Position Held  
(Lena Fryksmark; VECKANS AFFARER, 4 Dec 80)..... 24

##### FEDERAL REPUBLIC OF GERMANY

- Study Criticizes Arms Exports to Third World  
(Kurt Breme; STERN, 17 Dec 80)..... 28

- a -

[III - WE - 150 FOUO]

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FRANCE

PCF: Dissidence, Diffidence, Revolt Against Marchais  
(Georges Mamy; LE NOUVEL OBSERVATEUR, 8 Dec 80)..... 30

Government Prepares for Castroite Subversion Efforts  
(Philippe Krasnopolski; VALEURS ACTUELLES, 29 Dec 80)..... 34

ITALY

DC's Piccoli Presses for Institutional Reform  
(Flaminio Piccoli Interview; PANORAMA, 10 Nov 80)..... 36

Lack of Planning, Organization for Future Use of Coal Seen  
(Gianni Migliorino; CORRIERE DELLA SERA, 13 Dec 80)..... 39

EEC Proposal for Sugar Production Termed Against Nation's Interest  
(Arturo Guatelli; CORRIERE DELLA SERA, 20 Dec 80)..... 42

- b -

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THEATER FORCES

INTERNATIONAL AFFAIRS

USSR MILITARY THREAT TO EUROPE GREAT: NATO TECHNICALLY LOST

Paris LE NOUVEL OBSERVATEUR in French 15 Dec 80 pp 48-49

[Article by Georges Buis: "The Actual Threat to Europe"]

[Excerpts] The "threat" to West Europeans some 20 years ago was certainly serious, very serious. But we must not embellish the past.

Back then, the threat was quite naturally perceived by West Europeans as a direct Soviet military threat. In the various war colleges, it was depicted on large wall maps by two very conspicuous arrows. One strikingly large arrow extended across the Great European Plain in the north--the traditional invasion route ever since the 3d century--and aimed its spearhead toward southwestern France. The second and smaller arrow started in the Caspian Sea, crossed the deserts and steppes of the Middle East, slipped through the isthmuses of the Mediterranean, and then closed in on the first arrow in pincer-like fashion.

The West had to be able to cope with this twofold danger. Consequently NATO's largest and best armed theaters of operation were deployed in a "blocking" position athwart the large northern arrow. NATO's southern theater, with the U. S. 6th Fleet in the Mediterranean as its most powerful component, was assigned the task of blunting the other arrow.

Far From Sparta

This military threat still exists. Its nature has changed, however, in the north and center, as has also its avenue of approach in the south. In the north, the threat has become technically greater. The Soviets have considerably strengthened the organizational structures of their operational forces and qualitatively and quantitatively improved the military instrument--conventional or nuclear--they have deployed opposite the NATO forces. On the other hand, NATO's already fragile, northern theater was further weakened 2 months ago by the Norwegians who asked the Americans to move prepositioned equipment and weapons for their rapid reinforcement forces far away from their possible operational deployment area.

As for the European countries whose forces constitute the essential strength of the central theater--I refer to conventional forces--, those countries continue to reduce, relatively, their participation in the common defense. In 1978, they had decided, in a fine burst of enthusiasm, to increase their annual financial contribution to NATO by 3 percent in real terms. This noble goal was but a flash in the pan. Belgium and the Netherlands recently decided to limit their real growth to 1.25 percent. Denmark, whose effort to date has been almost nil, has already

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announced no real growth until 1983. As for the Federal Republic of Germany--the long-time model student--it has just announced that it would hold its growth this year not at 3 percent but at 1.75 percent. The Americans are fuming and are stressing the point that they are allotting 5 percent--soon perhaps 6 percent--of their GNP to their defense budget. All their efforts to pressure their allies have been in vain, because in this period of recession, Europeans do not want their standard of living to be lowered, and certainly not for the benefit of defense spending. No government advocating such a policy would be able to remain in office. Today's Europe, corrupted by 30 years of Atlanticism, is not a bit like Sparta. It even has little in common with the Europe of 1945-1950, a Europe emerging from a period of tremendous suffering but still willing to try again. Furthermore, its way of life and the structures of its civilization--energy-related structures, in particular--make today's Europe infinitely more vulnerable than it was at the time NATO was established. Some 25 years of urbanization and conurbation have made 95 percent of the West European population dependent on a few electric power plants, a few markets, and a few road or rail intersections. Even if we have, as I believe, reached a time in the evolution of weaponry that gives the defense a rather clear advantage over the offense in conventional warfare, even if, as a result, this is a time when NATO is arming itself with, inter alia, PGM (Precision Guided Munitions), and even if the enemy is kind enough to wage the sort of war we want him to wage, this superiority attributed to the defense cannot sufficiently reassure us. Other politico-strategic factors make the direct Soviet threat "technically" more serious than ever. These factors include: the reluctance of certain countries to allow nuclear weapons--particularly the future American Euromissiles--to be based on their soil; the call of the East harkened to more and more by the Federal Republic of Germany; and the American deterrent's continuously greater loss of credibility, a loss aggravated in the fall of 1979 by the statements made in Brussels by the contemptuous Henry Kissinger with whom Europeans will probably once again have the pleasure of doing business.

#### Saved by the World

Does this mean, therefore, that NATO is done for? From a technical standpoint, yes. The present military threat to central Europe is theoretically the most serious in 20 years. Fortunately, technical considerations are not everything. Europe's chances stem from the fact that the USSR's problems are global in nature, not zonal. Considering their commitments in the rest of the world, we cannot see why the Soviets should take the immediate or short-term risk of direct military action in Europe. Consequently, while the threat is indeed enormous, its materialization is highly improbable.

Over the past 10 years, and particularly the last 5, the threat's southern arrow has swerved considerably and it too now confirms for us the global, and no longer zonal, aspect of the issue of the survival or death of West Europeans. The Soviets have thoroughly weighed the dangers involved in any action taken throughout the Mediterranean--that snare for fleets, that series of pitfalls--and they consider these dangers disproportionate to the objective of such action. In the missile age, this pool of water constricted on all sides is just as easy to interdict from its shores or territorial waters as Lake Geneva could have been in the days of the coast artillery. Consequently the USSR has changed the direction of its effort to beyond the southern edge of the Sahara. The Latakia-Athens-Barcelona axis has been

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replaced by the Aden-Addis Ababa (or the Maputo, Mozambique alternative)-Luanda-Havana axis. On this particular axis, the USSR is still at a stage similar to the one in 1946-1949 when it was building its European glacis. In other words, it is currently engaged, as earlier in Europe, in consolidating its political hold on a series of countries as well as establishing military bases or support-reception facilities in those same countries.

Be that as it may, the European man in the street, without benefit of any personal technical evaluation of the threat, still senses that threat to such an extent that he has relearned to be afraid of that "proximity war" that would be waged in the form envisaged by the Atlantic Alliance. At a time when their faith in the "great protector" is inexorably declining, these Europeans are finding out that their soil constitutes the NATO-Warsaw Pact theater of operations where some 4.8 million active-duty troops are poised and ready to clash if policymakers should so decide, troops supported by 138,000 tanks and other wheeled or tracked armored vehicles of all types, 10,000 combat aircraft, and more than 10,000 nuclear warheads. This prospect is enough to jar them out of their long period of snug and warm torpor under the protective American umbrella. This shock is such that some of them even eventually realize that they are at the mercy of the escalation or miscalculations of a superpower confrontation that would have originated thousands of kilometers away from them. That is why they became really very frightened 2 years ago with the Chinese-Vietnamese clash, and again 1 year ago with the invasion of Afghanistan and the likely Soviet air-ground threat to the Persian Gulf from bases in Qandahar, a threat which prompted President Carter to declare the Gulf: vital area," a term which in modern strategic parlance means a place in which the defense of your interests warrants brandishing the deterrent threat of nuclear firepower. Europeans became frightened again by the deplorable antics of Jimmy Carter's planes and helicopters in the steppes of Baluchistan when attempting to rescue the hostages in Tehran. And what about the shock created by Iraq's attack on Iran and the continuing war between those two countries, a war without any possible decision and being waged in semidesert regions between flaming oil refineries and wells?

All of this means that West Europeans have become aware of the fact that the threat is no longer located solely and especially in the central European theater of operations but is now global. They have realized that the world is now "finished." In fact, the world has been "finished" for about 10 years, ever since it can be viewed in its entirety by satellites, geostationary or not; ever since it has been covered by a net-like array of communications facilities and radar and television relays; ever since any one of its parts can be directly attacked--and destroyed if a nuclear power should so decide--by ground, air, and naval missiles launched from their own soil, their own air space, their own territorial waters. You have undoubtedly noticed that people are no longer joking about the "omnidirectional" [defense strategy] or the "bombinette" [low-yield and relatively ineffective atomic bomb].

No More Message

A "finished" world is a world in which there is no longer any "elsewhere," a world in which local confrontations cannot, therefore, be settled by force between the countries directly involved--a fact that does not keep these countries from resorting to force--and in which any country with a global role is more or less compelled to intervene. Some 2,000 years ago, there was an "elsewhere" and even a large number of "elsewheres" for the tribes of Israel. Now there are no longer any

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"elsewheres" outside their political borders, no more than there are any "elsewheres" for the Palestinians of this second half of the 20th century. That is why this particular problem--and it is but only one example--has completely become the concern of the superpowers.

Will the fact that problems have thus become worldwide prompt Europe to continuously delegate their solution to the two superpowers? The future of Europeans depends on the answer they will give to this question, just as much, and perhaps more, than on the threat of Soviet weapons massed along the Oder. In today's shriveled Europe, people continue to dream of that Europe of the past six centuries which opened the routes of the modern world as Greece has opened the routes of the ancient world. Great Britain, France, Spain, Portugal, the Netherlands, and even, toward the end, Belgium, Germany, and Italy covered the world with their presence. Admittedly the old predatory instinct was not absent from this activity, but there was also another motive. The European countries were, each in their own way, imbued with the superiority of the values on which they had founded their civilization, on the superiority of their religion, their ethics, their way of life, their technology. And contrariwise, the problem today is that Malraux was able to tell me one day some 25 years ago: "I do not believe in Europe because it has no message." Therein lies the most serious threat to Europe: no longer transmitting anything, no longer having the strength to do so, and this I insist is solely because of a lack of will. For Europe lacks neither the science, nor the manpower, nor the money with which to establish or maintain, everywhere in the world, those connections needed to implement a strictly European policy.

No Break

For what is definitely involved here is a policy and not merely an almost negative reaction in the defense of immediate interests, a European policy for the protection of the oil supply route--a typical and highly current example--and also for the protection of something not familiar enough to public opinion, namely the supply route for rare ores essential to the advanced technologies employed in satellites and the nuclear industry, ores such as uranium, cobalt columbite-tantalite, manganese, vanadium, zircon, etc. Yet even though 10 treaties have been signed and the Brussels commissions have been established, present-day Europe is a conglomeration of nations still more fiercely competitive, just as divided, and infinitely more submissive, for the most part, to a superpower than are the nations of the Arab world or of the Association of Southeast Asian Nations.

