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JPRS L/10460

15 April 1982

# West Europe Report

(FOUO 24/82)

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ECONOMIC

AUSTRIA

ANDROSCH ON BANKING SECRECY REGULATIONS

Hamburg CAPITAL in German Mar 82 pp 189-194

[Interview with Dr Hannes Androsch, prominent Austrian banker, by Horst Schmitz]

[Text] In no other industrialized country are the banks as adept at being discreet as in the red-white-red Alpine republic. The institutions do not know many of their clients. CAPITAL interviewed Dr Hannes Androsch, 43. He is director general and chairman of the board of Austria's largest bank: Creditanstalt-Bankverein. He is also president of the Association of Austrian Banks and Bankers. At age 33, Androsch was the youngest minister of finance in Austria.

CAPITAL: Mr. Androsch, when you were still minister of finance and vice chancellor of the Republic of Austria, the state took steps to protect banking secrecy by law. Why was this done?

ANDROSCH: The Austrian banks have always been very discrete; banking secrecy was safeguarded in practice. It was established legally in 1979 as an additional confidence-building measure vis-a-vis the saver.

CAPITAL: The regulations in your country are similar to the Swiss regulations. Is the small, let us say harmless, tax evader as bank client in Austria as protected as in Switzerland?

ANDROSCH: That I would rather not judge. However, the banks as well as the authorities in Austria are very careful that the laws are observed. Banking secrecy can be waived only in the case of deliberate financial crimes in connection with criminal proceedings involving financial matters, but not in the case of financial irregularities. Criminal proceedings must have been instituted. Banking secrecy must not be pierced to obtain records which then perhaps would justify criminal proceedings.

CAPITAL: Does this also apply to German bank clients whose Austrian accounts the national revenue office would like to examine?

ANDROSCH: We provide legal assistance. Incidentally, such requests for information from the German side to Austrian authorities are rare.

CAPITAL: Do Austrian banks inform their clients about such requests?

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ANDROSCH: In principle yes, so that the client can protect his legal position. For the bank is not able to judge whether such a request is justified. The tax penalty authorities or criminal courts merely certify to the bank that the legal grounds for a request for information exist. Nothing more, otherwise they would violate official secrets in their turn.

CAPITAL: As it is, neither tax nor penal authorities are able to find about the tricks of many of your clients because there are really secret savings accounts and securities repositories in Austria. What has motivated the Republic of Austria as the only one among the large industrialized nations to allow anonymous accounts?

ANDROSCH: We wanted to gain the confidence of the saver. Money deposits are always something very intimate. Fear of taxes, I am sure, plays no role for the mass of our savers, it is rather the need for privacy. Many clients do not keep their savings account at the bank where they also have their checking account and therefore are personally known. They go where no one knows them. We take into consideration this need for anonymity, and for this reason we have a high quota of savings.

CAPITAL: But the anonymous account also has its treacherous aspects. Whoever loses the passbook, misplaces the depository records or forgets the password, no longer has access to his money.

ANDROSCH: Here you underestimate people. Moreover, accounts can be blocked and the relevant anonymous securities coupons can be declared invalid. Forgetful clients are helped by our staff members. Problem cases are exceedingly rare.

CAPITAL: And in the case of inheritance? Have some clients not concealed the records so well that the survivors do not find anything, or the heirs do not even know anything at all and therefore fail to make a search at all?

ANDROSCH: The banks keep track of what anonymous accounts have not shown any activity for 30 years. There only a few of those, with a minimal sum of money.

CAPITAL: Is it possible for criminals to conceal money in anonymous accounts, too?

ANDROSCH: The small swindler perhaps. But we do not have any problems with Mafia money--if that is what you are alluding to. For the client must appear at the teller's window for every deposit and withdrawal. He cannot transfer the money from a safe distance from one bank to another, from one country to another, in order to conceal his tracks.

CAPITAL: The Republic of Austria has the welfare of its savers at heart. The state does not levy a tax at the source in contrast to Switzerland. When will a tax levied at the source be applied to savings accounts and depositories [of securities] in your country as well?

ANDROSCH: Surely not in the foreseeable future. The discussion, it seems to me, is over, the government has clearly committed itself: Against such a tax.

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CAPITAL: How long will Austria remain a banking paradise, such as it is found at most in exotic countries? By a stroke of the pen the state could prescribe that money in anonymous accounts may be paid out only upon presentation of identification. How reliable is the legal order?

ANDROSCH: The tendency in many countries, after all, points in the direction of safeguarding the private sphere. I have in mind data protection alone. I regard it as out of the question to force savers to give up their anonymity.

CAPITAL: Do you have anonymous accounts yourself?

ANDROSCH: No. However, the savings account passbooks of my children are anonymous. In the final analysis, all passbooks in Austria are anonymous. For the bank does not check the information regarding the individual--if information is given at all.

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ECONOMIC

FRANCE

BRIEFS

AERONAUTICAL EXPORTS FOR 1981--The French Aeronautical and Space Industry Group (GIFAS) has just announced the official figures for French aerospace exports for 1981. The total figure for direct orders recorded from abroad is 35,174,000,000 francs (HT [without tax]), compared with 27,017,000,000 in 1980 and 26.89 billion in 1979. Only firm orders, excluding options, are included in this total. With regard to equipment produced in international cooperation, only the French part has been included. This part amounts to 18,631,000,000 francs, or 53 percent of the total orders. The following is the breakdown by activity groups: Airframes and complete aircraft, 13,332,000,000 francs, or 37.9 percent, including 6,983,000,000 in cooperation; helicopters, 3,501,000,000 francs, or 10 percent, including 1,981,000,000 francs in cooperation; engines, 3,373,000,000 francs, or 9.6 percent, including 1,764,000,000 francs in cooperation; missiles, 11,531,000,000 francs, or 32.7 percent, including 6,682,000,000 francs in cooperation; space, 987 million francs, or 2.8 percent, including 181 million francs in cooperation; equipment and electronics, 2.45 billion francs, or 7 percent, including 1.04 billion francs in cooperation. [Text] [Paris AIR FT COSMOS in French 27 Feb 82 p 44] [COPYRIGHT: A. & C. 1982] 10042

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ECONOMIC

ITALY

DESCRIPTION OF FRIENDSHIP ASSOCIATIONS WITH OTHER COUNTRIES

Milan IL MONDO in Italian 12 Mar 82 pp 14-15

[Article by Roberto Ippolito]

[Text] Up to now there have been concerts, films, performances, conferences, language classes. But new requests are being made now more and more insistently: for trade data, contacts between businessmen, and support in the search for new markets. Italy's friendship associations with other countries are being revolutionized, slowly but probably irreversibly. This revolution may modify the nature and purpose of these associations, which were founded to promote understanding among peoples, knowledge about each other, and cultural exchanges.

In one case, this issue has even provoked a public controversy. It happened with the founding of the Italy-Iraq Association within the framework of the Italian-Arab National Friendship Association. More than one leader of the latter organization has contended that too much latitude has been given to businessmen. Mauro Seppia, vice president of the socialist members of parliament and president of Italy-Iraq, has been criticized for giving businessmen privileged treatment at the first meeting. The Italian-Arab Association has imposed certain conditions on Italy-Iraq which the latter must comply with if it wants to operate within the framework of the former. Says Agostino Spataro, member of the organization's secretariat for relations with Arab countries and a communist member of parliament: "We have noted a prevalence of economic and commercial interests which could undermine our objective. The mercantilist trend is too obvious."

Some businessmen contact the friendship associations after reading about their activities in the newspapers or hearing about them on the radio or television. This happened in particular with Italy-Somalia. Guido Goracci, the association's secretary, says: "Our association receives many requests for help from Somalia. We have therefore facilitated meetings among businessmen. We haven't played an important role in the economic field yet, but we intend to do more."

Many associations are already moving in this direction. Last December Italy-Tunisia organized a convention in Milan with the participation of dozens of businessmen, mainly from the construction sector. A long tour of

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the principal cities of Australia organized by the Italy-Australia friendship association ended on Sunday 7 March. The participants were mainly businessmen involved in the agricultural sector, but there were also some industrialists. A new service--investment counseling--has been offered since the end of last year to the members of Italy-Australia. The association provides information about the real estate market with the help of a network of experts in the field. Exhibitions are becoming a focal point for many activities. At the Verona Agricultural Fair, Italy-Israel has contributed to the organization of a seminar on economic relations between the two countries from the viewpoint of the European Economic Community. A representative of Israel's Ministry of Trade will participate, along with businessmen.

The association for friendship and economic and cultural relations between Italy and the Chinese Republic of Taiwan (whose government is not recognized by Italy) is participating in the Verona Fair, as well as in the Palermo Fair and in the Roman Tiber Expo. In fact, this association represents Taiwan at trade functions. Taiwan's presence at exhibitions (where products are not sold) gives it an opportunity to acquaint people with Formosa's achievements and with the possibility of gaining access to its markets. "What we want most," says DC deputy Bruno Stegagnini, "is to request the establishment of a trade office on the island, as other EEC countries have done. We are losing our share of the market because we are not represented there." A group which included many members of parliament returned from a trip to Taiwan on 1 March. In Udine a large contingent of businessmen participated in a convention of the association of the Christian Union of Business Executives; they learned about sectors in which exports could be expanded.

The request for the establishment of a trade office has been made insistently by another association linked with a country Italy has no diplomatic relations with: the People's Republic of North Korea. Italy-North Korea also helped arrange a convention on cooperation and trade; one of the participants was Sandro Petriccione, president of FIME (Finanziaria meridionale).

But attention is being focused mainly on new markets. Italy-Thailand is planning an Italian week in Bangkok, to be held in November. The socialist Francesco Colucci, an undersecretary in the Ministry of Finance, is president of the organizing committee. "It will be an opportunity," says Gino Ragno, head of the Italy-Thailand Association, "to strengthen economic relations between Italy and Southeast Asia. There is a lot to do. Suffice it to say that there is no Italian wine there, only German wine, incredibly." The business world immediately expressed its interest in the event, and the Banca nazionale del lavoro [National Labor Bank], the Banco di Roma [Bank of Rome], the Institute for Foreign Trade, and the Ente nazionale di turismo [National Tourism Agency] have already announced their intention to participate.

Even more far-reaching activities have been planned by the Italian-Arab Association, which is probably the most powerful of all because of the

the political weight it has acquired in recent years and the nature of its membership (see insert for the many members of the government and party leaders who belong to this association; firms like Fiat and Eni are also members, and one of Eni's executives, international coordinator Giuseppe Ratti, will soon become the association's president). As the case of Italy-Iraq shows, the association (headed by Rinaldo Ossola, president of the Bank of Naples) doesn't intend to devote its attention to small matters. It is not without influence. Members of the association are behind the creation of the Italian-Algerian Bank and the Italian-Saudi Bank. Pressure is constantly being brought to bear on the government to reach an agreement with Algeria on the price of methane (this dispute is keeping the gas pipeline which has been built idle). The association is now planning to give new impetus to the Italian-Arab chamber of commerce, and is arranging an international convention on cooperation to be held in Florence in late spring.

Like the others, the most recently founded association--the one linking Italy and Libya--is also dominated by politicians and businessmen. This association hopes to play a stabilizing role in the not always serene relations between the two countries. Businessmen (who have 18,000 Italian workers in Libya) cannot help but be interested in this. Says Giuseppe Caroli, DC member of parliament and president of Italy-Libya: "We try to resolve all possible controversies in a friendly manner. Sometimes the usual diplomatic channels can't use all the existing margins for understanding. We want to create a relationship of solidarity and receptiveness to dialogue." The first disputes the association will have to face concern fishing.

The association's inauguration at Rome's Ritz Hotel on Thursday, 4 March, was heavily attended by businessmen from every region and from the most widely diverse sectors: Antonio Di Mattina of Saci, a company dealing with petroleum products; Gianni Colombo, deputy manager of the Plus tannery and a businessman involved in tools, electrical materials, and metal hot-pressing; Ermanno Finaldi, a businessman involved in construction metallurgy, and paving; Valention Dall'Asta, international manager at the Bank of Agriculture; Domenico Giglio, manager of Riunione adriatic sicurta [Adriatic insurance group]; Gianfranco Antonini, Sogene's manager of technical development; Claudio Arcella, of the Coprefim bell consortium, which has construction contracts in Libya. Two surgeons were also present: Ugo Traina and Luigi Brunetti. The Libyans spend at least 20 million dollars per year on medical treatment in Italy.

#### The Friends of Friends in Parliament

They are members of the government, party leaders, members of parliament. Numerous representatives of all political forces participate in friendship associations linking Italy with other countries. In fact, within these associations they create lobbies for the country concerned. Some of them are involved with more than one country. Here is a list of the friends of various countries, members of the government and party

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leaders (when "Arabia" appears beside a name, the person is a member of the Italian-Arab Association, which has relations with the 22 countries of the Arab League).

Ministers

Aldo Aniasi (PSI), Israel; Vincenzo Balzamo (PSI), Arabia; Gianni De Michelis (PSI), Arabia; Michele Di Giesi (PSDI [Italian Social Democratic Party]); Virginio Rognoni (DC), Arabia and USSR; Giovanni Spadolini (president of the council, Italian Republican Party), FRG.

Undersecretaries

Giuseppe Amadei (Italian Social Democratic Party), Israel and Thailand; Raffaele Costa (Italian Liberal Party), Arabia; Carlo Fracanzani (DC), Somalia and Arabia; Mario Gargano (DC), Libya; Giuseppe Pisanu (DC), Arabia; Rodolfo Tambroni Armaroli (DC), FRG and Israel; Angelo Sanza (DC), Arabia; Sisino Zito (PSI), Arabia.

DC

Luciano Bausi, Israel; Gilberto Bonalumi, Arabia; Lorenzo Cappelli, Taiwan; Giuseppe Caroli, Libya; Gianni Cerioni, Taiwan; Severino Citaristi, Taiwan; Luciano Dal Falco, Israel; Giovanni Elkan, FRG; Antonio Falconio, Taiwan; Alessandro Faedo, USSR; Silvestro Ferrari, Libya and Taiwan; Giorgio Giovannoni, Arabia; Cesare Grampa, USSR; Luigi Granelle, USSR and GDR; Francesco Lussignoli, Arabia; Guattiero Nepi, Israel and Taiwan; Guilo Orlando, Thailand and Tunisia; Erminio Pennacchini, Taiwan; Natale Pisicchio, North Korea; Camillo Ripamonti, USSR; Alberto Russo, Libya; Franco Salvi, GDR; Adolfo Sarti, Israel; Guiliano Silvestri, Palestine and North Korea; Giovanni Spagnoli, FRG; Bruno Stegagnini, Taiwan; Michele Tantalo, FRG; Mario Tassone, Taiwan and Libya; Emilio Trabucchi, Taiwan; Pietro Zoppi, Libya.

Communists

Pier Giorgio Bottarelli, Syria; Paolo Bufalini, USSR; Franco Calamandrei, GDR; Umberto Cardia, Arabia; Claudio Guilianai, Arabia; Lucio Lombardo Radice, Somalia; Giancarlo Paietta, USSR; Michele Pistillo, North Korea; Antonio Roasio, North Korea; Riccardo Romano, GDR; Remo Salati, Arabia; Agostino Spadaro, Arabia; Dario Valori, Arabia.

Socialists

Michele Achilli, Arabia and Libya; Guido Alberini, Arabia, Libya and Taiwan; Silvano Armaroli, North Korea; Mario Artali, North Korea; Renato Colombo, Tunisia; Massimo Cremonese, Arabia; Luciano De Pascalis, GDR and North Korea; Emo Egoli, Arabia and Somalia; Antonio Landolfi, North Korea; Riccardo Lombardi, USSR; Enrico Manca, GDR and USSR; Bruno Marchetti, USSR; Giorgio Mondino, Arabia; Carlo Ripa di Meana, Somalia; Mauro Seppia, Iraq.

Republicans

Adolfo Battaglia, Israel; Oddo Biasini, USSR; Oscar Mammi, USSR; Ignazio Mineo, Taiwan; Leo Valiani, Israel.

Social Democrats

Aldo Garosci, Israel, Lino Ronga, Arabia.

Liberals

Umberto Bonaldi, FRG and Israel; Salvatore Valitutti, USSR.

Proletarian Unity Party

Luciana Castellina, Somalia; Luigi Cavalieri, China.

Independents of the Left

Giuseppe Branca, North Korea; Tullia Caretoni Romagnoli, GDR; Giancarlo Codrignani, North Korea and Somalia; Tullio Vinay, North Korea.

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POLITICAL

INTERNATIONAL AFFAIRS

THATCHER ADDRESSES COMMONS ON EEC BUDGET ISSUE

PM011431 London THE TIMES in English 1 Apr 82 p 24

[Report by Hugh Noyes: "Blame France for EEC Delay Says Thatcher"]

[Text] Mrs Margaret Thatcher told the House of Commons yesterday that there would be no agreement on proposals for changing the common agricultural policy or on the industrial and social affairs of the European Economic Community until the British Government got what it wanted on the size of Britain's net contribution to the EEC budget.

The prime minister's words also implied clearly that a settlement on European farm prices was likely to be held up as a result of the failure to reach agreement at the EEC summit. She placed the blame for the failure to agree on these matters squarely on the shoulders of the French and on President Mitterrand in particular.

In a statement to the house she told MPs that all the countries of the common unity were disappointed and surprised at the attitude of the French Government.

To congratulations from a labour MP for her patience, Mrs Thatcher agreed that she was extraordinarily patient provided that she got her way in the end. To another MP she replied that everything she had said at the EEC summit in Brussels was fully justified, "as it usually is."

Mrs Thatcher said that the United Kingdom and most other member states were prepared to accept the compromise formula put forward by Mr Gaston Thorn, president of the European Commission and Mr Leo Tindemands, Belgian external relations minister, as a basis for negotiation.

The prime minister told the house that she had underlined the conclusion that the community had reached in London in November that decisions on all aspects of the mandate must be taken together on the budget, the [word indistinct] and industrial and social affairs. At that point she said, the president of France stated that he would not accept the compromise formula as a basis for discussion.

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Later, to questions from MP's, Mrs Thatcher told the house that it was not only a question of getting a result on the budget.

"We cannot go ahead with the proposals on the CAP and on the other matters, unless we get an agreement on the budget. The three must go along together and unless we get reasonable budget results then a great deal of the common market proposals will be held up severely," the prime minister said.

Mrs Thatcher went on to make clear that the government had withdrawn from the original position on Britain's net contribution. Instead of a zero net contribution to the European Community budget, Mrs Thatcher told the house that she had made perfectly clear that this country was now prepared to make a modest net contribution. That was reasonable and fair.

Mrs Thatcher's stand on the budget was widely supported in all parts of the house, albeit somewhat grudgingly from the labour front bench. Mr Michael Foot, the opposition leader, recognized that she had a capacity for stubbornness, adding that as long as she was stubborn in defence of the legitimate interests of the British people she would have the support of labour MP's. But he went on to criticize her departure from the mandate given to her by the House of Commons which was that she should demand a zero net contribution.

The prime minister was given the more fulsome support of Mr Roy Jenkins for the SDP, making his first intervention in the commons since his by-election victory at Glasgow Hillhead. He told the prime minister that she would have full support in Britain for paying a fair contribution and nothing more. He pointed out that a small contribution was inevitable and to talk about a nil contribution made mockery of our position towards the Third World.

Somewhat more unexpected support came from Mr Enoch Powell, official unionist MP for down south. He told the prime minister that the mass of people in this country derived encouragement and hope when they read reports indicating that she was willing to maintain our national interests whatever toes she might have to tread on.

Mrs Thatcher told the house that foreign affairs ministers had been asked to do all in their power to secure early decisions on these matters and they would be meeting in Luxembourg on April 3.

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POLITICAL

INTERNATIONAL AFFAIRS

'TIMES' EXPLAINS FRG'S ROLE IN ALLIANCE TO WEST

PM011427 London THE TIMES in English 1 Apr 82 p 11

[Editorial: "Spreading Germany's Wings"]

[Text] There are two main threats to western Europe. One is posed by the vast array of Soviet weaponry looming over its eastern frontiers. The other is the threat of social instability provoked by recession and unemployment, and perhaps aggravated by opposition to nuclear weapons. The two threats are linked in so far as there is no point in trying to defend ourselves against the Russians if we cannot sustain political and economic structures that are worth defending and capable of producing the wealth to pay for defence.