In the situation in which they have put themselves and with which they seem content, Europeans cannot ward off the twofold threat of being crushed by direct military action or being stifled on their small tip of a peninsula. Because political unity in the face of these two threats--particularly the military threat which can be warded off only by a nuclear deterrent--forces Europeans to organize themselves into, at least, a federation, thereby by-passing community and confederal echelons. Speaking for myself, however, I contend that establishment of a federal Europe is utterly out of the questions in the short or medium term. Some nations do not want a federal Europe--and they will be the most obstinate--because they definitely prefer the suzerainty of a distant and virtual great protector to the reality of the authority of an indigenous federal president. Some five centuries of European

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history are their excuse. Other nations will never agree--as a group of six, or nine, or twelve--to accept together the necessary relinquishments of sovereignty.

Nevertheless, as Francois Mitterrand pointed out in Washington last week, it is absolutely necessary today to reconsider the Atlantic Alliance, as De Gaulle was able to reconsider NATO not so very long ago. This does not mean going so far as to break with the Alliance, but rather to free ourselves of the ambiguity characterizing relations between Europe and the United States, and to do this, build a real European entity within the Alliance itself.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

ULSTER ARMY-IRISH POLICE ANTI-TERRORIST COMMUNICATION LINK

LDO91257 London THE GUARDIAN in English 9 Jan 81 p 2

[Dispatch by David Beresford: "Army in Ulster Gets Radio Link With South"]

[Text] Belfast--The British Army in Northern Ireland and police in the south have set up a direct communication link for use in terrorist emergencies.

The establishment of the direct link is a significant reflection on the improved security cooperation between the two governments since Mrs Thatcher came to power. Previously the British Army has been barred from direct contact with the security forces in the republic.

The army link follows on a package for improved border security agreed between Mrs Thatcher and the previous Irish premier, Mr Jack Lynch, in September, 1979. The package has been implemented with surprising enthusiasm by Mr Lynch's successor, Mr Charles Haughey, since he became prime minister in December 1979.

Communication between the respective security forces was previously limited to cross border contact on the ground at a personal level. In terms of the Lynch-Thatcher deal, a direct radio telephone link was opened up between the two police forces. But the British Army was restricted in that any communication they had with the south had to be via the police link.

It has now emerged that British patrols in the border areas have been issued with radio equipment enabling them to make direct contact with police in the south who carry compatible transmitter-receivers.

The authorities in Northern Ireland are jubilant about the cooperation now being given by the Dublin government on the security front, which is believed to have contributed markedly to the successes against the IRA during the last year.

As well as facilitating communication links--which have resulted in regular exchange of intelligence--police in the republic are believed to have allowed their northern counterparts to sit in on the interrogation of terrorist suspects. The Dublin government has also allowed British helicopters to

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overfly the republic during operations, and has established a special police task force which has had considerable success with the discovery of IRA arms caches along the border.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

PASSIVITY, COMPLICITY REGARDING BASQUE TERRORISM NOTED

Paris L'EXPRESS in French 13 Dec 80 p 124

[Article by Jean-Francois Revel: "Spain-France: Sanctuary"]

[Text] Let's suppose that a powerful terrorist organization for Alsace independence exists in France; that its members commit on the average one act of terrorism each day and kill close to 100 persons each year. Let's imagine that these terrorists have their bases in Germany, a few kilometers on the other side of the border, in Freiburg, in Stuttgart, in Baden-Baden; to which they withdraw to escape the French police, where they stay, to everybody's knowledge, storing their arms and renting apartments, opening bank accounts, and where they prepare their moves. Let us finally suppose that the German authorities refuse to help the French Government protect itself against this scourge, arguing that the matter is strictly a French internal problem. Should we believe that Paris would accept such a dodge, that our government, our National Assembly, our president, our people would hesitate to accuse Bonn of complicity, of cowardice, of shortsighted selfishness, of European irresponsibility?

Yet, this is France's behavior toward Spain under attack from Basque terrorism. The Pyrenees-Atlantic Department serves as a "sanctuary" for the men of the ETA (initials of the Basque name of the major terrorist organization), who are also plotting, moreover, in complete tranquility in Toulouse, Bordeaux or Paris. On many occasions the Spanish authorities have provided our own authorities with a list of the terrorists who frequent France and, in particular, a year ago, a list of 127 names with personal descriptions, photos, and aliases. Far from getting the slightest assistance from our government, the Spaniards on the contrary are disdainfully taken to task when, by chance, a settling of scores between killers takes place on our soil, which seems rather difficult to prevent when so many of them are welcomed here.

Certainly, France is the notorious crossroad of world terrorism. Already, on many occasions, L'EXPRESS has had to bring up this inglorious record and it set this forth again in July 1980 (number 1516). Our neighbors are deceiving themselves if they entertain the idea that we will do for them what we do not practice for ourselves; since, in 1978, the French authorities escorted to Orly with full diplomatic honors the Iraqis who in Paris had just fired upon our police, whose assistance had been requested by their own embassy. Despite the death of an officer in this incident, France tolerates numerous embassies serving as arsenals and sustaining European terrorist networks. Still, in certain cases, France did agree to extradite presumed accomplices or members of German terrorist groups, or Italian ones, red or black. Why no such favors for Spain, which is requesting

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the extradition not of simple accomplices or suspects, but of known authors of numerous murders? In fact, ETA terrorism is the most murderous in Europe: 500 deaths in 5 years, of which 140 were in 1980. Madrid's bitterness can be understood.

#### Can France Wash Its Hands of Basque Terrorism?

French passivity rests on two types of motives, one type respectable, the other ignominious. The respectable motives, which are put forward officially, as I have indicated, are that it is a "purely internal" Spanish problem and political affair. For the Basques of the ETA have the identification papers and the status of political refugees, as if Franco were still in power. The French foreign minister has declared that he "will not extend" their residence permits: he has not said that they will be revoked. But the Spanish Government denies that they can be considered as political refugees, since a general amnesty was proclaimed in Spain in 1977 for all political crimes and offenses committed before or after Franco's death. Since then, the system is democratic and respects freedom of opinion; but this has not prevented murders from going on. In addition to the amnesty, a public referendum approving autonomous status for the Basque region has been in effect since 1979.

But the ETA wants more: it is asking for an independent Basque nation and, furthermore, for Navarre Province which does not at all have a Basque majority. It also insists that this Basque nation be a popular democracy, even though some 90 percent of the citizens have voted against the Communist Party. We are therefore facing a classic case of a terrorist minority seeking to impose by violence, in the name of democracy, that which the people's will rejected at the ballot box. It is therefore impossible for the French Government to pretend that today these Spanish Basques are oppressed because of their political beliefs.

Thus the true French motives are in fact the ignominious ones, or at least, those which are not mentioned (even if they are not necessarily devoid of value). The first is the fear of seeing the ETA, one of the best trained and most cunning terrorist groups in the world, carry out reprisals in France if it is disturbed on our territory. The second is of seeing the French Basques won over by a feeling of solidarity if their "southern cousins" are hunted down in their midst. The third is the fear, justified, of discovering powerful Libyan and Soviet backers behind the ETA facade and of France thus being dragged into a war of secret services conducted on behalf of Spain. But even this argument carries its own rebuttal. Terrorism today is international. Whatever its regional anchorage, it is equally a pawn in the destabilization efforts directed against the Western Europe democracies. The objective of those who manipulate the ETA is to push an exasperated Spain, and in particular its army, toward a sort of "Turkish solution", which is more and more feared in the peninsula. If the destabilization promoters should win their gamble in Spain, then, with Italy itself permanently destabilized and Great Britain faced with a similarly grave and no less suspect terrorist problem, Europe would become a little more feeble.

The French calculations may, in practice, reveal themselves as quite shortsighted. We will some day pay dearly, no doubt, for our lack of solidarity and for an approach which lets terrorists in so as to expel terrorism.

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9

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

PROBLEMS, CHANCES OF EAST-WEST TRADE IN 1980'S

Bonn EUROPA-ARCHIV in German 10 Dec 80 pp 721-728

[Article by Juergen Noetzold: "Problems and Chances of East-West Trade in the 1980's"]

[Text] The rapid development of East-West trade in the first half of the 1970's would have been impossible without the large loans granted to the East by the West. The East's readiness to become so deeply indebted to the West and the West's willingness to extend the credit volume to such an extent would have been inconceivable without the political stabilization of East-West relations that was a result of political detente. The great expansion of the CEMA countries' imports--especially between 1972 and 1974--was bound to lead to indebtedness, since the CEMA countries were not in a position to increase their exports to the West in equal measure. Beginning in 1976/77, the CEMA countries--trying to prevent any further increase in their trade deficits vis-a-vis the West--markedly reduced their Western imports.

In their efforts to reduce their Western trade deficits, the CEMA countries were successful: In 1979, the East European countries' deficit vis-a-vis the Federal Republic of Germany declined by DM 1.1 billion, while the Soviet Union even realized a surplus of DM 0.8 billion. The CEMA countries' net indebtedness vis-a-vis the West as a whole showed a similar development. As a result of the improvements in the debt situation, the conditions are now favorable for bringing about in the near future--probably in the course of the new five-year plans (1981-1985)--renewed expansion of Western exports to the CEMA countries. To be sure, Western loans will be needed in the 1980's as well; and further loans are prerequisite for repayment of the loans already granted, especially in the case of Poland. Poland's repayment obligations for the next few years total approximately U.S.\$5 billion per year. It is impossible to predict when Poland will be able to balance its accounts, since a rapid reduction of liabilities would further aggravate the econopolitical situation in this country.

However, the West's readiness to grant new loans is only one of the preconditions for continued expansion of East-West trade. Another prerequisite is expansion of the CEMA countries' export capacities accompanied by adequate demand on the part of

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the Western industrialized countries. As was the case in the 1970's, the Soviet Union and the East European countries will be facing different conditions in this regard. In the 1970's, the change in the trend of world market prices of energy sources was a crucial new factor in the economic relations between East and West--a factor working in favor of the Soviet Union. The Soviet Union now could charge higher prices for its exports to the Western industrialized countries; in terms of foreign currency, it gained far more latitude for expanding its Western trade than did the East European countries.

The export commodity structure--which for the most part is based on raw materials--is likely to remain advantageous to the Soviet Union. The East European CEMA countries cannot avail themselves of comparable opportunities; these countries must markedly improve both the quality and efficiency of industrial production so as to better their competitive position on the world market. Even in the 1970's, this had been a precondition for the expansion of their economic relations with the OECD countries. Progress--although slow--has been steady, especially in Hungary. Finished and semifinished industrial goods account for an increasingly large share of total exports to the West. However, the finished goods exports are still competing too much with the products of branches that in the West are considered "structurally weak," e.g. with products of the textile industry. The share of technologically more advanced products that in the Western industrialized countries meet with increasing demand continues to be relatively low. Above all, this applies to machines and electrotechnical products; here the changes since 1970 have been insufficient.

In the 1980's, the East European countries' Western trade possibilities may be restricted on account of the increasing cost of their oil imports. In order to be able to pay for the increasingly expensive raw materials, these countries must more rapidly expand their exports to the Soviet Union or to developing countries supplying raw materials. Under these conditions, funds may be absorbed that otherwise would be available for exports to the West. Vis-a-vis the OECD countries, there is the problem of absorptive capacity and/or the problem concerning the opening of Western markets to Eastern products. A relatively large share of the East European finished goods exports to the Western industrialized countries is produced by the labor- and raw materials-intensive branches of industry that in the West are traditionally protected from foreign competition. In this regard, tariff-related trade obstacles are presently less significant than other protective measures. As regards structural problems, one need only mention here shipbuilding, steel production and petrochemistry, and in regard to protective measures not based on tariffs, import quotas, anti-dumping commitments and "voluntary export restrictions of countries not belonging to the EC."

In the 1970's, there emerged another obstacle to the East European countries' trade with the West: The increasing competitiveness of the newly industrialized developing countries, above all the so-called threshold countries. On Western markets, their position vis-a-vis the CEMA countries is strengthened by preferential agreements--notwithstanding the fact that these agreements are selective and limited. Of the CEMA countries, only Romania has obtained a comparable preferential position. In 1963, the newly industrialized developing countries accounted for a mere 2.8 percent of the OECD imports of finished goods; in 1973, their share increased to 7.2 percent and in 1977, to 8.2 percent, whereas the CEMA countries' share of total OECD imports of finished goods constitutes no more than approximately 2 percent.

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## Opportunities Through Cooperation and Compensation

Further expansion of the cooperation among enterprises may be a good means of maintaining the scope of Western trade. Due to the structural changes in the industrially most advanced OECD countries, the expansion of technologically very advanced production sectors and the use of highly skilled manpower, the enterprises of these countries will have different requirements in regard to international cooperation. More so than in the past, they will be concentrating on countries that have reached an adequate level of technological development. The CEMA countries are part of this group. In comparison with some other countries in the world, they have the advantage of having pursued a deliberate strategy of industrialization oriented toward continuous adoption of advanced technologies. Moreover, they have at their disposal a skilled labor force and they allocate large funds for research and development. In its relations with the CEMA countries, the Western side has so far preferred normal foreign trade to cooperative agreements between enterprises. But the Western enterprises will be increasingly willing to conclude such cooperative agreements, if normal trade transactions can no longer ensure an appropriate expansion on the CEMA markets.

As regards the Eastern countries, improvement of relations in the field of cooperation among enterprises is most likely to be effected through organizational reforms aimed at eliminating the present communication barriers. It appears that Hungary is the country most willing to take such measures. Of late, Hungary has proposed quite a few new projects that are already being discussed. Poland, too, attaches special importance to further expansion of the cooperation among enterprises. In a memorandum, Poland in 1977 arranged with the FRG to extend the economic cooperation to medium-size and small enterprises. Romania and Bulgaria have shown interest in expanding enterprise-based cooperation. So far, the country showing the greatest reserve has been Czechoslovakia. As is demonstrated by the new regulations in Bulgaria and by the Hungarian efforts in this field, establishment of "joint ventures" is to be continued as well. In the 1980's, the trend toward long-term and more intensive forms of cooperation, which is already becoming apparent in Hungary in the field of enterprise-based cooperation, is likely to intensify in other East European countries as well.

Whereas cooperation among enterprises is concerned with production of finished goods, compensation agreements focus for the most part on raw materials and fuel. Although in the last few years, fewer large-scale compensation projects have been concluded, it is conceivable that in the course of the next few years there may yet come about a fair number of large-scale transactions, especially with the Soviet Union. In the case of the Soviet Union, such agreements focus above all on the development of the Siberian raw material and fuel reserves. A major factor in regard to the implementation of a number of projects planned are the great difficulties resulting from the insufficient infrastructure in Siberia and from the high cost of transportation. As a result of compensation agreements that have already been concluded, the Soviet Union will in the next few years be able to effect Western exports in various fields of production of basic and raw materials: In return for chemical installations that the Western industrialized countries exported to CEMA countries, they will receive--during the period from 1978 to 1995--shipments valued at approximately U.S.\$14 billion. Again, in regard to this type of compensation agreement, the Soviet Union is the country most heavily involved.



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At present, it is not clear whether it will be possible to conclude compensation agreements with the Soviet Union in the oil sector. Observers are agreed that the Soviet Union's oil policy is faced with a narrowing margin. Oil reserves probably still exist in Western Siberia, in the Komi region, in Yakutia and in coastal waters (Sakhalin, Barents Sea, Caspian Sea). However, there are difficulties in regard to exploration, exploitation and transportation of the present reserves. Aside from developing new fields, the Soviet Union could increase its oil output by improving production technology--an area in which markedly higher rates of exploitation probably are still attainable. However, this presupposes large-scale application of advanced Western equipment that must in part be imported from the Western industrialized countries.

That the possibilities in the oil sector are limited is indicated by the Soviet view that it would be better to find substitutes for oil than to increase production at any cost. For this reason, the various Soviet advances concerning intensified cooperation with Western Europe in the energy sector have focused on shipment of natural gas and electric energy, not on an expansion of oil exports. As to natural gas, the prospects regarding further Soviet shipments are favorable, for the Soviet Union possesses nearly 30 percent of the world's natural gas reserves. The agreement on a new large-scale natural gas-pipeline project between the Soviet Union and several West European countries--initial order volume: DM 10 billion--represents a crucial step toward expansion of European cooperation in the energy sector. Due to the time required for development, more substantial natural gas export agreements complementing those already concluded with West Europe are not to be expected before the second half of the 1980's.

The Soviet Union also may export electric power derived from nuclear energy and from water power and coal deposits that are located in the eastern part of the country. West European enterprises could participate in the construction of nuclear power plants by contributing capital and technology and they could be compensated with part of the electric energy produced. It is assumed that concomitant problems concerning long-distance power transport can be solved. With Poland, too, a number of long-term, large-scale projects based on compensatory shipments have been agreed upon, while others are at the negotiating stage. These projects involve delivery of equipment for the nonferrous metal industry, above all for copper production and processing, coal-based chemistry and the mining industry. West Europe's increased demand for hard coal imports--which is expected to make itself felt in the mid-1980's--probably will for the most part be met by the United States and to a lesser extent by East Europe, i.e. above all by Poland.

In spite of the country's considerable possibilities in regard to implementation of further large-scale projects, cooperation among enterprises is likely to assume increasing importance for the Soviet Union as well. So far, the Soviet Union's ideas concerning cooperation with Western industrialized countries have been oriented toward construction or modernization of large-scale production installations and specialized division of labor between individual enterprises has been considered less important. One can safely assume now that this conception has undergone certain changes. Since in the coming five-year plan technological reconstruction is to take priority over expansion of fixed assets, the Soviet Union wants to extend enterprise-based cooperation as well. In this field, approximately 15 projects are about to be implemented, while 100 projects are at the planning stage. In the

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1980's, joint research and development facilities are to be established. Although in the last few years the Soviet Union has repeatedly considered establishing joint ventures on USSR territory, it is unlikely that any progress will be made in this regard. Whereas for economies of the order of magnitude of Hungary and Romania some joint ventures with Western enterprises could possibly be quite significant, they would be of no consequence in as large a country as the Soviet Union. Consequently, one cannot expect the Soviet Union to set aside structural policy-related concerns so as to obtain relatively insignificant economic benefits.

The expansion of trilateral cooperation will likewise serve to intensify industrial cooperation between East and West. Practically all CEMA countries, including the Soviet Union, have expressed the desire for expansion of the cooperation with third countries. The CEMA countries expect their Western partners to make pertinent suggestions that might also serve to intensify the cooperation between East and West. One can safely say that it will not be easy to develop cooperation involving partners from three different countries. At present, this type of cooperation still is in the initial stages. However, in evaluating the present dimensions, one should keep in mind that even the bilateral cooperative relations between East and West did not attain their present significance in less than a decade. Joint practical experience in East-West cooperation is an important prerequisite for the implementation of trilateral projects.

The chances of such projects also depend on the intensity of East-West cooperation. Consequently, the Federal Republic of Germany is likely to be accorded preferential treatment, for for all of the CEMA countries--with the exception of the GDR and Bulgaria--it is the most important partner in enterprise-based cooperation. Trilateral cooperation would be in keeping with the intentions of the Conference for Security and Cooperation in Europe; the preamble to the CSCE's "Basket II" is based on the assumption that promotion of economic relations between East and West would benefit the developing countries as well. In trilateral cooperation, it is essential that one introduce new dimensions so as to replace in the developing countries the confrontation between East and West by cooperative modes of conduct.

## Political Problems

As to the question what form East-West trade is to take, a number of different conclusions can be drawn. According to the export-control policy pursued by the United States, it is necessary--for reasons of security--to maintain the technological gap vis-a-vis the CEMA countries by preventing as long as possible the acquisition of important technologies by the Soviet Union or the other CEMA countries. This policy affects various forms of East-West cooperation, for the objective here is not only to control the export of capital goods, but to control the export of the technological know-how needed for producing these goods. Thus in 1977--i.e. before the Soviet intervention in Afghanistan--the Defense Ministry pointed out: "Control of exports of technological know-how in the field of design and construction ... is absolutely essential for maintaining the technological superiority of the United States."<sup>1</sup>

On the other hand, the West can safely assume that in its desire to extend the economic relations with the Western industrialized countries the East is motivated--now as ever--by the hope of obtaining Western technologies. In the next few years,

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productivity improvement through increased application of technological advances will assume even greater importance in the CEMA countries. If one takes seriously the objective to intensify the economic relations with the CEMA countries, one will have to make allowance for these interests. Moreover, the West must promote the transfer of technology so as to remedy the East European countries' unfavorable export structures, which ultimately restrict their trade with the Western industrialized countries. In suggesting this, we do not want to pass over the question whether in view of the present military confrontation measures aimed at reducing technological differences can be justified. On the other hand, measures intended to reduce the transfer of technology would entail a reduction in the stability potential that has formed as a result of the economic relations. The international transfer of technology creates interrelationships among the partners involved that are much more pervasive than those created by wheat purchases or simple trade in raw materials. It is especially long-term projects involving close cooperation among the partners--the incipient increase of which has been pointed out--that entail communicative relations affecting not only goods, but also people.

Economic interdependence provides opportunities for settling conflicts. For example, if shipments of oil drilling equipment to the Soviet Union were to be discontinued, the Soviet Union might take a greater interest in the Middle East. Improvement of the oil supply situation in the CEMA countries reduces the need for economic and noneconomic inroads on third regions. For so far, there have been many indications that the Soviet Union does not want to be dependent on energy imports from unstable regions. Moreover, a large-scale, long-term interlocking of energy interests in Europe would serve to establish rules in the energy supply sector that in the pursuit of energy policy-related objectives in other regions of the world could not simply be disregarded. In evaluating the technology transfers to the CEMA countries in security policy terms, one must carefully weigh the respective advantages or disadvantages of the interconnection of systems and of the enhancement of the CEMA countries' technological potential.

In this connection, one should recall that although East-West cooperation offers the CEMA countries economic benefits, it is not without problems. The CEMA countries had to modify their economic systems so as to be able to extend their economic relations with the Western industrialized countries. If they maintain the present economic policy, they will have to make further compromises. Thus the economic problems with which the CEMA countries will be confronted in the 1980's give the West the opportunity through a cooperation-oriented economic policy further to consolidate the present interdependencies.

The slowdown of economic growth that began in the second half of the 1970's will be continuing in the CEMA countries in the first half of the 1980's. Thus, in no CEMA country do the production increases meet the political requirements or the expectations of the population. In the smaller CEMA countries, the situation is especially precarious, since they must produce an export surplus in order to be able to pay off their debts to their Western creditors and to pay for the increasingly expensive Soviet raw material and oil shipments. It is doubtful whether this policy leaves any room for increasing the living standard of the population. Export problems of the CEMA countries, an unfavorable development of the terms of trade, a restrictive Western loan policy and political restrictions on the economic relations could lead to a situation where the CEMA countries return to an economic policy based on self-

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sufficiency. Thus, whether or not the CEMA countries' open foreign trade policy of the 1970's can be continued depends to some extent on the conduct of the West.