The week's European summit sensibly addressed itself to both threats but fell some way short of generating the momentum necessary to deal with them. Neither its words on unemployment (now roughly ten million) nor its complaints about high interest rates (no mention of Mr Reagan as the culprit) and still less its rather tentative talk of "further consultation" with Washington, did justice to the need for a much more coherent and forceful European contribution to the joint problems of the alliance.

If this is to develop in time for the Versailles summit meeting in June, a lot of responsibility is going to fall on West Germany. It is exposed to the military threat and most worried by the effects of economic stress on its society. This worry often seems exaggerated to its neighbours, who see a democracy in pretty good working order and an economy capable of dealing with a fair amount of trouble, but the fact that the Germans are starting to feel uneasy and insecure is, whether justified or not, a political reality that the alliance must take into account.

The first thing it needs to do is to listen more closely to what Herr Genscher, the foreign minister, has been saying recently about the need for Europe to put aside bickering and develop a stronger voice on major political issues. The next thing is to look more closely at the contribution which West Germany can make to the alliance. It is still understandably inhibited



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by its past--or by the lingering suspicions of its neighbours--from reaching too obviously for the leadership of Europe, but that is not the main issue or the best way of looking at the problem.

The stress which West Germany now feels has been made worse by pressure from Washington and Paris to choose between its Eastern and Western relations. Washington has wanted West Germany to line up with more confrontational and even punitive policies towards the Warsaw Pact. The French have begun to plague themselves with worries that West Germany could slide into its own version of Gaullism, making private arrangements with Moscow to the detriment of the alliance. This is one of the reasons why they are pressing for more European cooperation on defense. In the sixties and seventies they could flaunt their independence and make their own advances to Moscow because they felt securely protected behind West Germany. Now they feel less sure of their ally.

These fears are exaggerated, but it is true that the West Germans have been made restive by the fact that the alliance is no longer united behind the concept of detente which they have faithfully pursued for more than a decade--that is, military balance combined with a widening of political, commercial, cultural and personal contacts. As they frequently point out, it is not they who have changed but the Americans.

This is a problem not just for West Germany but for the alliance, since West Germany is the strongest and the most vulnerable power in Europe, and a vital cornerstone of the alliance. It also happens to exemplify the European dilemma of being wholly dependent for its security on the United States without having sufficient influence over American decisions. It is not drifting into neutralism but it could drift into still greater disaffection with the alliance if its own interests are insufficiently respected, or seen as in conflict with those of its allies.

The immediate key to the problem is to see that the conflict is in fact illusory. West Germany's eastern policies are not a liability but an asset to the alliance. They have opened up Eastern Europe to Western influence, contributed to an amelioration of conditions in European Europe, and given the states of Eastern Europe a stake in detente which the Russians cannot wholly ignore. During this period, too, the ideological appeal of the Soviet Union to Western opinion has sunk to its lowest ebb since 1917. All this has contributed significantly to the security of Western Europe and has not led to any diminution of the West German defence effort, which continued to increase even when American defence spending was dropping.

It would help nobody, except possibly the Russians, if all this work were abandoned and the Iron Curtain allowed to descend again across Central Europe. Yet this difficult balance of military preparedness with political openness is difficult for some members of the present American administration to comprehend. They see it as weakening their global confrontation with the Soviet Union. In fact it does nothing of the sort except in the difficult area of punitive sanctions. It has been difficult for the

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West Germans to find ways of registering disapproval of Soviet actions in Afghanistan and Poland, for instance, without putting at risk some of the gains of detente, though they were among the few to keep their athletes away from the Moscow olympics.

This is a dilemma which cannot be wholly resolved. It can, however, be ameliorated. Firstly, the alliance must accept that West Germany's eastern relations are not only a vital German interest but also an alliance interest. Any attempt to force West Germany to sever them would be doomed to failure and damaging to the alliance. This will remain true even if there is a change of German government in West Germany. The Christians Democrats make great play with promises of greater devotion to the alliance but in power they would find German interests unchanged. Therefore, the alliance should come to accept that when sanctions are called for the West German contribution to them will be less than that of some other states. This is a reasonable price to pay for larger dividends that the alliance gains from German policies. It is also a reinsurance against German disaffection with the alliance.

To compensate, however, the West Germans need to widen their view and show more understanding for America's global problems. If they are to represent the interests of the alliance in Europe they must recognize that the United States is representing their interests and defending their security around the globe. Among other things they should be ready to earmark troops for operations outside the NATO area. This would impress American opinion and buy much needed influence over the way in which the force is used. They have constitutional problems here (German forces are bound to a defensive role) but these could be overcome. They also have political problems which are more intractable. But this is the sort of direction in which the West Germans should be looking if they are to win wholehearted alliance support for their valuable role in Europe.

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POLITICAL

ITALY

COMMUNISTS' LOCAL REACTIONS TO 'THIRD WAY'

Milan IL SOLE-24 ORE in Italian 14, 18, 20 Feb 82

[14 Feb 82 p 3]

[Text] Milan--At the "Palmiro Togliatti" section in via Palermo, the picture of the late lamented PCI leader is only the third from the left in the rear row. In the center, between him and Gramsci, a gigantic Lenin is enthroned with a red flower in his buttonhole. He stands with legs spread wide almost as though he is blocking the road to the proponents of the "third road." It is with this cumbersome presence over his head that Napoleone Colajanni, senate communist, tried for 3 hours last Tuesday night to explain to the militants what it means to practice to turn one's back on the Soviet revolution and the Gosplan, and to plant both feet in a market economy.

It is difficult to say whether he succeeded. However, not everyone showed he appreciated the lesson. A "kabulista" [probably pro-Afghanistan], a youth with a heavy beard and a hippie shirt said, "You speak well, Comrade Senator. An alliance with the middle classes, democratic planning, business independence, are all very beautiful things. It's a shame, however, that the bosses lower the boom, fire people, and close the plants. How can we answer them with round tables?"

The latest decisive shift that Berlinguer impressed on his party is meeting with greater resistance than expected. The pro-Soviet supporters of Armando Cossutta are champing at the bit, and the "third road" is still enveloped in fog. There is no time to lose. Every day that passes without a precise explanation of the proposal increases confusion and disorientation, and gives aid to those who have a nostalgia for the great socialist fatherland. All the leaders and brains of Botteghe Oscure [Communist Party Headquarters] from one end of the country to the other were mobilized in this great campaign for political literacy. The debate on the Polish affair and on the detachment from the USSR is mixed with that on the choices of economic policies, on what is to be done here and now.

And the groups do not always agree. There are communists "of the Right" who are determined to take the road of Western Social Democracy who privately confess they have no sympathy for those romantics in Solidarity, and who might even prefer the technocrats of East Germany. There are also communists

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"of the Left," labor supporters of the CGIL [Italian General Confederation of Labor] who took courses in the Moscow party school, and who instead believe that it is perfectly right that the Poles should go on strike for a shorter work week.

Colajanni has never had tender feelings toward this leftist group. Like Amendola, he is convinced that to a large extent it is responsible for the reverses suffered by the PCI in recent years. He says, "They pass themselves off as revolutionaries and they accuse us of being social democrats, but they are the same ones who do nothing but ask for money at meetings. They are the real social democrats, the true conservatives."

The trouble is that so far the "conservatives" in Berlinguer's party have always won out. At the beginning of the 1970's when the "historical compromise" was in a phase of incubation and the Botteghe Oscure eggheads, the Peggios and the Barcas, were beginning to be admitted to the better salons and to frequent the most exclusive economic conferences, indulging in formal tributes to the market and business, the social democratization of the PCI seemed to many an accomplished fact. Then came the years of national unity and it was realized that the question was a bit more complex and that while at the Chiaromonte or Napolitano round tables there was praise for the accord among the producers, in the plants the "hard and pure" of the CGIL continued to stress "hands off jobs" and to organize pickets against overtime.

The fact is that now, after everything that has happened, after the Fiat dispute and the march of the 40,000, with more than 2,000,000 unemployed and hundreds of thousands on relief, the PCI professors of economics must start again from zero in order to explain to the militants how and why the Soviet-style planning will not work in Italy, and why capitalism should not be completely discarded. This is a sign that the hard core has remained intact, has weathered all the storms. And it is also a sign that the professors were not able to weaken it, that the cultural reconversion was more a front to capture the votes of the middle classes than it was a sign of the collective awareness of the entire party.

On the other hand, the experience of national solidarity caused discontent first of all among the communist cadres. What did not work in that formula? What errors were committed by the PCI leaders? And whose fault was it? Colajanni has no doubts. The name of the foremost guilty party is Franco Rodano. It is he, the great inspirer of the policy of austerity, who led Berlinguer onto a wrong road: "Rodano believes that there must be an authority who make decisions from on high about the needs of the people. For him, everyone must be treated in the same way that a doctor treats a child, making him swallow castor oil even if he dislikes it. In a society like that in Italy, this is not possible."

For Colajanni, economic planning has run its course. More than an ideological choice, the market is a guarantee that the entire system is functioning well. He says, "No other mechanism has yet been invented capable of measuring the degree of satisfaction of collective needs. It is not for nothing that there is a black market in centralized economies." Thus, a first firm fact

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is the rejection of the Soviet-style bureaucratic state control. That is not a great discovery, but it is something. There remains the other road, that of social democracy: But even that is not enough because it is based exclusively on the redistribution of income and therefore does not function when there is no longer any income to be distributed but only sacrifices to be shared.

Then, what is the third road? According to Colajanni, it would be more exact to speak of the fourth road because pure capitalism without changes must be added to the two preceding roads. Very well, this third or fourth road, where will it go? What does it offer?

More than indicating solutions, Colajanni gets away with listing the problems. Development has stopped, employment increases only in public services and public administration, financial capital replaces industrial capital. All this demonstrates a very simple thing that Marx had already foreseen: The development of productive forces cannot take place within the framework of the market system. How can this impasse be overcome? The communist senator says, "First of all it is a matter of identifying possible allies. Because either we succeed in moving the real forces in the country, or we will merely make propaganda without achieving anything."

Where are the allies sought by the PCI? Colajanni answers, "It is enough to look around. The credit crunch, the recession, does not merely damage the working class. Businessmen also have felt its effects because if the banks increase their profits, industries see their own decreased. We must appeal to these groups even if they vote liberal or republican--without renouncing our class view, but in order to create an historical bloc in favor of development, against stagnation."