To ensure fruitful development of the economic relations between West and East Europe, it will also be necessary to regulate the relations between the European Community and the Council for Mutual Economic Assistance. An agreement between the EC and CEMA could provide political support for the long-term economic cooperation--an effect similar to that of the long-term bilateral agreements between the states of the EC and those within CEMA. But if the EC continues to be interested in nothing but working relations with CEMA, such an arrangement would have no effect on the development of East-West cooperation. In the view of the EC Commission, a skeleton agreement between the two economic communities would strengthen the Soviet Union's predominant position within CEMA. However, the opposite could happen just as well; for in regard to the effect of the lack of an agreement between the EC and CEMA, the positions of the individual CEMA states are very dissimilar. Trade policy measures of the EC affect exclusively the East European states as suppliers of finished goods, whereas the Soviet Union as a supplier of raw materials is not subject to any restrictions. If no arrangements are made between the EC and CEMA, the EC is likely to bring about precisely what it wants to prevent: Consolidation of the Soviet Union's economic position at the expense of the other CEMA partners. In a skeleton agreement, the contracting parties could make a political commitment to continue the economic cooperation between East and West Europe. Moreover, a skeleton agreement could be formulated so as to allow of bilateral agreements between individual CEMA states and the EC.

The problems concerning implementation of the CSCE Final Act resulted from events in other regions of the world--Africa, the Middle East, Iran, Afghanistan--not from developments in Europe. It is precisely the unstable situation in various regions of the Third World that has thrown into sharp relief the political stability in Europe. The economic interdependency has been a significant contributing factor in this regard. Thus it would be natural not only to intensify this interdependency, but to extend it to fields where an even higher degree of trust is required. Projects worth considering might include establishment of a European energy network, modernization and expansion of the All-European transportation network, and scientific-technological cooperation.

## FOOTNOTES

1. Department of Defense, Policy Statement on Export Control of United States Technology; Hearing before the Subcommittee on International Relations, House of Representatives, Washington, October 1977, p 4. Regarding the foundations of the United States' economic policy toward the East, see H.D. Jacobsen, "Die Ostwirtschaftspolitik der USA. Möglichkeiten und Grenzen einer Linkage-Politik" [The United States' Eastern Trade Policy. Possibilities and Limits of a Linkage Policy], Ebenhausen, March 1980 (Stiftung Wissenschaft und Politik, SWP-S 279). See also J.W. Golan, "U.S. Technology Transfers to the Soviet Union and Protection of National Security," LAW AND POLICY IN INTERNATIONAL BUSINESS, Vol 11, No 3, 1979, pp 1037-1107.

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COUNTRY SECTION

BELGIUM

PS'S COOLS CALLS LABOR UNIONS IRRESPONSIBLE

Brussels POURQUOI PAS? in French 11 Dec 80 pp 4-8

[Article by Andre Cools: "I Have Had It With the Labor Unions!"]

[Text] "The only way to preserve one's gains and to make them grow is to accept the fact that they change." Edmond Maire, secretary-general, CFDT [French Democratic Confederation of Labor]. Well, we cannot believe our eyes. Never before has a chairman of a socialist party had such harsh words for the labor unions, especially those that are under his control. Accusing them--like other social partners, to be sure--of shirking their responsibilities, seeking refuge in egotism and corporatism, is already bad enough. Saying moreover that they doctor and falsify information concerning the government's recovery plan is really going too far; to say that is the same as to say that they lie like tooth-pullers! And finally coming out with a neat little piece of writing like this in order to restore the "truth" for the benefit of public opinion and the rank and file is, to say the least, tantamount to an attempt to short-circuit the labor unions and directly challenging their credibility. Is that what made Andre Cools run? He explains himself in these columns and he uses rather astonishing language. But this entire mess did not come into being just today. It has been brewing for quite a few months. But it does mark a turning point in our social history. The crisis, as Guy Spitaels recalled, has ceased to be painless. All of a sudden, the masks were dropped and the harsh realities appeared. This is no longer a matter of sharing the exhilarating fruits of growth but redistributing the bitter sacrifices of recession. And there we do not beat about the bush. Social coordination--the basis of our entire system ever since the end of the war--is now ending in failure. This is becoming increasingly evident: an overall accord has for many years no longer been possible among the social partners. The labor unions seek refuge in an attitude of rejection and they feel touched to the quick. Challenged from the inside, shaken by divisions or internal clashes, they doubt their very capacity to be able to mobilize the workers any longer. Besides, what message have they left to pass on? Demand-oriented labor unionism

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is running into impossibilities as it seeks new advantages. The earlier battles--for the prepension [early retirement pay] and the reduction of the work week, for example--did not in any way at all attenuate the effects of the crisis: 365,000 unemployed are here to bear witness to that. As for the struggle of fighting for full employment, it has become just a memory of happy days gone by. Now, what? The moment has definitely come to examine the conscience, to reevaluate the objectives, to think of other battles. Too much concerned with preserving the gains of the past and rejecting the responsibilities of the present, the labor unions run the risk of missing out on the gains of tomorrow.

Something has indeed tilted. After the breakup which took place at the National Labor Conference, what do the labor unions want indeed? Unity around the "no" to the recovery plan of the fourth Martens cabinet seems a little bit too much like a simple patchup job. Because behind this outward appearance there is hardly any common will. To the point that one must ask oneself what good the Common Labor Union Front is--if it does exist at all. It is true that the administration is working toward its breakup in order to make sure that it can get its projects passed.

The at least somewhat graduated refusal of the CSC [Confederation of Christian Trade Unions] in effect seems to augur a certain softness in future action. During the last "Face the Press," Jef Houthuys did not seem at all in favor of the idea of sending his troops into the strike or protest movements in coordination with the FGTB [General Federation of Labor of Belgium]. Deep down, does he not prefer to support the fourth Martens cabinet out of fear that it might be followed by a tougher team which would impose austerity measures which would be as radical as they would be authoritarian, without even bothering with coordination? Likewise, Georges Debunne should feel rather alone in the world, with FGTB central headquarters and regional headquarters which are not pulling together at all. At any rate, to do anything on the national level against the administration's projects, there is not much left in the labor union coffers. Several headquarters as a matter of fact are practically broke. Others which are richer do not necessarily like the idea of letting go of the purse strings for operations which do not attain their own objectives. And though it is true that there is strong opposition at Liege, the fief of Robert Gillon's metalworkers, people are more cautious elsewhere. Besides, while the office of the FGTB had to spell out the manner of its action last Tuesday, if possible together with the CSC, the time was not right for any major effort. Instead, this was a time for finding the smallest common denominator.

#### Paper Tiger

In short, the big battle against the administration's projects could claim, as its only casualty, a duck decoy. (As for the rumble in parliament, one should not engage in any illusions. This indeed is a question of "speeding up" the debate by presenting the recovery plan in the form of a model law--to be executed through decree-laws applicable as of 1 January.) All of a sudden, "labor union power" runs the risk of looking like a paper tiger. Because, in the final analysis, the negative attitude which it adopted expresses above all a powerlessness when it comes to proposing constructive solutions.

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"The failure of the National Labor Conference," charges Andre Cools, "was wanted by Georges Debunne. Undoubtedly also by others. But the thing that disappoints me in general is that men of good faith—even on the employer side—refuse to understand that the gravity of the situation forces them to try to find a minimum number of commonly shared points."

This indeed is a bitter observation: The social partners are incapable of arriving at the slightest accord even on a minimum number of points and each of these partners stubbornly sticks to his egotism. Hence the need for the political establishment to intervene with authority in order to impose its remedies which are not the best, far from it! But on the labor union side, there is a serious risk that they might not even be able to impose their refusal. How, then, could one mobilize the workers on the basis of a message as negative as all that?

"As a matter of fact," says the PS [Socialist Party] chairman rather regretfully, "there is no credible message. No response to the crisis."

It is true that the labor unions somehow feel beat and destabilized by the effects of the recession. Nothing works any longer the way it did during the happy times of prosperity and continued growth. And almost everything which they have already attempted to do has fallen apart. The prepension, reduction in weekly working hours? Sure, in human terms, these were positive reforms. But this "better distribution of work" does not really create any real jobs—only a Malthusianist practice. And the irrepressible increase in unemployment clearly shows the limitations of these measures which do not really get to the bottom of the problem. As for the other undertakings, eternal guiding motives, such as structural reforms, public industrial initiative, or the regionalization of credit—they may be quite attractive in absolute terms but they hardly convince the grass roots militant. This, by the way, is where we detect a worrisome gap between the officials at the top, who stick to rigid apparatuses, and those who, at the bottom, are confronted with the realities of the crisis. The thing that interests them is to find out how they should react to the closings of enterprises, the loss of jobs, and the end of difficult months. There is no use in listening to the slogans of another time which unfortunately is gone!

#### Swelled Heads

"I get many letters," Andre Cools tells us. "Especially from labor union delegates whose proposals are quite revealing. Some of them even go so far as to tell me that they will do everything to stand up to those whom they call 'the rumpled labor unionists.' Now, when I look at the resolutions adopted by that labor union, they preach nothing less than immediate revolution. I can deduce from this that those delegates, who write to me, have not been able to express themselves through their authorities. And these are not isolated cases. In my own hometown at Flemalle, I can find quite a few workers, delegates, and militants who think like that. I let them talk. All of them are worried, all of them agree in saying that something has to be done. They talk about their anxieties, about their revolt against injustices. But what do these serious preoccupations become within their labor union organization? They do not even show up. Either these militants simply do not push them through or they are stifled on a higher level."

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Do you then say basically that the labor union organization puts a lid on the aspirations of the rank and file if they do not fit in with the schemes adopted at the summit?

"The fact is that this is a phenomenon of bureaucratization. The FGTB is the victim of that but so is the Socialist Party or the CSC. There has been a big change in the recruiting of labor union officials--or political officials. To tackle the growing complexity of problems, they increasingly resorted to the whizkids, the technicians. In between they lost men trained among the rank and file, men with a strong common sense and faith in their cause, which immunized them against adventures. Thus, many of those new 'cadres' came out of their research offices in order directly to become labor union bosses. Without ever having gone through a factory or an office. Now they somehow feel obligated to come up with excuses for themselves and--just look at Yerna--to overdo everything in order to look more workerist than the others. These are the same cadres also who in practice become the only conversation partners of the big bosses. The latter hardly have any contact with the rank and file any more; all they do is to read the reports prepared by those who have a stake in keeping things the way they are and in maintaining or strengthening their power. This is how sclerosis and a do-nothing attitude start growing."

#### Big Celebration

Sclerosis! The word is rather brutal when it comes to defining labor union organizations which, moreover, play themselves up to be "counter-establishments." It is true nevertheless that the labor unions, by getting a hold on a level of power which keeps growing stronger down through the years, did not evolve fast enough in a rapidly changing world. That world is far from the time when, at the end of the last war, employers and workers got together around the conference table to sign a social agreement instituting "loyal collaboration" and "opening the way to a renewed flow of social progress, deriving both from the economic upswing of a world at peace and an equitable distribution of the earnings derived from growing output." Much water has flowed over the dam since then. And the labor unions--being a part of a multitude of coordination bodies and institutions where their representatives sit, such as the National Bank, the Planning Office, the SDR [Regional Development Company], INAMI [National Institute For Illness and Disability Insurance], the Belgian Office for Productivity Increase (today defunct after having been directed initially by Andre Renard), etc.--did participate in the big celebration of economic growth. With the almost realized hope of attaining the final goal: the society of opulence and, of course, full employment. They were able to achieve remarkable social conquests which have turned the Belgian worker into one of the world's most privileged. But, infiltrated in practically all of the country's economic and social gears, the organizations of the workers in the end wound up being a part of the system and they lost their challenging force. Drawn into battles on overall objectives, they most often lost contact with their rank and file. Swathed in the comfort deriving from labor union membership figures that beat all European records, they got fat, like any organization that simply enjoys the benefits of its position. After that, the radicalism of options became increasingly verbal. Whereas, out in the field, the militants began to plunge into "spontaneous" and savage actions which for better or worse, and often for worse, were not backed up by apparatuses that were allergic to any kind of adventure.

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### Disconcerting

But there was a time for recovery because the climate had changed. Starting in the early seventies, the crisis leveled off. At that moment, the employers no longer looked at all like what they were in 1945: The multinationals, with their remote decision-making centers, had often taken over and were already thinking of taking out their investments and putting them in countries with low wages or easier taxation systems. Thus began a return flow which brought out new realities--and which people still refuse to recognize. In other words, the labor unions, out of habit defending the workers in the strongest sectors, had simply neglected the most marginal ones. "Our labor unionism," writes Edmond Maire, secretary-general of the CFDT, allowed the gap to grow between us and the most disadvantaged, the most dominated, the most neglected workers." In Belgium, how many underpaid day laborers, how many workers in all of the small enterprises, how many others with "special status" and part-time jobs, how many retirees would not agree with this kind of reproach? And here is yet another new fact of life: The dramatic decline in jobs due to rationalization measures in the enterprises, the automation of tasks, and above all the information explosion which revolutionizes all techniques.

"Our economic system," observes Andre Cools, "did not take into account this fundamental technological revolution so as to adapt the living conditions of the workers to this entirely new situation. But what attitude should the labor unions adopt and what response should they come up with? The anxiety of the workers is very real in the face of this revolution which could also be an instrument for the liberation of men."

### An instrument of liberation?

"Yes liberation. This is a socialist ideal. The tragedy is that capitalism has made men into the servants of false material values. And the labor union movement, in its demands, has conformed to this logic. Just like the Socialist Party, by the way. The result is that we are presently living in a sick and robot-like society. We have to get out of this mess. We have to teach men to be responsible again, we have to render them capable of making choices, of breaking out of their passivity. We have told them too often: 'Let us do the job. We will take care of you.' The time has come for them to get out of their comfortable easy chairs and to turn their TV sets off."

Making men more responsible: Could it be that this ambition was forgotten throughout the socialist struggles?

"I know," smiles the PS chairman, "that I am using rather disconcerting language. So what. I have learned not to worry about susceptibilities. Nor about the enemies that I make for myself."

### The Labor Unions and the Strike

The strike is not only an indication of labor union combativeness. It is also a reflection of the degree of social consensus prevailing in the country. Here is our

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first observation: While, until 1977, the strike was "formula" which had been losing speed as compared to the earlier years, the tendency has been reversed now. This is the clearest sign of the breakup of the traditional institutions and the decline of the dialogue among the social partners.

## The Scores

Here, based on statistics, we have the number of strikes which took place in the enterprises, broken down by the country as a whole and by region:

	Wallonia	Flanders	Brussels	Total
1976 ..	209 (68%)	74 (24%)	25 (8%)	308
1977 ..	175 (68%)	75 (28%)	14 (6%)	264
1978 ..	283 (75%)	80 (21%)	16 (4%)	379
1979 ..	170 (60%)	101 (35%)	12 (4%)	283

According to this table, undoubtedly, Wallonia holds the lead in the matter of strikes. But there is a real slowdown in the volume of strike days in the southern part of the country to the benefit of Flanders which is becoming more aggressive in labor union terms. Could it be that we have to revise our image of the good Flemish worker who rarely goes on strike and who works hard?

## Motives

While in the past most of the strikes were caused primarily by the issue of "wages" --and that is true in one out of every two strikes--this is no longer so today. The demands are concentrated more on a reduction in working hours and job guarantees. This observation applies above all to Brussels and Wallonia, since the Flemish striker more systematically (in 52 percent of the cases) demands a wage hike. Nevertheless, in overall terms, in one case out of every five, the issue of job security is the most important one; and in one case out of every four, if there is a strike, it is because of the deterioration in social relationships in the enterprise. This latter motive was behind 28 enterprise takeovers recorded in the country in 1979, broken down as follows: 19 in Wallonia, seven in Flanders, and two at Brussels. This is an increasingly frequent practice. "Occupation" in 1978 accounted for only 7.3 percent of the labor union actions as against 10 percent last year. This fact illustrates the poor quality of coordination in Belgium. Besides, today, the vast majority of the strikes (85 percent according to the minister of employment and labor) are "spontaneous" actions, in other words, "savage" actions, triggered without the intervention of the traditional labor unions which nevertheless hasten to pull those movements back.

## The Weight of the Labor Unions

Are the labor unions a "counter-government" or are they a part of the "establishment?" Well, three out of every four wage-workers decided to join unions. The unions thus benefit from widespread confidence in Belgium. This is the first point. This gives Belgium the highest unionization rate among the European countries, with 75 percent membership, compared to the gainfully employed population.

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This is a record if we realize that, in Great Britain, the rate is 51 percent, in the FRG it is 42 percent, in Holland it is 40 percent, in Italy it is 33 percent, and in France it is 23 percent.

On the hit parade of big labor unions, the CSC (the Christian labor union) comes first with 1.2 million members, followed closely by the FGTB (the socialist union) with one million members. This is a reversal of the balance of power. Thus, during the 1950 social elections, the CSC only got one seat out of every three in the enterprise councils. In 1963, there was a balance between the CSC and the FGTB. Last year, finally, for the first time in the history of social elections, the CSC pulled ahead of the FGTB, both in the enterprise councils and in the safety and hygiene committees.

Does the dominant position of the Christian union signify the erosion of the FGTB? To get the answer, we must break the approach down by regions. In particular we must realize that Flanders--at other times not at all interested in labor unionism and the class struggle--has changed directions. To the point where it now reports a unionization rate (77 percent) higher than that of Wallonia.

And since the influence of the CSC is greater in the north than in the south of the country, it is it which quite naturally has benefitted from this evolution.

Still, the Walloon fief of the FGTB is in good shape and that was proved by the way during the 1979 social elections. Because--as they tell us--the FGTB retains the image of a politicized labor union, with leaders who are "culpably" enfeoffed to the party. Hence the today so apparent although deliberately public dissociation between the FGTB and the PS.

Nevertheless, the FGTB for some people is still the most "demand-oriented" labor union but also the least centralized. It is indeed difficult to see clearly in this FGTB which is an amalgam of vocational and regional labor unions which merge only at their top, preaching strict socialist orthodoxy here, federalist ideas there, and libertarian opinions elsewhere.

In view of all this, the CSC appears more coherent. The chain of command is clearer there, along with the pyramidal structure, and the membership dues all go into one common kitty; there is a more wide-open approach toward women, young people, etc. The CSC apparently managed to adjust and to make itself understood. But there is also the impressive weight of the Flemish, a certain authoritarianism, the existence of a president for life, the excessively displayed realism toward the "government and the employers" which gives the detractors of the CSC quite a few arguments.

In other words, the FGTB and the CSC reject each other like the poles of a magnet. Nothing very classical about that. But this does tell us how these two big labor unions have become institutionalized in the eyes of the workers--to the point where they have become targets, like the political parties.

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23

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COUNTRY SECTION

DENMARK

EXPORTS SEEN RISING FOUR PERCENT IF COMPETITIVE POSITION HELD

Stockholm VECKANS AFFARER in Swedish 4 Dec 80 p 61

[Article by Lena Fryksmark]

[Text] The large deficit in the balance of trade overshadows other problems in the Danish economy, which has a series of problems.

The major goal of the government, therefore, is to reestablish a balance in trade with other countries. As a result, the Danes can anticipate tightening their belts still further during a lean 1981. If Finance Minister Svend Jakobsen (Social Democrat) gets his way, wage earners' disposable income will decrease by 1 percent during the next year.

The austerity measures, which have been applied time and again, are making a considerable impact in 1980:

--The gross national product will decrease 1 percent. In 1981 it is expected that the situation will improve somewhat, so that zero growth can be reached.

--Industrial production will decrease and the backlog of orders will decline.

--Investment will decline by 6 percent.

--Unemployment will be high--a little more than 7 percent--and it is expected to be higher next year.

Demand on the domestic market is weak, due to the high rate of inflation--over 13 percent--devaluation of the Danish krone and an increase in the sales tax from 20.25 percent to 22 percent.

The current belt-tightening package is expected to show results only sometime in 1981, but the government has indicated that by then a new package is to be expected.

The bourgeois opposition has stated that the measures taken by the Jorgensen government are inadequate and emphasize the wrong things. Instead of tax increases, further reductions in government spending are necessary.

There is still one bright spot in all this gloom. The Economic Secretariat of the Finance Department in a recent survey of the economy expressed cautious

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optimism. It is believed possible that Denmark may experience a little improvement in the course of 1981 as a result of the generally anticipated upswing in international economic activity.

This, together with a reduced rate of inflation, is the only carrot the Danes will get.

#### Economic Policies

The main goal of the Social Democratic government during the 1980's is to reestablish a balance in trade with other countries. That, however, is no easy task.

Changes must be made step by step. Since 1979 the government has devalued the krone, increased direct and indirect taxes and reduced government expenditures. Results probably cannot be expected until sometime in 1981, and by then new measures will be in the offing.

#### Foreign Trade

For 20 years Denmark has had a deficit in the balance of trade, but inasmuch as this was caused by earlier structural changes in the economy, it was not regarded as particularly disturbing.

Today it stems from the increasing cost of energy, and it is now regarded as the country's greatest problem. In 1980 the deficit in the balance of trade will be about 6 percent of the GNP, or 19 billion Danish kroner.

Based on the premise that its competitiveness will remain unchanged, the export of industrial goods is expected to increase 4 percent, in fixed prices, from 1980 to 1981.

#### Inflation

This year's inflation rate of just over 13 percent is caused in part by the increase in taxes and fees which took place during the year.

Wage increases are also involved and hence great weight is put on restraint in the year's negotiations. Since Danish wages are tied to the consumer price index, an increase of 9-10 percent is expected, even if the wage agreement in its present form is continued. Half of the increase--which is required, according to the Danish Federation of Trade Unions, to remain even--stems from the index regulation; the other half comes from the wage scale.

Nevertheless, during 1981 a welcome dampening of inflation is expected, from this year's 13 percent to 11 percent.

#### The Labor Market

During 1980 unemployment has been about 7.5 percent, but it will increase to 9 percent next year.

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In 1981 the number of unemployed is expected to be about 20,000 more than this year, and on the average 195,000 will be without work.

Employment may, however, begin to improve slowly toward the end of the year.

#### Private Consumption

During 1980 wage earners' disposable income decreased by 5 percent. Private consumption declined 3 percent, compared with the previous year.