Apparently, the Gramsci concept of hegemony continues to flutter about even in the new communist road. The acceptance of a free market is nothing but the corollary of a design that still looks to the center of the workers' movement and the party whose representative it considers itself to be. It is a plan that is still too vague to be able to establish to what extent it repeats or diverges from the plans (and the errors) of the past.

Perhaps, in order to understand where the third road begins and where it leads, there is no other way than to retrace the steps already taken: That is, to see how the communists who count in the production and financial world think and how they function. That is what we will try to do in the remaining series of this investigative report.

[18 Feb 82 p 3]

[Text] Rome--Did the Polish crisis speed up or slow down the Italian Communist Party's attempt to define and make a start on the third road? The simplest hypothesis--but it would be more precise to say simplistic--is that it speeded up the process. The detachment from Moscow then would be the natural impact on international policy of the evolution of Italian communists in domestic policy.

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Yet one cannot avoid thinking how Giorgio Amendola was extremely cautious in foreign policy the more uninhibited he was in economic analyses of domestic policy. "Don't create for us the problem of a break with Moscow right now when we are trying to help this country emerge from the economic crisis with a difficult and laborious policy of extreme austerity," replied the late leader to those who drew his attention to the K factor.

With an historical training and liberal traditions, Amendola was not open to suggestions made in prescriptions by those Berlinguer advisers of that time, such as Franco Rodano, who saw the choice of austerity as a lesson in poverty that the Italian working class was supposed to transmit to the country. He thought that austerity was imposed by facts, but could be directed only with difficulty by the communist rank and file. The Amendola who made pitiless analyses of the incongruity in activities of the trade-union Left; the Amendola who criticized the violence at the Fiat plant; who did not join the chorus of uncritical exaltation of the trade-union councils; that Amendola was not the same gladiatorial Amendola in regard to Moscow. And even though history is not made of ifs and buts, it can perhaps be thought that today the late leader would have more than once turned up his nose on hearing references to Walesa and Solidarity. Perhaps that would have been too much of a reminder of the trade-union extremism of a certain part of the Italian FLM CISL [Italian Federation of Metal Workers Confederation of Italian Workers Union].

At this point, the second hypothesis becomes legitimate. We may ask ourselves whether the Polish Berlinguer in foreign policy would not wind up by taking on the identity of a Berlinguer who was trained in domestic policy at the gates of the Mirafiori. In brief, the further the communist secretary moves from Moscow, the more he must show himself to be--in order to avoid causing too much unhappiness among the rank and file--unwilling to be flexible in domestic policy.

This hypothesis seems to be backed up by a kind of implicit confirmation from the progress of debate in communist sections on the Polish question and on the beginning of the third phase. A few nights ago there was a long discussion on this in a section of the historical center of Rome. It was the Monti Esquilino section. It is a section of the inter-classist Rome where university professors and artisans live. Therefore, it is a section which is the headquarters for butchers as well as the Bank of Italy cell. Giorgio Napolitano participates in the debate. He is perhaps the most "rightest" of the communists' leaders.

But let us proceed in orderly fashion. The small hall is packed with more than 100 persons and the meeting begins on time. The section secretary is a youth of about 30 years old. His report is cautious. He says he agrees with the line established by the leadership on Polish events. He calmly suffers several interruptions. ("We don't give a damn about Poland. Let's talk about the electric light bill." Another says, "You look like the Pope to me. Always talking about my Poland." And still another, "Look here, I wasn't excommunicated by Russia, but by Pius XII in 1948.") The secretary proceeds coldly, and only at a certain point does he say, "There is too much nervousness among the comrades."

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And then he made some concessions to that nervousness. Naturally not in foreign policy, but in domestic policy. And he concluded his report saying that preparations for the elections must be made even if the PCI does not want them, because Craxi and Piccoli have already begun their respective election campaigns. He adds that above all it is necessary to raise the sights and the level of the struggle against the Spadolini government. He concludes, "The 16 percent ceiling cannot be totally accepted." And then the debate continues. We ignore the most heated statements, those of the pure and hard pro-Kabul group who are numerous. Let us look at those by the persons who first say "I agree," and then add many buts.

"But comrades, I have a doubt." The person speaking is an elderly professor of economic geography for many years a militant in the PCI. "I agree that the workers support Solidarity. As communists, we cannot but be on the side of the workers. But was this crisis really necessary? We knew for some time how the situation was in Russia. Even the leaders, who have been the same as always, knew how things were. I was offered contraband rubles 10 years ago in Red Square. But why the polemics right now? This is why I have doubts: I would not want this position to be related to Poland like the three articles in RINASCITA in 1973 related to Chile." The reference was to the article in which, using Chile as his subject, Berlinguer began to speak of the historical compromise.

In substance, the rank and file comrade, a professor of geography, asks himself if the shift in foreign policy does not seek to mark a sensational change in domestic political direction; or whether it serves merely to camouflage the disaster of the choice announced by the articles in RINASCITA in 1973.

The doubt remains unanswered. It is necessary to wait. But from the debate in the Monti section, there emerges a strong scepticism regarding the leaders. In brief, it is not only Jacoviello who asks Pajetta: "Is it possible that the leaders should always be the same?" The rank and file also strays and an old militant (a Tuscan pensioner who moved to Rome) after having contested everyone and everything except the Soviet Union, said emphatically: "In my time, there were Concetto Marchesi and Vittorini, and the secretary was Palmiro Togliatti; now we have Tortorella and Cerroni, and the secretary is Mr Berlinguer." No one applauded. But no one told him to be quiet or protested.

And what about the third road? It is understandable that this will take second place compared with the Polish trauma. Yet it is discussed even in the Monti section. And it was the comrade from the Bank of Italy section who introduced the question.

He said, "I fully share the party's position on Poland. It is a precise assessment of the crisis in the Eastern societies, that are increasingly more distant from us because of socialization by coercion and single-party democracy. But that is not enough. Now it is necessary to translate that choice on another level. It is necessary to move from the shift to the third

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road; to seek new balances between the state and the market; to deeply study the processes and the gradualism of the revolution. In brief, it is necessary to link the communist economic document step by step with the Polish choice."

When he replied, Giorgio Napolitano certainly was in agreement with what the Bank of Italy said. But more than expressing his pleasure with the agreement, it is necessary to correct the dissent and, then, the third road remains above all the definition of what it is not rather than an indication of what it will be. The formula goes like this: "neither USSR nor social democracy in Giorgio Napolitano's lexicon; neither Russia nor Craxi" in the more colorful language of the youthful section secretary.

And so in about 4 hours of impassioned and laborious debate four-fifths of the discussion was on Poland and one-fifth on the third road. It would be foolish to try to draw meticulously accurate conclusions on such important questions. The impression is that in any case, the third road must now deal with one more obstacle, the crisis [in Poland]. It must be absorbed and digested by the rank and file and for the time being it has not been. In a moment of such uncertainty, the communists--and even Napolitano recognizes this--are more worried about demonstrating what they remain, than they are about explaining what they can become. But between the lines, discussion continues about the third road. And we shall see that there are also those who continue to do so, if not with definitive clarity, at least with great energy.

[20 Feb 82 p 3]

[Text] Turin--Pietro Verzelletti did not wait for the Polish "shock" to take his first steps on the third road. He began much earlier, in 1976, when for the first time he took his seat in the administrative council of the San Paolo Banking Institute of Turin, as a representative of the city administration. From that time, day after day, this ex-high school professor --former leader of the CGIL Teachers Union in the fiery years of the contestation, and then a zealous functionary of the PCI Federation in Via Chiesa della Salute--penetrated the sacred confines of the financial world. Slowly he acquired a familiarity with the secret mechanisms of the capital market. In effect, he became a banker. A "red " banker, perhaps the person most heeded by party leaders on the subject of credit. So much so that now, every time there is a big problem of appointments or of banking policy, one of the first called by Gerardo Chiaromonte, Botteghe Oscure economic expert, is precisely Verzelletti.

But even in the garb of a manager, Professor Verzelletti has not lost the timid and contrite air of a cleric devoted to the cause. When he is asked how he managed to earn a reputation as an expert in such a short time, he answers that he must give thanks to a great liberal, Luciano Jona, ex-president of the San Paolo Bank, who died some years ago. "He taught me the rudiments of the trade. For him, professionalism always took precedence over the party card." But he adds quickly, "But this does not mean that I have become an ascetic and neutral technocrat. At the bank, I learned to see things from a certain point of view, but I did not forget that there exists an external reality, a social dimension of problems."



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Verzelletti reached the top in the San Paolo Bank on a wave of national solidarity, when Berlinguer's legions laid siege to the citadels of Christian democratic power, raising the flag of moralization and war against division by lot. It was the high point of the "flowering" of technicians Luciano Barca and Gianni Manghetti, the "who's who" of the financial Gotha [European equivalent of Debrett's peerage] in the search for prestigious names who could oppose party candidacies for the credit institutions. It is useless to say that they found not even one communist in those pages. And to sponsor men like Arcuti, Milazzo or Storoni was nothing but a propaganda ploy disliked even by those who were directly involved. With the technocratic banner thus lowered, even the PCI moralists fell back on the road--less noble but more trustworthy--of making random choices.

In a city like Turin, the city of Gramsci, of the New Order and of the factory councils, the conversion immediately ran into a very sticky situation. The party cadres have a tradition of opposition; capital, identified with Fiat, is seen as the enemy to be defeated; co-administration is almost blasphemy. Under these circumstances, it was easier to find candidates for the big Mirafiori council than for top posts in banks. So the party had to get along as best it could. It fished out veterans like Egidio Sulotto, the legendary head of the Fiat administrative council in the early postwar period, who is now getting a pension as vice president of the Banca Subalpina; or it appeals to outsiders, like Gastone Cottino, a crossover socialist, a professor of business law, who was installed as head of Finpiemonte, the region's financial institution. Or, finally, in the absence of anything better, it has to be content with last-minute purchases like that of Carlofelice Rossotto, at one time a rightist liberal, who suddenly crossed over to the other shore and who now sits in the administrative council of the San Paolo Bank as a reward for supporting the red council.

Claudio Simonelli, a socialist, regional budget and planning councillor, says, "The Piedmont communists have serious cultural limitations. They have not understood how an industrial society functions and they do not have personnel capable of administering it. For this reason, their attempts to get into the boardrooms of the big shots of economic power failed miserably."