During 1981 demand on the domestic market will decrease still further.

Private consumption can remain on the same level as this year only through a decrease in savings.

#### Industry

The sharp decrease in demand on the domestic market will mean a reduction in new orders for Danish industry.

The situation will be somewhat better in regard to export orders, where the reduction compared with September last year was 4 percent.

The overall reduction in orders compared with September 1979 was 11 percent.

Industrial production and investment also declined during 1980, and no improvement is expected until sometime in 1981. At that time industrial investment may increase somewhat, but total investment will be down 5 percent compared with this year.

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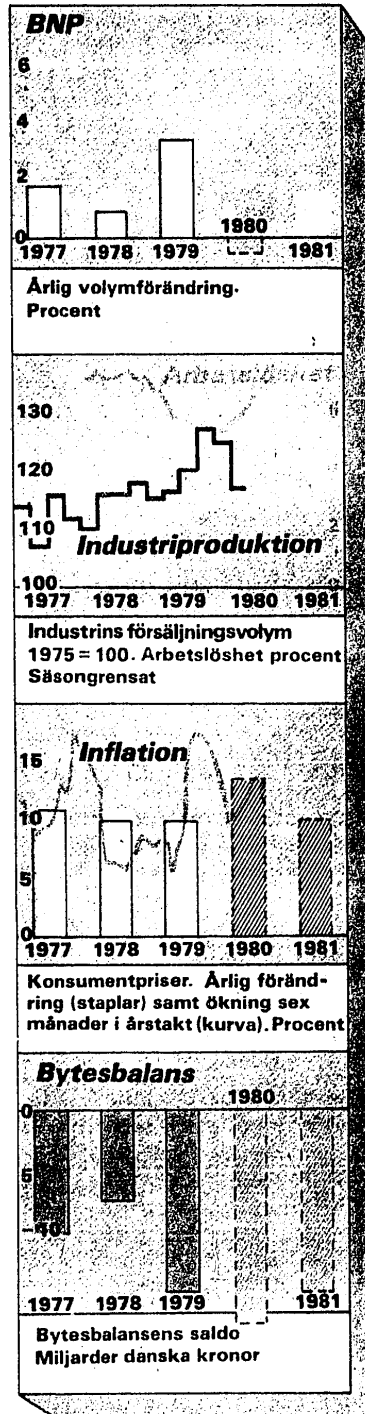


Table number 1 (top)

title : GNP  
 text : Annual Change in Volume, in Percent

Table number 2 (second from top)

titles: top line (red): Unemployment  
 bottom line (black): Industrial Production  
 text : Volume of Industrial Sales 1975=100. Unemployment Seasonally Adjusted

Table number 3 (third from top)

title : Inflation  
 text : Consumer Prices. Yearly Change (bars) and 6-Month Increase at Yearly Rate (curve), in Percent

Table number 4 (bottom)

title : Balance of Trade  
 text : Balance of Trade Balance (tr. note: sounds redundant but economically valid)

In Billions of Danish kroner

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COUNTRY SECTION

FEDERAL REPUBLIC OF GERMANY

STUDY CRITICIZES ARMS EXPORTS TO THIRD WORLD

Hamburg STERN in German 17 Dec 80 pp 167-168

[Article by Kurt Bremer: "Missiles for the Third World--a New Study Discloses that the FRG Furnishes War Materiel in Almost All Disturbed Areas"]

[Text] Klaus von Dohnanyi, secretary in the Ministry for Foreign Affairs, a worldly man who is seldom at a loss for an answer, failed to come up with one last week to a question by his party colleague Uwe Holtz. The question was whether the FRG is having submarines built for the Chilean military regime. This was "news" to Dohnanyi. Fact: last June Bonn authorized construction of two 1,000-ton class submarines by Kiel's Howaldtswerke--Deutsche Werft AG for the Chilean navy. The Ministry for Foreign Affairs gave its blessing to this arms deal as being "unobjectionable from a foreign and security policy standpoint," even though Chile and Argentina are currently engaged in a naval dispute about the Beagle Canal on Cape Horn.

Foreign Minister Hans-Dietrich Genscher is little disturbed by this DM 200 million military aid: "Our country may be making a lot of mistakes," he asserts, "but in matters of arms exports we practice restraint more than anyone else."

At the United Nations, the foreign minister even urged the establishment of an international registry of arms exports and imports, "to let the world know who delivers arms and who contributes to peace in the Third World."

Dr Eckhart Ehrenberg of Bonn, political scientist and professor at Bonn University, smiles at such statements. In a 170-page analysis, the conflict researcher proves that the Bonn politicians' statements are lies: whenever in the world arms are needed, be it at Cape Horn in South America or in the deserts of the Near East, in African jungles or in Far East swamps, German made rifles, pistols, missiles, aircraft and naval vessels are in evidence.

With the permission of Bonn's SPD/FDP government, FRG arms manufacturers have during the last few years exported DM 1.1 billion worth of arms to the entire world; they are thereby occupying the number five position on the list of arms merchants headed by the United States, the USSR, France and Great Britain. Today they are selling almost four times the number of weapons per year they did at the end of the 1960's. Only 30 percent of German arms deliveries go to NATO countries and industrialized nations.

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Germans are delivering the preponderant portion of their weapons products to destinations where, according to FRG Foreign Minister Hans-Dietrich Genscher and Federal Chancellor Helmut Schmidt ("weapons are no substitute for tractors and training schools") they must never be sent: to the disturbed areas of the Third World. There, the best customers for these deliveries are in the explosive Near and Middle East region (46 percent), followed by Africa (27 percent) and Latin America (21 percent).

And this war materiel is being continuously upgraded. During the middle and end of the 1960's, the Germans exported principally obsolete jet aircraft like the F-86 fighter and old tanks (M-47 and M-48). This changed during the 1970's. Now, Bonn also furnishes modern aircraft like the Alpha Jet, as well as speed boats and missiles, to arms buyers around the globe. The growth in sales of these heavy armaments amounted to 990 percent during the last 10 years.

Germany's worldwide arms business is carried on despite controls imposed by the foreign trade law and the war materiel control law because, according to Bonn's political scientist Ehrenberg, "these two laws permit considerable latitude, thereby affording special significance to political guidance."

In these "political principles of the federal government" social-liberal Bonn continues to use Ludwig Erhard's concept of disturbed areas. However, the government has failed to date to issue a definition of what constitutes a disturbed area. The foreign ministry decides on this as required.

Small wonder therefore that Bonn's arms export policies were beset by contradictions. Arms were delivered for instance to Iran under the rule of Shah Reza Pahlavi, who between 1968 and 1977 was the biggest customer for FRG arms products, even though they were used in the bloody suppression of Kurdish and Arab minorities.

Argentina too received submarines and speed boats post paid. Foreign ministry analysts were apparently unbothered by the fact that Argentina's crisis with Chile concerning the Beagle Canal at Cape Horn had entered a particularly hot phase. The present authorization for selling submarines to Argentina's opponent Chile constitutes the crowning event in Bonn's chaotic arms games.

Peace researcher Eckhart Ehrenberg pleads for "speedily finding new guidelines and new implementation procedures, so as to counteract the already existing and probably long-term increasing political damage and to eliminate lack of credibility." SPD development politician Uwe Holtz is pledging his energetic support for this: "We must put an end to this insanity at any cost."

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COUNTRY SECTION

FRANCE

PCF: DISSIDENCE, DIFFIDENCE, REVOLT AGAINST MARCHAIS

Paris LE NOUVEL OBSERVATEUR in French 8 Dec 80 pp 40, 41

[Article by Georges Mamy: "The Revolt Against Marchais"--passages between slantlines originally published in italics]

[Text] Ultimately it was only the communist press that balked at seeing the results of the seven recent legislative elections as a victory for the left. Admittedly, some fine distinctions must be made in evaluating this success. Various qualifications must be made, and extrapolation requires caution. But all the same four socialists were elected as deputies, while the PSF only had two leaving office and the left radicals won one in Aveyron, whereas the RPR [Rally for the Republic], beaten by the PSF in Cantal, won two seats at the expense of its Giscardian allies (Doubs and Ardeche). The most obvious result of this whole affair is that the UDF [French Democratic Union], the president's party, lost three seats. L'HUMANITE of 2 December, in an article signed by Rene Andrieu, did concede in this verdict turned in by half a million voters that it /"reflected mounting discontent among the public."/ But only to reaffirm immediately, and principally, that this discontent /"expressed itself in confusion and (...) was channeled by parties which are far from offering an alternative, as it is called, to the present policy."/

The Warning Shot

Why such disdainful moroseness, if not because what happened on those two Sundays of 23 and 30 November was felt by the PCF apparatus to be a disavowal of the policy of its leadership? Something like a revolt, totally unexpected, of the communist electorate against the Marchais line.

After all, the PCF could have put a good face on it, even claimed that it was the organizer of the "victory" of the socialist party, since, in the last analysis, it had officially given out an instruction to abstain on the second round, and its voters overwhelmingly respected the well-known republican discipline. To be fair we must admit that at least it did not commit such a hypocrisy, and all of the distress of its commentaries has succeeded in showing, quite to the contrary, that a permanent "unitary" spirit--even in its own electorate--was not to its taste and posed a problem. But what problem?

Response of a PCF official: /"These elections constitute a warning shot to the leadership because they show that we will not be able to make the voters believe and say that the PSF, the MRG [expansion unknown], and the UDF are simply Tweedledum and Tweedledee. Now the objective in view is indeed to change the party, almost to make it into a new party, hard, definitely hostile to the PSF and severed from it, in the hopes of becoming, through this radicalization, the only real leftist party."/

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Another party member, whose ideas are not really contradictory to this, even believes it is possible to express the strategic calculation at the headquarters on Colonel-Fabian Place in this formulation: /"There could be a desire to indirectly help Mitterrand in the election--our attacks, in effect, clearing the way for him--with a segment of the RPR voters...So that they should govern together. Then we will be the only major opposition party."/

To these apparently quite tortuous hypotheses it can be objected that Georges Marchais has again begun saying, between two broadside attacks against the socialists, that his party was /"ready to assume its responsibilities for achieving change, including in government."/ Charles Fiterman even reproaches the press for its complete failure to report this remark.

And in any case the entire PCF apparatus, or at least the hardest core, certainly seems mobilized in the opposite direction: to create a homogenous party ready for what one of its disconcerted intellectuals calls a /"funeral solo."/ This is why there is a return to exclusions: all those who permit themselves misgivings are now threatened with being branded /"loners outside the party," according to the new vocabulary. This is what happened to Pierre Li, one-time correspondent of L'HUMANITE in Warsaw. It is true that he had announced that he would not vote, next year, for /"the candidate of the communist party leadership."/ His cell, in the 18th arrondissement of Paris, has just given out that his positions were /"incompatible with his membership in the party."/

But one can be "punished" for less than that. One example--which curiously enough comes from the same quarter of Paris--a very working class quarter-- proves it: Alain Villanua, secretary of the Grandes-Carrieres section since 1976, suddenly found himself cashiered without prior notice. By a letter to his comrades dated 6 November 1980, he protested against this sanction, which he said was effectuated /"by fiat,"/ and he wrote: /"For a whole year now we have made known our desire to be able to discuss the political orientation of the party, preoccupied as we are with the obstacles to implementing them."

They also remain misunderstood by our adherents and the populace. Did we not have the right to inquire as to the meaning of our policy?/ Obviously not. On 20 November, the committee section published a "declaration which denounced the letter of this perturbed militant as a /"tissue of untruths"/ and reproached Villanua for /"questioning the strategy of the 23rd Congress."/ His dismissal was confirmed, decided by a /"large majority of the section committee"/ (five persons at most, according to the interested party who, though the secretary, was not invited to explain himself). And on 25 November, the arrondissement committee for the 18th [arrondissement] ratified the decision...

So, one purges, or one allows to drift away, those too faint of heart who do not support the old refrains in their updated mode. One should not be deceived: this return to solitary combat does not displease everyone. Youths, newcomers eager for intransigence, adhere to this line. And one sees the return of the Stalinists who had, in fact, rejected the 22nd Congress which was in their eyes intolerably liberal.

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**"Poland Is Hurting Us"**

There have been some defections from the party's regulars but only a few. In all, of those who call themselves communists, one could calculate at between 80,000 and 100,000 those who truly follow the party line. The others are unmobilized, shun the meetings (Marchais's meetings are quite unevenly received), or wait to see "what will happen." Some are critical. Some are fighting for "union in the struggles." But the tight phalanx that follows the leadership acts without asking questions.

Sometimes it even acts out of zeal. In Dordogne, in the Bergerac constituency, where one of the "partial" elections occurred, militants of this type thus went door-to-door to call for abstention, despite the leadership's instruction to desist. The PCF candidate, Jean-Pierre Raffier, had even publicly declared that the PSF and the right were /"Tweedledum and Tweedledee."/ Alas for them: in the second round, socialist Michel Suchod was to receive 57.47 percent of the votes, and 1,380 votes more than the total of leftist votes in the first round.

The Aveyron federation also was over-zealous in calling for abstention before the candidacy of the radical left successor to Robert Fabre. It was to the communist section of Villefrance-de-Rouergue which, in rebellion, had called for abstention, that the voters gave their support. Even the working class center of Decazeville--the only place where the PCF made any progress in the first round--rallied, to the tune of 91.60 percent. Rene Andrieu's comment: if that /"were"/ true, /"it would only prove that a part of the leftist electorate made a bad mistake."/

In Lyon, in Marseille, in Toulouse, those "cadres" that donned their armor are speaking the same language. The one who was in charge of the political bureau of the PCF after the first round: if it does not work, it is either the fault of the militants or then the voters /"are deceived."/

/"The leadership of the Polish Communist Party says: we have made mistakes. Our leaders, never. As for them, they are not mistaken."/ This irritated observation by a regular who has snapped is doubly revealing. In the first place, centralism was never so dictatorial since the darkest years. But the Polish reference is also significant: /"Poland, somehow, is hurting us..."/ the same fellow acknowledges.

What is happening in Warsaw, in fact, is embarrassing and frightening. It was said, of J.'HUMANITE, that Roland Leroy had believed very early the Soviets would intervene. But that does not suffice to explain the unbelievable inadequacy of the PCF and its press in the "coverage" of such an event. /"Really! We are witnessing an authentic socialist revolution, and this is all we are saying about it?"/ rages a communist journalist, who insists: /"We have always been taught that there was revolution when the working class seizes power. Is that not right? Well, of course, the problem over there is that it is the communist party that is in power."/ Precisely, if the Polish affair is only given the most superficial treatment, it is because it would require, if one were going to go into depth, a much deeper critical examination of the USSR and the socialist countries--something which was timidly ventured on in the Seventies, and by consequence it would require looking into the very nature of the communist party.

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Now by raising its draw-bridges, by isolating itself, isn't the PCF abandoning itself to a sort of "Polonization," in the sense that the Polish party was cut off from the people? None dare ask this question, by observing that the simplistic, extreme "workerism" of Marchais and the leadership has paradoxically driven away /"vast zones of the working class,"/ at the same time that it was cutting its last original ties--which the PCF had, for better or for worse, preserved--with an already diminished contingent of intellectuals.

But this leadership does not seem to be on the point of revising its position. Periodically, there are, of course, mumblings about "discussion" being held within the political bureau, perhaps even disagreement. No external manifestation has come to light, so far, to support these rumors.

But these partial elections show that the average voter, even a communist, continues to go his own way, ignoring the meanderings of Marchais's strategy.

In vain does one attempt shamelessly to simplify the argumentation, it does not wash. Even after the "partials" the PCF bedecked itself in righteous indignation to denounce the /"combinations"/ which allegedly made socialists vote for an RPR [Rally for the Republic Party] candidate (rather than for a UDF [French Democratic Union] candidate in Doubs, and made Chirac supporters vote for the socialist in l'Ain (again against a UDF candidate). Voters, in fact, freely made their choices? Must one rail against this? If so, Georges Marchais is certainly the last who should do so, since he himself on 11 June 1974, before his central committee seriously explained how it was /"natural"/ for his party to /"address itself to the Gaullists,"/ even insisting that: /"I say this in weighing my words carefully: we hold rapprochement of the workers with the Gaullist patriots to be one of the decisive questions in realization of the unity of the French people."/

#### Rising Paranoia

A few bits and pieces of that lesson must have become lodged in the popular memory. Though it is indispensable to keep in mind that the "partials" have had a high rate of abstention: if the behavior of the communist voters appeared, in percentage terms, to give the lie to the surveys, which had foreseen, for the presidential elections, a considerable proportion refusing to vote for a socialist candidate, still no one can say what those who abstained in the legislative elections will do next spring.

All the same the anti-socialist campaign is bearing some fruit. In Grenoble, for example, where two veteran types, a man and a woman, both affirm that they will not follow the instruction of the party if it should demand a vote for Mitterrand in the second round of the presidential election.

But what has just happened in seven French departments would tend more to support the judgment of that Marseilles communist (20 years in the party) who, deploring the /"rising paranoia"/ of his leaders, prophesies: /"Alas, we will have to vote for Mitterrand...The electoral base of the PCF would have to reject Giscard and vote Mitterrand. Except, of course, for some who drop out. But an instruction to abstain would not be followed."/

This is the revolt with which Marchais is already confronted.

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33

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COUNTRY SECTION

FRANCE

GOVERNMENT PREPARES FOR CASTROITE SUBVERSION EFFORTS

Paris VALEURS ACTUELLES in French 29 Dec 80 p 14

[Article by Philippe Krasnopolski: "Castroists of Basse-Terre"]

[Text] Guadeloupe an object of Castroist attempts; Paris affects serenity but takes precautions.

"Seven bombing attempts in Guadeloupe in a year? Let's not exaggerate-- that's fewer than occur in Paris in a week!" They were fully confident in the office of French State Secretary for Overseas Departments and Territories Paul Dijoud as the President left for the Antilles 23 December on the occasion of the Christmas festivities. "A purely family visit," according to the Elysée; but one "not without political second thoughts" as viewed by opposition parties in the Antilles. They were to organize hostile demonstrations during Giscard's stay.

Paris, however, attached but little importance to them. Even the demonstration planned for 27 December in Fort-de-France, organized by the Progressive Party of Aimé Césaire (autonomist), I was told, was doomed to fail. The people of the French Antilles are faithful to the metropolis.

But soon after the President's arrival in Fort-de-France the FR 3 studio on Guadeloupe blew up. That was the eighth attempt. All were perpetrated, and had been called for, by an armed liberation group (GLA). It finally becomes alarming.

In Corsica it would surprise no one, but in Guadeloupe it is an entirely new phenomenon, admits a Dijoud adviser. This means that certain people no longer trust in legal action by official autonomist movements--which is alarming.

The last legislative elections were a severe reverse for the cause of the independence movement. Whereas the autonomists until then held two of Guadeloupe's three seats, with a Communist and a Socialist, the March 1978 elections sent to the National Assembly three RPR [Rally for the Republic] deputies. A year later the regional council also passed to the "departmentalists" who oppose the autonomists.

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Those successive reverses suffered by the official autonomist movements (Guadeloupian Communist Party, People's Union for Guadeloupian Liberation, Trotskyist movements) may have provoked certain extremists to exasperation. As early as last July, GLA issued this warning: "After 31 December 1980 French residents of Guadeloupe will be considered as avowed enemies of the Guadeloupian people, and treated as such."

What lies behind this "liberation group"? Interior Minister Christian Bonnot has just sent to the island a reinforcement of some 20 Criminal Investigation Department officers. French intelligence services have already established that ties exist between Guadeloupian extremists and Cuba. Arms landings from launches have reportedly taken place. Consequently the SDECE Foreign Intelligence and Counterespionage Service has considerably strengthened its activity in the area.

In Paris the official view is that "nothing permits us to say that there is outside interference," but the many destabilization attempts by Havana in the Caribbean cannot be overlooked.

The region is in fact a strategic zone of first importance: it is at once the natural outlet of the Panama Canal, through which transits 5 percent of the world's commerce, and a stake of East-West confrontation in the energy war, for 30 percent of the oil consumed in the United States is refined in the region.

For the past 3 years Cuba has stepped up its offensive in the area. Taking particular advantage of the progressive decolonization of the British Antilles, Havana offers economic aid and technical assistance to small islands with insufficient resources.

Thus Dominica, Saint Lucia, Saint Vincent, Saint Kitts-Nevis, and Antigua-Barbuda, all independent and officially "nonaligned" are even now under Castroite influence. Grenada fell in October 1979 after a coup d'etat. In Surinam, on the coast of South America, a communist dictatorship last February replaced a social democratic government.

Yet one of the kingpins of the apparatus set up by Castro to conquer the Caribbean and destabilize Central America has just been toppled: in Jamaica Michael Manley's pro-Cuban government was beaten in the 30 October election by the party of Edward Seaga. Though called a "labor" party, it is in fact conservative and pro-American.

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COUNTRY SECTION

ITALY

DC'S PICCOLI PRESSES FOR INSTITUTIONAL REFORM

Milan PANORAMA in Italian 10 Nov 80 pp 74-76

[Interview with DC Secretary Flaminio Piccoli, by Onofrio Pirrotta: "Let Us Make a Pact"]

[Text] Piccoli has a few ideas. A social pact with the unions, for instance. And some changes in the institution.

According to Flaminio Piccoli, today the time is ripe to carry out that institutional reform which for four years has been his obsession. "The time is over when those who, like me, dared to set forth in this area, where isolated and opposed," the secretary of the DC affirmed with satisfaction. In this interview with PANORAMA, Piccoli explains the motives which make him insist on this line and the aims, which, in his opinion, must be implemented.

Question: Are you really convinced that the state, just as it is, is no longer able to function?

Answer: The situation is clearly seen by everyone: the institutions must either be reformed or, fatally, be destined to weaken and decay.

Question: But, concretely, what reforms should be carried out?

Answer: In my opinion, it is possible to carry out, even within a brief period of time, changes in the Chamber rules which, in the case of the minority parties, would make parliamentary work more attractive and profitable; carry out a rationalization of the structures and of the jurisdiction of the prime minister; stimulate and even intervene directly to make the conduct of the confederate and category unions more responsive to the needs of democracy and the guardianship of the general interests of the community.

Question: What exactly are you thinking of concerning the prime minister?

Answer: First of all, it would be necessary to give the prime minister an organic power of coordination which today, on the contrary, is entrusted exclusively to the personal mediation of the president. Furthermore, it would be advisable to give him an adequate political, technical and bureaucratic structure to guarantee

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his capacity for initiative so that the entire activity of the executive could adhere to the political line outlined by the government.