If what Simonelli says is true, the Verzelletti case is the exception that proves the rule. A member of the executive, the limited membership group which has the authority to make the most important decisions, "the professor" is in fact the number 3 man at San Paolo, after President Luigi Coccioli and Vice President Enrico Filippi. He recalls, "When I was appointed I was interviewed even by the BBC. They were amazed. How could a communist be in a Fiat bank? Would he not be a trojan horse whose job was to destroy capitalism from within? Now no one would ask me such a question..."

There are reported attempts to say exactly the opposite, that it was the bank with its laws that overcame ideology: Once he had donned the banker's doublebreasted suit, the communist detached himself from the party, he became a part of the institution for which he worked, a manager like the others. Verzelletti replies, "In a certain sense it is precisely how things happened. That is also because, particularly at the beginning, I had the clear

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impression that my job was being underestimated by the comrades. Certain party leaders go crazy if they lose the Trofarello city, but they make no waves if they lose a position in some administrative council. The tune has changed a little with the coming of national unity and the explosion of inflation. They then became aware that knowledge of economic and financial policies is essential if they want to be a force in government."

In a city where the pro-worker spirit of the PCI is still very strong, a reformist like Verzelletti certainly did not have an easy life. He asks, "Do you remember the conference on the Fiat in 1980? I worked on it and we gave the militants a mass of data, we put them on guard against the risks of maximalism. They did not listen to us. But then facts demonstrated that our analysis was correct."

But that was not the only time the "red banker" had to quarrel with his comrades in the trade union. Verzelletti says, "In certain cases the plant councils form a common front with the owners, and they defend the company with drawn sword even if it is no longer vital. And they come here and ask for money to save their jobs. It is a myopic attitude," he says. "But it is equally myopic when the bank executive denies credit to the healthy plant which merely suffers from a momentary liquidity problem. It is necessary to know how to distinguish; not to withdraw the umbrella when the first problems arise. The more so at a time like this and in a place like Turin where so many are in deep water but where there are also entrepreneurs and managers who are very capable."

If there is one point in his party's "materials for a proposal on economic policy" that Verzelletti just cannot swallow, it is the statement that it is necessary to "decongest the strong areas" of the nation in order to develop the South. [He says] "If decongest means deindustrialize, I won't go along. The advanced tertiary plan which is mouth-filling for so many, is merely poetry. If we dismantle industry in the Piedmont, we can forget about the takeoff in the South."

But what, specifically, can be done to help industry? Are existing instruments enough, or is it necessary to invent something different? Verzelletti says, "The most urgent thing to be done is to create a pump for financial recycling to help businesses that have a liquidity crisis. Not the GEPI [Industrial Participations and Management Company], not a rescue structure, but a pool of banks and financial experts who would intervene on the basis of a documented opinion, formulated by a nonpartisan technical committee."

In addition to that, the San Paolo adviser is convinced that all the levers of industrial policy must be put in order beginning with the Law 675 on rehabilitation and reconversion. "It is a law that has not functioned because it required too much regulation. The important thing is to aim well, to

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single out the general objectives of planning and then leave things to the market."

If this were the third road, it would not after all be much different from an honest social democratic statement of the case. But how many in the PCI think as Professor Verzelletti does?

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POLITICAL

NETHERLANDS

PAPER CRITICIZES INACTION, INDECISION OF CABINET

Amsterdam VRIJ NEDERLAND in Dutch 13 Mar 82 p 1, 2

[Article by correspondents J. Van Tijn and Max van Weezel: "The Hague's Great Secret: the Cabinet Does not Exist"]

[Text] The second Van Agt cabinet is governing in a no-man's-land. No decision is taken there, no knot is cut. The cabinet has now been going almost a year, the elections are approaching. It is a war of nerves with everyone in his own fox-hole. In a very good atmosphere, that goes without saying.

"If this cabinet would not have to, it would not be able to," the cabinet architect at that time Doctoral Candidate Jan de Konig said once when the second Van Agt cabinet was in the process of being born. It was then July or August. Later that cabinet took shape, then it just fell, was again helped to its feet and hobbled further on. But meanwhile it has been busy for a half a year and it is time to determine that the Van Agt cabinet does not exist. What must have been a well kept secret, can no longer be concealed. The 15 ministers do not form a cohesive whole in a single respect, the ministers really have nothing to do with each other and that which is described as the cabinet consultation--the weekly meeting on Friday, about which the prime minister still reports--is no more than a non-committal exchange of more or less interesting ideas.

"We have really not made a single decision in those 6 months which made sense," says one of the ministers, who only has one thing in common with all his colleagues appearing in this article: that he does not want to be mentioned for any money with name and surname. He continues: "Not that I really have ever heard anybody in the cabinet talk nonsense. On the contrary, all have part of the truth in their possession, only that they are not able to combine those truths together. And a secretary of state who has already spent some time in the profession says resignedly: "That cabinet impresses me as a completely powerless group. I see from the distance busy people who

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certainly want to accomplish something, but who are completely paralyzed. An incredible indecisiveness reigns there, nothing at all happens."

We move further along the somber procession. Another secretary of state, who in the grey past was once again a member of a cabinet of the same political composition, says: "In the Den Uyl cabinet, after the difficult formation, everyone had the idea: in any case, they are now going to do something. But now it is a weary band. The cabinet is there, but it belongs to no one. No one feels responsible for its operation or continued existence. The entire cabinet has not delivered anything else until now, but a worn out jobs plan which does not have a single connection with the rest of policy. That jobs plan is a source of stale humor for one, shameful self-examination for another and of surprise for everyone. Only Minister Joop den Uyl is a very satisfied man, because of the mere fact that it exists. When it first came to the cabinet, the PvdA [Labor Party] ministers delayed the matter. There were various reasons for that. There were those who were afraid that Den Uyl, the party leader, would suffer from the publicity; others had motives which were based much more on their own interest. For the employment plan as it was submitted lacked an important element: financing. Consequently, Minister of finance, doctor of laws, Fons van der Stee, did his utmost to avoid contact with his colleagues in social affairs and employment about that financing. On the instigation of his right hand, the national budget director, Dr Bart LeBlanc, former PvdA member, brought at that time, as a talented young man, by Prime Minister Den Uyl into the ministry of general affairs, Van der Stee even cancelled agreements which had already been made. In circles in finance and the top CDA [Christian Democratic Appeal] leadership, the fear of Den Uyl is sometimes greater than of the devil himself in the bishop's palace in Roermond. Especially PvdA ministers such as Marcel van Dam and Andre van der Louw were angry that jobs should be withdrawn from their fields, which would then again turn up at social affairs and employment. That was the reason it was urged everywhere that Den Uyl and Van der Stee should again talk with each other. It happened this way and Van der Stee came, in fact, with an additional contribution, especially to loosen the purse strings. It made the jobs plan at least so much more substantial that Den Uyl came back in the cabinet a week later with it. None of those present still really understand the fact it was approved there. Even more emphatically: far from all the ministers are sure whether it really was approved. One of them says: "I thought that day: oh god! what must we do now? I was frightfully down because of the euphoria of some that this was in. I thought: in? What is in? I was really afraid that Joop would be torn to pieces in the newspapers and I and a few others were happy as children that did not appear to be the case the next day. Joop had fought for it with all his might and most did not begrudge him the result. But there was also sadness: if you consider how little that represented and that we still accepted it. And then we had been busy with a crucial point in the cabinet's existence: making a decision.

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Several CDA ministers were asked why their party finally had decided to let Den Uyl launch his jobs plan. The nature of their answers ranges from embarrassed to ridiculous, the answers themselves amount approximately to this: Joop himself liked the plan so much that every opportunity must be offered him to stand on the banana peel himself. That is the first argument. The other two are more interesting and connected with each other.

If it should come to a break in the cabinet--and that is at least conceivable--the PvdA would never be able to assert in the election campaign following that the CDA had torpedoed the jobs plan. And the PvdA would especially never have the opportunity to assert that it was a better plan than it was. If no cabinet crisis comes--and that is even more conceivable--in any case, during the discussion about the spring report, demands could be made on the PvdA with the argument that the CDA had helped the socialists with the "jobs plan".

The minister who had just been appointed spoke of a crisis: the cabinet had made a decision. In fact, it was the first.

A genuine cabinet decision has been made twice until now, that means: A meeting of the council of ministers, called by the chairman and prime minister, who has been referred to ad nauseum as masterful, has led to a vote twice. The first time was that night in October, when they voted on financing of an unemployment plan. Consequently, that night the cabinet fell immediately. The second decision had something to do with paying the salaries of European officials, but that cannot have been very impressive. None of the government members we approached clearly remembers precisely what that decision involved.

As for the rest, there is no cabinet. There is a gathering of ministers which meets regularly on Friday, sometimes for a whole day, often for a few hours in the Treves room in the inner court in The Hague. It does not meet any longer at the Catshuis [prime minister's residence] as was the case the last 10 years. That residence was being rebuilt for a long time, but the restoration work has been completed for some time. Still the ministers of this cabinet--at least, all together--are no longer invited by their leader to a welcome cold buffet on Princess Day [day the chamber opens]. Rumors in the gossip circuit that Van Agt prefers not to entrust his precious domain to such a bunch of crude fellows from the PvdA, whose table scraps you may find days later under the empire chairs or their cigar butts in the flower pots, are not confirmed anywhere. Still more convincing reasons do not seem to exist. "It meets pleasantly in the Treves room, you are forced to genuinely discuss and not tempted to walk around in the garden," some say somewhat sheepishly. As if it matters in what place the ladies and gentlemen cannot reach a decision.

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And that is not exaggerated. Not a single decision has yet been made in the council of ministers about investment policy and in the field of economic affairs. After the endless questions of jurisdiction and defining of assignments in the summer between the ministers involved, mutual agreements were made in which, Terlouw, according to colleagues who were not unfavorably disposed to him, had been able to get by very well. Moreover, Terlouw is naturally the cabinet's problem child. The question of the natural gas profits and more in particular the so-called contract with the oil companies has left its marks. And not because Terlouw feels the PvdA has stepped on his toes, but especially because he knows his own party has left him in the lurch. For his party associates Van Mierlo and Zeevalking were in the cabinet ready together with the PvdA ministers to advocate stiffening the agreements with Shell and Esso. Both D'66 Democrats '66/7 members were even ready for a decision in which the state's share would be increased, if the oil companies would refuse a drastic revision of the "gentleman's agreement." It finally did not go through because Terlouw in the D'66 parliamentary group suggested that he would like to link his portfolio with the question. Moreover, the PvdA group was warned by the leadership of the D'66 group: "If you want the bad relationship between our party leaders in the cabinet to work through into the parliamentary group, you must especially proceed that way." And that led to the final completely harmless PvdA position in the Second Chamber.