Question: For 30 years, there has been no government which has not placed the reform of the role of the prime minister among its major objectives. But nothing was ever done.

Answer: This time is different: I told President Arnaldo Forlani that he must go beyond mere promises repeated endlessly by all the governments to a concrete proposal.

Question: And what do you mean by that reference to the need to intervene on the conduct of unions?

Answer: After the FIAT development, the unions must reflect on the way to improve their image and to guarantee the maximum of internal democracy. They must meditate on the fact that important autonomous unions have been created and have grown, and that this has happened because of the loss of space and credibility of the CGIL [Italian General Confederation of Labor], CISL [Italian Confederation of Labor Unions] and UIL [Italian Union of Labor] confederations. Just as they must begin to realize that to continue to oppose the implementation of articles 39 and 40 of the Constitution (they provide for the regulation of the unions and of their right to strike, Editor's Note) can bring to them other problems which we, on the contrary, would like to see avoided. There is, then, one last important point.

Question: Which is?

Answer: The CGIL, CISL and UIL should take on the responsibility, together with the forces which have the responsibility to lead the country in the major economic and social choices the government must make. In short, the unions must realize that it is necessary to arrive at the definition of a social pact between them and the government majority.

Question: To discuss a proposal of that kind, the unions must be certain at least of having before them a firm majority in power. On the contrary, an important partner like the socialist secretary Bettino Craxi does not hide his coldness toward Forlani and his cabinet.

Answer: These are not reasons to put in doubt the will of the PSI to contribute to the creation of a framework of increasing governability of the institutions and of society. And I do not believe that a government capable of dealing with the difficult domestic and international situation, as Forlani's certainly will be, can be placed in a state of crisis by party manipulations.

Question: These are not impressions but facts: with his statement on abortion, Craxi threw a dangerous stick into the wheels of the government and he has placed the conditions for an inflamed electoral campaign on the referendum slated for this spring.

Answer: The referendum must not take place under the banner of religious war. I wish to arrive at agreeable legislative solutions, even if I do not conceal the difficulties from myself.

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Question: But with whom do you hope to be able to agree upon changes in the law on abortion? Craxi, with his speech before the Chamber, has already taken the lead, he does not seem well disposed to making changes.

Answer: I do not exclude starting up a dialog on this point with the communists, who have always been more sensitive to certain problems than are the so-called lay parties.

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COUNTRY SECTION

ITALY

LACK OF PLANNING, ORGANIZATION FOR FUTURE USE OF COAL SEEN

Milan CORRIERE DELLA SERA in Italian 13 Dec 80 p 15

[Article by Gianni Migliorino: "All Are in Agreement on Coal: Now It Is Time To Come to a Decision"]

[Text] The Reconstruction of the Earthquake Area and Energy Needs.

No one has yet made a computation and consequently it is not possible to say if the demand for electric energy that will be needed to reconstruct the areas that have been struck by the earthquake will be such as to overturn the plans that have been examined up to now, especially those in the short-term period.

A simple estimate of the electric energy needed to build a room (cement, iron rods, bricks, handling of construction machinery, multiplied by the number of rooms to be built (for which a survey has only just been started)--there already is talk of 80,000 4-room apartments--may perhaps provide a first summary dimension of the need.

What is certain, however, is that having chosen coal, as was announced, as the means to produce electric energy, the need to progress to operational decisions has become much more urgent as a result of the earthquake.

The present consumption of steam coal in Italy (the term serves to distinguish this coal from metallurgical coke) is only 6 million tons, equal to about 3.75 tons of equivalent oil. Starting from this level, overall consumption in 1990-91 should amount to 45.2 million tons, according to the ENEL [National Electric Power Agency] and a full 55 million tons according to the energy plan that was presented to the council of ministers at the end of November. In other words coal, that today is a quite marginal source of energy in the production of electric energy, would become the most important. After a first stage of 10 million tons in 1985, ENEL alone would probably absorb 42 million tons of coal, equivalent to 26.2 Mtep, compared with 15.5 Mtep from nuclear energy and 11.7 from oil.

But unfortunately neither the ENEL plan, nor the energy plan that the government is examining, contains precise information on the way to have this huge amount of coal arrive in Italy. Nor has it been made definitively clear what the impact on

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the market will be as a consequence of the sudden appearance of the Italian purchaser with a demand estimated at about 10 percent (but perhaps even more, according to some) of the total supply.

We are not the only ones with this problem. In the European countries of the OECD [Organization for Economic Cooperation and Development], according to the International Energy Agency, it is foreseen in fact that by 1985 consumption will amount to 305.4 million tons of coal, with an increase of 41.4 percent compared with 1975. But what seems disquieting in the Italian case is the traditional inability to make timely plans and operational decisions.

In theory the plan should already be set in motion as of tomorrow and yet coal ships are lacking (they could be chartered, at least in the beginning), but also suitable ports to receive them, stockage areas, and shunting infrastructures. Needless to say, also lacking are plans to implement all of this in an organized manner. Finally, the location of new power stations to which the coal would be sent is not known.

A more in-depth analysis of the situation even reveals in fact, along with the estimate of investments amounting to 11,500 billion (1,150 by 1983) included in the energy plan, the absence of participation on the part of organs that institutionally are responsible for port planning, that is, the Ministry of Public Works and the Ministry of Merchant Marine.

On the other hand, there is a multiplicity of proposed plans, or merely ideas put forward outside the energy plan, by ENI [National Hydrocarbons Agency], ENEL, research institutes, and private operators.

In comparing them it is immediately seen that there is no agreement on anything. The energy plan does not venture to indicate the famed "sites," but for now foresees 3 power plants, each with 4 groups of 660 megawatts, with a terminal capable of receiving 5 million tons of coal a year; in all, therefore, 7,900 megawatts and a consumption of 15 million tons. The three power stations would probably be located in the Basso Tirreno [Lower Tyrrhenian Sea], the Alto Tirreno [Upper Tyrrhenian Sea], and in the Alto Adriatico [Upper Adriatic Sea].

The ENEL estimate is Gioia Tauro, Taranto, and Bastida Pancarana, in the vicinity of Pavia, a solution favored also by private operators who have studied a supply system by means of river lighters via the Po. But the talk on terminals does not fit in with that of the power stations. In contrast to the thesis of the energy plan (a terminal for each maxi-power station) the Institute for Energy Sources favors instead a single big terminal from which coal would be distributed by big lighters, some of which are already beginning to be put into service, or with small ships.

Private operators, too, maintain that terminals having only a 5 million-ton capacity do not justify investments. An ENI plan (investments amounting to 100 billion) foresees the launching of a coal terminal in Savona, for transportation of coal beyond the Apennines by reinforcing the present cableway that goes from the port of

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Savona to San Giuseppe di Cairo, from which place the coal could then go by rail to Bastida Pancarana.

One thing to keep in mind is the fact that none of these ideas appears realizable in less than 4-5 years after a decision is made. Therefore the implementation of the first phase of the plan could occur only through a planning miracle; unless one would be satisfied, as already is being mentioned, with doing much less; that is, achieving a consumption of only 10 million tons (only 4 more than now), making minor adaptations to ports, and using relatively small ships that involve higher transportation costs. This hypothesis contrasts with other plans that one also hears mentioned, according to which the Italian government would participate in the implementation of coal terminals for big ships (with a 150 thousand-ton capacity) even in China.

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COUNTRY SECTION

ITALY

EEC PROPOSAL FOR SUGAR PRODUCTION TERMED AGAINST NATION'S INTEREST

Milan CORRIERE DELLA SERA in Italian 20 Dec 80 p 9

[Article by Arturo Guatelli: "The Sugar Regulation Proposed by the EEC [European Economic Community] Can Bring Our Industry to Its Knees"]

[Text] Gundelach's Reform Plan Runs Counter to Italy's Interests.

Brussels--Divide and conquer is the slogan of Danish Finn Olav Gundelach, the hamlet godfather of green Europe, who wants to parcel out a reform of the common agricultural policy, advancing by sectors. He began with sugar, with a bright idea: the EEC agricultural budget should no longer subsidize the exportation of sugar surpluses. Eventual expenditures should fall on the shoulders of the producers. And if the latter do not want to run risks--well, then, let them produce less.

Gundelach's reasoning would be flawless if the European producers were a homogenous category. But this is not the case. Just the opposite. There is a great deal of difference between continental beet growers who enjoy a humid climate throughout the year and big plains and Italian beet growers who very often contend with drought and sometimes exploit hilly land. Gundelach pretends not to be aware of this reality and goes straight ahead on his way. If his plan should succeed, it would be a catastrophe for Italian agriculture.

What is Gundelach aiming at in practice? Above all he wants to limit production, thus reducing the above-mentioned quota "B" and introduce a tax of 2.5 percent on quota "A" and 37.5 percent on quota "B" in order to finance, if necessary, the exportations of EEC sugar on world markets. In addition, he asks for the gradual abolition over a period of 5 years of national assistance, up to now granted in derogation of treaties; the standardization of EEC refunds for stockage expenditures; and the end of the so-called "regional price." All of these measures are in open contrast to the interests of Italy.

Let's make it clear. Italy is bound to a production quota "A" of 12.3 million quintals and a quota "B" of about 3.4 million quintals; in all, 15.7 million quintals. It produced 17.7 million quintals of sugar (in 1980), compared with a domestic consumption of approximately 18 million quintals. Therefore it is not clear why, as Gundelach suggests, it must reduce its own quota "B" by 400,000 quintals.

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Also the joint responsibility tax, especially to the Maximalist extent proposed by Gundelach, is an unfair fiscal tax for Italy. It is in fact a question of a maneuver intended to surreptitiously reduce the intervention price of sugar and consequently the minimum price of sugar beet, causing the burden of surpluses to be borne also by those producers who have not produced surpluses.

Let us go on to national assistance. Italy is practically the only one to benefit from this because for some time EEC headquarters recognized a difference between Italian production (higher) and the continental ones (lower). It is true; they constitute a derogation of treaties. But it is a derogation consolidated in years, that makes it possible for the Italian government to make the extraordinary contribution of 90 lira for a kilo of sugar to beet growers and 34 lira to sugar industrialists. The abolition of this practice would bring the cultivation of beets (which now covers 287,000 hectares in Italy) and the sugar industry (which currently is paying the high price of plant modernization) to their knees--not to mention that only through national assistance is it possible each year to meet the so-called inter-occupational agreement.

To level the EEC refund for sugar stockage is another absurdity. In fact the levelling should occur by taking the parameter average cost of the EEC money which comes to about 11 percent. In Italy taxes are much higher, almost 22 percent. Why should we accept this proposal, when it is the national government, and not the EEC, that pays the difference? The additional burden for the sugar industries would amount to about 45 billion a year. It is very probable that if they were obliged to bear this burden, the consumer would be the one to pay the consequences.

Finally, the abolition of the "regional price" which up to now has served to reduce territorial disparities. In accepting this imposition a little chink is made: that of discrimination among producers, which is not only a matter that is against Italy, but against the rules of justice that are included in the Rome treaty.

Why so much ruthless obstinacy with respect to Italy? Evidently the big sugar producers--from France to Germany, to Belgium, to Holland--are bothered by the level of almost self-sufficiency reached by our country, which up to a few years ago was an excellent outlet market.

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