Not a single fundamental cabinet decision has yet been taken in the field of defense and foreign policy. "At the ministries," we manage to hear, "there is really still no beginning of a new orientation." Van der Stoel is seldom in the council of ministers and if he is there, he kills time silently reading diplomatic telegrams, but he has that in common with many of his predecessors. He does not say a word about any other subject, but foreign policy in the cabinet meetings. "You cannot expect that of Max," someone says in extenuation. In general, only few ministers speak. Van Agt hardly speaks, unless to round off, restrain or delay discussion. It appears he does all three in masterly fashion. "He has an unusually clear mind" a non-party associate, minister, says respectfully. He determines perfectly where the difficulties are, if they are not too big he massages them away, sums up the matter and usually refers a problem to a smaller group of ministers. Reports are mostly accepted without much discussion. They are almost always from secretaries of state.

A number of ministers seldom say anything. Among them are Zeevalking, for example, and to the surprise of many, Andre van der Louw. Moreover, the latter is struck by the reactions to his employment plans. Also impressed is the minister De Ruiter, who is silent by nature and who has been very interested in the response to the preliminary draft of the antidiscrimination law. Minister Van Dijk, also no orator, especially brought by Van Agt into the cabinet to combat

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leftist extravagance, is not heard much--and that is hardly regretted. (No one knows if he is affected somewhere). Moreover, the fact that the minister of development cooperation will again assert himself in the discussions about the spring report, is assumed by his colleagues. His predecessor, De Koning, was also not heard much, but is still regarded by all parties as a unifying and conciliating figure. It is considered somewhat ridiculous that he needed some time to get acquainted with subjects such as "the most calving decree on a national basis" and the "agricultural quality decision" at the Ministry of Agriculture, which he did not want, but which Van Agt forced on him. Now he is there again and although his role is not as important as in the previous cabinet when the CDA group still had a left wing, with men like Van Dam and Van Mierlo, he should be able to prevent the cabinet from falling apart in an all-out effort.

Van Dam and Van Mierlo both contribute regularly to the discussion, just as Van Thijn and especially Van Kemenade who has turned out to be the most tireless speaker, after Den Uyl. Til also "occasionally wants to break loose," and then we come to the four ministers where everything seems to beat around the bush a bit. We have already mentioned Van Agt. Friend and foe say that he has changed after 6 weeks' absence in Nijmegen and in Madeira. They report that he no longer keeps the cabinet in a constant crisis atmosphere. But: "You naturally never know it with him. Every press conference, every television interview is again a new adventure. He has already set things on edge from behind the scenes several times completely unexpected. You never know whether or not he will come on Friday with a report or other document which will carry the matter to the extreme.

Van der Stee is the faithful servant of his prime minister. He belongs to the small group which Van Agt always consults about financial problems. ("Fons is more the bulldog in the power of Dries," according to a party member-minister.) There also belong to that group the (nonparty member) Leblanc, already mentioned previously, Piet Steenkamp, again extremely active behind the scenes, the leadership of the Central Planning Bureau and party member, Wagner (Shell). The following do not belong, at least in the first place: Lubbers, party chairman Piet Bukman and commissioner, Jelle Zijlstra. He sees Bukman and Lubbers every Thursday evening during discussion with the parliamentary group leadership and daily in the party executive committee and with the ministers, at least, if he comes.

In all social and economic discussions in the cabinet, the prime minister and the ministers of finance, social affairs and economic affairs are naturally involved. Other members often have the feeling of being outsiders in a ritual dance which began last summer. "If you hear those four, you certainly know that the cabinet still is continuing," says a minister.

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Some are dead tired from the speeches of Joop den Uyl, which now are somewhat shorter, but still are regarded as very long, but sometimes everyone listens with hardly concealed admiration to one of his "masterful speeches." "Especially when he defended his jobs plan, he was sometimes brilliant," says a colleague. "I must then think of what Pompidou said once long ago when he had spoke up for something at a top European conference: Who is that street fighter from Holland?" A CDA colleague says: "Then you see Joop in his great shining role: about unemployment as the great scourge of our time. You see then that some think: give the man that money, they really are under the influence."

Consequently the atmosphere is freer, Van Agt and Den Uyl put up with each other better, ministers of different parties occasionally eat with each other (Van der Stee, Van Mierlo, Van der Louw and Van Dam--De Ruiter has asked since November when they will once eat together), as a cabinet? No, that does not happen. The cabinet is described to us as a sort of steppe landscape, in which no one really functions.

The ministers are regularly in their departments, they are very diligent administrators there, they appeal especially a great deal for continuity of management, if it involves economies. In other words, the old policy must be continued for economies would mean irrevocable savings.

Every Friday is then the great no-man's-land. No one ventures out of his foxhole, no one ventures forth with a genuine proposal or a real idea. Van Agt and Van der Stee especially see in Den Uyl the great spendthrift. Together with Terlouw and Van Thijn, they form the cabinet's pentagon. When the pentagon has agreed on what bill Den Uyl may send to the Council of State, the minister of social affairs and employment changes precisely so much in the text that his prime minister again has the bill brought back from the Council of State. Van Dam is "now obsessed by the fact that two times two is four and he is no longer open to any other single idea." When De Ruiter hears that we in the Netherlands must go back (in expenditures, wages and benefits) he wants to know to what year. "Everything, everything is delayed, we never make a decision on anything," says a minister despairingly. Even the homework which we were given by De Galan and Halberstadt must still be done. Great things achieved? Eh...yes, that Health Insurance Act went to the Council of State. But besides I do not have the feeling of: all right, that is through; we are governing, we have done that for once.

And meanwhile the CDA group has gone to sleep, the PvdA group--potentially cut in half--is disillusioned and constantly between the hammer and anvil of the party executive committee and their own ministers and the D'66 group is peevish and especially disappointed

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in the electoral hero, Jan Terlow. Besides the cabinet, on the other hand, the leaders of the parliamentary groups do govern somewhat: in recent weeks there have been intense contacts between group leaders Lubbers, Meijer and Brinkhorst and their deputies De Graaf, Van der Hek and Engwinda and their financial experts Gerritse, Woltgens and Nypels. With the full understanding that a miracle must happen, the cabinet's pentagon wants to work out of the spring report, they are trying to consider alternatives. Unfortunately, the amount of energy which that group is putting in that undertaking is not proportional to the result. Lubbers (CDA) and Meiler (PvdA) are somewhat less further apart in their opinions than their kindred spirits in the cabinet, but the main features remain the same and the powder is kept dry. One of the participants in this consultation says resignedly: "It naturally must still ultimately come out of the cabinet. Now, that social-economic triangle there does not listen at all to each other. And then there is still a prime minister who muddles it all up."

It is a precarious atmosphere for politics, that is certain. The cabinet can be blown up by no one without elections following. It is disastrous for the PvdA, but economies such as those of Van Agt and Van der Stee will also frighten the PvdA voters. D'66 leaders expect that their congress again will express a preference for a cabinet with the PvdA, and a very prominent CDA member says about the possibility of a cabinet with the VVD People's Party for Freedom and Democracy: "even Dries van Agt knows by now that such a cabinet will lack the necessary support." Then he immediately adds: "I am fascinated by the gap between reality and fantasy in the PvdA. Dries learned at his cost from the previous period with the VVD, nothing resulted from the so-called economies then. I must admit I do not see how that distrust between the CDA and PvdA will ever disappear, right away."

"Those PvdA ministers made a mistake when they stepped in: they had visions of a new policy. But they must usually wheel along the old baggage. They are caught up in a gigantic continuity apparatus. But that distrust remains. In the October night of crisis Joop den Uyl said desperately: 'Albeda gets a damned 1,900 million--he thinks that sounds more impressive than 1.9 billion--and you do not even want to give me 300 million.' Joop also did not understand that he was 4 years too late."

Meanwhile the politicians rattle through The Hague like calculators gone mad. The 1 point 6 and the 3 point so and so billions roll over the table, while no one indicates concretely what is to happen with all those economies. Officials weave webs in which benefit recipients hang powerlessly, telecasts are plastered with incomprehensible numbers, behind which social dramas are concealed. Five or 6 years ago Dries van Agt said that he would rather live in Belgium, because

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everything there was so much more sensible and uncomplicated. Now his friends, the christian democrats, whom he once called his model, have made that country such a mess that Belgium has become the horrible example for people in the Netherlands who do not want to economize.

"It is a few minutes before twelve," Van Agt remonstrated with his audience, more than three times the average, in the acceptance of a disorganized report on unemployment. And just like earlier last week, he mentioned "brave decisions" which would have to be made. "Dries does not want to go down in history as the man who let the financial deficit in the Netherlands run up unconscionably high," a leading PvdA member says in The Hague. And that sounds precisely like what was always said about Kennedy-Johnson-Nixon: "He does not want to go down in history as the president who led America to a defeat in Vietnam."

After the statement about the brave decisions, Van Agt left the meeting, where the crisis sherry was just brought in, in a restrained little sprint, as if he wanted to attack unemployment right outside the Nieuwspoord press center. In fact, he cancelled hardly an hour later a meeting of the Pentagon (besides Van Agt, consequently Van der Stee, Den Uyl, Terlouw and Van Thijn, through official channels) scheduled for that evening, without giving reasons. Accordingly that meeting would have again discussed the spring report, unemployment and the financial deficit, which Van Agt ran away from.

The prime minister dined well that evening in the more than excellent Royal Restaurant, with among others, the governor of Limburg Province, Dr J. Kramers. There are also elections there on 24 March.

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MILITARY

FRANCE

MIRAGE F1-CR TO UPDATE AERIAL RECONNAISSANCE CAPABILITY

Paris AIR ET COSMOS in French 6 Mar 82 pp 15, 48

[Article by J.M.: "Mirage F1-CR, Successor to the Mirage III-R"]

[Text] At the beginning of 1983, Dassault is to deliver to the French Air Force the first one of the 62 Mirage F1-CR aircraft ordered by the Air Force starting in February 1979. The F1-CR is a version of the F1-C specializing in aerial reconnaissance and is to replace the Mirage III-R and RD aircraft in the 33rd Reconnaissance Squadron based at Strasbourg.

The first Mirage III-R made its first flight in November 1961. Nine air forces ordered 159 of those aircraft (including Mirage 5-R aircraft). Twenty of the Mirage III-RD, which came out subsequently, were built for the French Air Force. The five OMER type 31 cameras on the Mirage III-R were replaced, on this aircraft, but OMER type 33 and 40 cameras, while the avionics were improved by means of the installation of a doppler navigation system, a gyro-stabilized collimator, a lateral sweep radar, and so on.

The Mirage F1-CR, whose prototype made its first flight\* at Istres on 20 November 1981 (consequently, exactly 20 years after the first flight of the Mirage III-D), obviously benefits not only from the advantages peculiar to the F-1, but also from the progress made in the field of equipment. In fact, the aircraft receives, alongside its OMER type 40 (panoramic) and 35 cameras, an infrared unit, an OMER 360 recorder, a ULISS 47 (SAGEM) inertial navigation system, a Cyrano IV (MR) radar, and so on.

The present prototype is, in fact, a Mirage F1-C-200 (that is to say an F1-C equipped with an in-flight refueling pole), taken off the production line and converted into the F1-CR for purposes of developing the new version. A second F1-CR, made in accordance with the same process, is undergoing general assembly at present at Villaroche. Next will come the 62 F1-CR mass-produced aircraft, to be delivered in 1983.

In view of its equipment and its performance (the performance of F1-C aircraft is retained entirely) and especially of its autonomy, the F1-CR should be an excellent close-in and distant aerial reconnaissance aircraft. It

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\* This information was not published until recently.

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should be mentioned that a demonstration of the capability of the Mirage F1 to operate at long distance was already made on 29 January 1980. On that day, four F1 aircraft, refueled in flight by a KC-135, flew, in fact, from Solenzara (Corsica) to Djibouti, or a distance of about 5,000 kilometers, in 6 hours.

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MILITARY

ITALY

GENERAL CAPPUZZO EXPLAINS ROLE OF ARMY

Milan IL MONDO in Italian 12 Mar 82 pp 18-20

[Article by Gianni Rossi: "This is My Revolution"]

[Text] How does the army fit into daily reality on the eve of the year 2000? What repercussions do the anti-military and pacifist movements have on the closed structure of the army? Is an army drawn from the masses still relevant at a time when technology and information systems have superseded conventional combat? These and other subjects were broached by IL MONDO in a talk with General Umberto Cappuzzo, who will be 60 in April. The chief of staff of the army (and a former general commander of the Carabinieri), he is unquestionably the top expert in the field on "global strategy" (he has taught a course at the military academy of Citavecchia), social techniques, and public relations.

According to General Cappuzzo, the chief cause of young people's negative attitude toward the military establishment lies above all "In the dominant idea of an immense joy, of a freedom no one can threaten. The atmosphere of detente which we are living in nourishes their idea that military service is senseless, contradictory."

As Cappuzzo said recently at the ISTRID [Institute for Defense Research and Study] convention held on 26 January in Rome, these reactions "are typical of the attitude prevalent in Western countries; the position of people living in socialist countries like the USSR, or in Israel--countries with strong ideologies--is different." "The fact is," explains Cappuzzo, "that we are feeling the effects of a strategy of deterrence based on the balance of terror which is so obvious in Western Europe. As members of NATO we share a common security. Now that this peaceful and defensive situation--imposed on us by fear of nuclear warfare--has been established, we forget that we owe it to military instruments." The top circles of the military feel that Europeans indulge in disproportionate criticism of the military world. "The idea of disarmament, for example," says Cappuzzo, "is fine if it is mutual, progressive and controlled. Unilateral disarmament could induce our adversary to take advantage of it and commit aggression."

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At any rate the allies' chiefs of staff and their associates talk less and less of traditional aggressive strategy and more and more of the concept of "indirect strategies," which can have the same disastrous effects in an enemy country as direct aggression.

"These are very subtle tools," explains the army chief of staff, "because they link up with objective factors like unemployment, social tensions, terrorism, and the economic crisis. Indirect strategies can be carried out by destabilizing a country through the use of internal terrorism; the creation of economic, technological and energy-related ties; or the over-emphasis of ecological problems which are positive and worthy of respect in themselves, but which can lull people's minds if they are exploited to achieve goals which depart from energy self-sufficiency."

Indirect strategies are used against everyone, allies and adversaries alike: against whatever states are vulnerable because they are subject to power vacuums. In the past, the effects of these indirect strategies were achieved by the coordinated use of all a country's forces. "Today, however," says Cappuzzo, "we are in a permanent state of warfare that affects all fields: the economy, technology, trade, and ideology. This war has its casualties in terms of unemployment, social tension and terrorism." But the deterrent provided by superior military power is still valid, and often induces a country to adopt positions of "psychological subjugation" in the political arena with respect to an adversary.

Within the armed forces, a new concept is gaining ground today: that of civilian solidarity. This is the "Copernican revolution" Cappuzzo has been trying to promote for some time among military personnel. "We must shift the debate and maintain that the armed forces are not constituted for war; rather, they are essential for keeping the peace." This has always been Cappuzzo's philosophy.

Probably the armed forces' assistance in protecting the civilian population in peace time will go a long way toward creating this new image, especially for the army. Says Cappuzzo: "The increasingly important role played by the Armed Forces in society to promote the well-being of the people in peace time, for example through disaster relief, has a favorable impact on public opinion, helping people to understand our efficiency and or state of readiness."

But it is clear that the use of the army for civilian purposes "Must be based on legal safeguards and utilization criteria, within limits defined by the law. I don't think the country is in a state of guerrilla warfare, so I don't think it is necessary to use army units in an anti-guerrilla role."

The fact remains that despite the modernization of the military mentality and organizational structure, choosing a military career is still not one of the most attractive options for Italian youth. In Cappuzzo's opinion, "Our structure is atypical and this atypicalness has to be paid for somehow. I can be content with my lot because I rose to the top, but how many of my

classmates got left behind along the way? There were 540 in my class initially; only 5 of us made it. What other profession starts with an initial basic training course and then meets advanced courses, advanced schools, training sessions abroad, etc, all along the way? The various stages of the military career are divided by periods of study and selection. It probably doesn't pay young people to go through all this today, unless they are inspired by ideals. Adequate and diversified economic measures could facilitate the choice of a military life and stop the trend to leave the military career to seek civilian employment."

Lack of housing and constant mobility due to promotions, together with family disputes, are further sources of frustration which induce officers of all ranks to try their luck--often successfully--at civilian jobs, although the exodus is being slowed today by the economic crisis. In recent years the main effort of the military has been to produce personnel--officers at all levels--who are professionally well trained and highly specialized, able to speak at least two languages correctly, and in the vanguard in the use of advanced technologies. "Membership in NATO," says Cappuzzo, "has been an important cosmopolitan force for individual personnel in the armed forces. It has meant new methods of organization, new procedural standards, and a search for and definition of common objectives in industry, experimentation and training."

But could our commitments to our allies push Italy into adventures beyond the boundaries established by the Atlantic Alliance? On this point Cappuzzo, like Defense Minister Lelio Lagorio, is fairly reassuring: "I don't think there is any chance of that today," he says. "That problem might arise later in the Mediterranean region, but any action would have to be freely agreed on among the various allies' governments. Our flag is where it should be today. Also because the logic of reason is prevailing over guns in these hot spots. It would also mean pushing the others to extend their spheres of influence. There are well defined zones now, and for the good of the West Italy should act with its prestige within these zones."

Of course it is hard to make predictions for the future, but General Cappuzzo is optimistic: "I believe in an army which will be more and more a militia, perceived by the Italian people as showing solidarity with the civilian population above and beyond ideologies. This could also lead to structural changes in the distribution of forces on our territory and different utilization of resources and materials. If internal cohesion increases and takes the form of solidarity regarding fundamental democratic freedoms, and if the external threat changes, the system may change too, so that it belongs to the whole country, including people not in uniform. Today the worth of the dignity of the human being is taking precedence over everything else in international society, across parties and ideologies. This is undoubtedly a good thing, and it may have an effect on the threats hanging over the world, forcing people to rethink arbitrary military aspirations, especially those from the East.

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GENERAL

INTERNATIONAL AFFAIRS

EUROPE PLANS CRYOGENIC ENGINE FOR POST-ARIANE 4 LAUNCHERS

Paris AIR ET COSMOS in French 30 Jan 82 pp 30-35

[Article by Pierre Langereux: "Europe To Develop 100-Ton-Thrust Cryogenic Engine"]

[Excerpts] It is now established that the forthcoming post-Ariane 4 generation of European launchers, which are to remain in service until into the years 2000, will make extensive use of cryogenic propulsion; that is, of the combination of liquid hydrogen and liquid oxygen, which is currently the world's most effective available chemical propellant compound.

The Ariane 5 European launcher's principal innovation will thus be its cryogenic-propellant second stage, which will use the powerful new HM 60 engine, the need for which is unanimously recognized by the ESA [European Space Agency], the French CNES [National Center for Space Studies] and the German DFVLR [German Research and Experimental Institute for Aeronautics and Astronautics]

This new HM 60, 90-100-ton-thrust, cryogenic engine--which should preferably now be called the HM 100, or by some other designation (the SEP [European Propellant Company] has proposed the name "VEGA")--will be the most powerful cryogenic engine built in Europe.

The developmental cost of a shunt-flow, 75-90-ton-thrust, HM 60 engine is estimated at around 3.7 billion francs plus a margin of 800 million francs (20 percent) for unforeseen technical contingencies, for an overall developmental cost of 4.5 billion francs over a period of 8.5 years.

For a shunt-flow, 80-ton-thrust engine with a substantial (50-percent) thrust-augmentation potential to 130 tons, the developmental cost is estimated at around 3.9 billion francs plus a margin of 400 million francs for unforeseen technical contingencies (a smaller margin in view of the performance figures involved) and 800 million francs in supplementary development costs to attain maximum thrust, hence a total of 5.1 billion francs over 10.5 years.

An integrated-flow, 80-130-ton-thrust engine (with an additional 20-percent thrust-augmentation potential) would involve a basic developmental cost of around 4.9 billion francs plus 600 million francs for a contingency margin and 1.2 billion francs for supplementary development costs, totaling 6.7 billion francs extending over more than 13 years (including contingencies).

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Recurrent costs--that is, cost per engine on an assembly-line basis--are estimated at 27 million francs for the shunt-flow, 75-90-ton-thrust engine; 32 million francs for the shunt-flow, 80-130-ton-thrust engine; and 37 million francs for the integrated-flow, 80-130-ton-thrust engine.

The integrated-flow engine thus involves an additional developmental cost of from 1 to 1.5 billion francs, depending upon contingencies, over that of the shunt-flow engine. Moreover, the adoption of a thrust augmentation potential adds 2 years to the developmental phase for the shunt-flow engine, and 3 years for the integrated-flow engine. Furthermore, according to Mr Jacques Borromee of the CNES, an integrated-flow engine complicates the industrial distribution of the work in Europe.

An Engine Without Thrust-Augmentation Potential

The CNES has therefore chosen for the HM 60 the shunt-flow design without thrust-augmentation potential, involving costs and developmental times only slightly greater than for the shunt-flow, 75-90-ton engine, namely the HM 60 with a basic thrust of 90 tons that can be increased to 100 tons (+10 percent) without any difficulty. It will be used in the second stage and optimized to carry 60 tons of cryogenic propellants to achieve planned performance ratings (particularly 15 tons into low orbit) with a two-stage launcher.

The solution adopted by the CNES--that of the HM 60 shunt-flow cryogenic engine--minimizes the technical risks (in view of HM 7 experience), while making it possible for European technology to advance spectacularly. The 90-100-ton-thrust HM 60 engine will in fact be 15 times more powerful than the 6-ton HM 7 being used currently to equip the Ariane 1 rocket.

The CNES's choice is nevertheless very conservative, in that, it provides for developing in Europe an engine with performance figures and technologies comparable to those of the J 2 cryogenic engine developed in the United States during the 1960's. When it enters service, therefore, at the beginning of the 1990's, the European HM 60 will be based on a 30-year-old technology!

Nevertheless, this high-pressure HM 60 engine will be the most powerful European engine and especially the most powerful cryogenic engine built in Europe. It will also be the most powerful shunt-flow cryogenic engine operating at this pressure (100 bars) in the world.

The 90-100-Ton HM 60 Engine

The preliminary studies and developmental activities on the HM 60 engine are currently being carried out under the responsibility of the SEO (France), which is also responsible for the studies, the building and the testing of the gas generator and the oxygen and hydrogen turbopumps. The MBB [Messerschmitt-Baldow-Blohm] company (Germany) is responsible for the studies, building and testing of the complete thrust chamber, given its previous experience (HM 7 and high-pressure engines up to 280 bars). The Volvo Flygmotor company (Sweden) is charged with

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the study and building of the turbines (under an SEP subcontract) and of the space-flight divergent section (under an MBB subcontract). The SABCA [Anonymous Belgian Society for Aeronautical Construction] firm (Belgium) and MAN [Augsburg-Nuernberg Machine Factory, Inc.] (Germany) will also participate in the building of the HM 60 engine.

The configuration currently being specified for the big HM 60 cryogenic engine that is to equip the second stage of the future Ariane 5 launcher is thus that of a shunt-flow engine (gas-generator type) with 90 tons of basic thrust in a vacuum, and with an operating region allowing for an excursion of  $\pm 10$  percent of thrust (up to 100 tons) and of  $\pm 5$  percent of mix ratio (basic ratio 5.1). The specific impulse of this new high-pressure engine could attain 444 seconds (in a vacuum), with a combustion pressure of 100 bars and based on an expansion nozzle outlet diameter of 2.3 meters (and a height of 4 meters). This overall dimension of the HM 60 engine permits a conventional separation of the launcher's stages (with just one separation plan).

According to a presentation made by Mr Marcel Pouliquen, the SEP's project manager, the HM 60 engine consists of a regeneratively cooled combustion chamber and an expansion nozzle (for flight in a space vacuum) cooled by a shunted hydrogen flow. This chamber is fed by two separate turbopumps whose turbines are driven in parallel by hot gases from the generator (which in turn is fed by a bleed-off from the pump outlets). The gases are then ejected to the exterior by means of two nozzles participating in the thrust.

The engine's mix ratio is governed by means of a valve placed in the liquid oxygen circuit (at the pump outlet), so as to complete the thrust with a quasi-simultaneous depletion of the propellants, and so as to facilitate simultaneous increases in speeds of the two turbopumps. The startup of the turbopumps, as well as the firing of the combustion chamber and of the gas generator, is effected by means of pyrotechnic cartridges. The startup and shutdown sequences, as well as the governing of the HM 60, are controlled by a computer (based on microprocessors), which is built into the engine. In flight, the engine can be steered on two axes (pitch and yaw) by means of a universal joint connected to the injector and actuated by screw jacks.

The oxygen turbopump consists of a single-stage centrifugal pump driven by a single-stage turbine; an inductor is situated upstream of the pump and driven at the same speed. The bearings are placed between the pump and the inductor, and between the dynamic seal and the turbine. They are cooled by liquid oxygen on the pump side and by liquid hydrogen on the turbine side; an absolute separation between the oxygen and the hydrogen is obtained by means of a set of scavenged gaseous-helium dynamic seals.

The hydrogen turbopump consists of an inductor and two centrifugal pump stages operating in tandem and driven by a two-stage, full-injection turbine. The bearings are installed outside the turbine-impellers assembly, owing to the power involved. All the bearings are cooled by liquid hydrogen.

The pressure and temperature conditions at the pump inlets require a critical admission pressure of less than 1.5 bars for the oxygen and of less than 0.5 bars

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for the hydrogen, at the basic 90-ton thrust. During the engine-cooling phase, a sealing device prevents any escape of hydrogen from the turbopumps to the turbine. Axial balance of the turbopumps is obtained by means of a diaphragm built into the pump impellers. The materials used are: titanium EL5-EL1 for the impellers, AU 4SG for the hydrogen turbopump inductor, AS 7G06 for the pump housings, and Inconel 718 alloy for the hydrogen turbopump's turbine diaphragms. The oxygen pump's inductor and diaphragm are made of AU 4SG and AS 7G06 respectively.

The turbines decided upon, based on preliminary studies, are of the supersonic-action type; the geometry of the stators and blades will be determined by the results of aerodynamic tests scheduled for this year. The hydrogen turbopump's turbine has two stages, most of the expansion being produced in the first stage: The discharge obtained is supersonic in the first rotor and the second stator. Studies on the oxygen turbopump's turbine have led to a single-stage, partial-injection, supersonic-discharge version

The gas generator has a planar, liquid-liquid, convergent-nozzles injector and a non-cooled chamber. The basic mix ratio of 0.9 requires a combustion temperature of 880 degrees K, which is compatible with the characteristics of the chamber walls and turbine vanes. The configuration of the injector elements will be optimized during the predevelopmental phase. A gaseous hydrogen-liquid oxygen generator-feed system is also being studied.

The HM 60's thrust chamber consists of a universal joint, an injector, an igniter, combustion chamber and an expansion nozzle. All these components are nut-and-bolt assembled to enable easy interchangeability during the developmental and fine-adjustment test phases. But a welded version is planned for the flight version of the engines, except for the terminal section of the expansion nozzle, which will be separatable (to a sectional ratio of 20 for ground tests).

The combustion chamber injector is of the coaxial-injection type. The injector elements are arranged in concentric rows: The liquid oxygen is injected parallel with the axis of the chamber and through the center slot of each element; the gaseous hydrogen is injected through the annular slot. The injection faceplate is made of a porous material to protect it from recirculation and radiation of the gases, by means of a gaseous hydrogen film using around 5 percent of the discharge.

The combustion chamber itself (inclusive of the expansion nozzle up to a sectional ratio of 5.8) is regeneratively cooled by liquid hydrogen. Ignition of the chamber is effected normally by a pyrotechnic igniter; a second igniter is included to provide for refiring the engine in flight in the event it should be necessary for certain missions (changes of orbit). An electric igniter, operating on oxygen and gaseous hydrogen and capable of numerous refirings, is also under study. The chamber is to be built using the technique already used by MBB for the HM 7 engine and for the SSME [Space Shuttle Main Engine] engine (under license). It consists of an internal body of a milled copper alloy (providing coaxial ducting) sheathed in an external electrolytically deposited nickel shell. The chamber is completed by inlet and discharge annuli (of Inconel) welded to the electrolytically deposited structure.

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To avoid combustion instability phenomena at high frequencies (encountered with Ariane 1), the combustion chamber injector is equipped with damping devices: Baffles obtained by elongation of certain injector elements, and acoustic cavities located around the periphery of the chamber.

The ground expansion nozzle, for developmental and acceptance tests, extends between sectional ratios of 5.8 and 20. In principle, it will be built by welding 430 rectangular tubes (of Inconel 600) arranged spirally with respect to the longitudinal axis of the engine, using the technique already used for the HM 7. This expansion nozzle will be cooled by a liquid hydrogen flow (around 6 percent of the total) which will then serve to cool the flight expansion nozzle, the ejected flow providing an additional thrust. But also being studied is a regeneratively cooled nozzle built of conical or constant-perimeter tubes (of Inconel X750), formed on a mandrel and furnace-brazed.

The flight expansion nozzle, designed to operate in a vacuum, up to a sectional ratio of 93, will be built of brazed tubes (conical or constant-perimeter) or of welded tubes (spirally), and cooled by a shunted hydrogen flow. This solution is more satisfactory than cooling by turbine discharge gases, which presents several problems and requires a pressure in excess of 6 bars and an expansion nozzle inlet temperature of less than 600 degrees K.

It is also planned to add a deployable nozzle to the flight nozzle, to increase the sectional ratio (beyond 93) and thus gain a few precious seconds of specific impulse, without modifying the overall dimensions of the engine.

**New Test Facilities**

The development of this new engine will necessitate extensive and costly (about one-third the cost of the program) test facilities. It is therefore planned to reuse existing installations--at the Vernon (SEP) and Ottobrunn (MBB) centers--as much as possible for the testing of the subsystems, and to optimize the installation of new facilities at Vernon (SEP) and Hardthausen (DFVLR).

This will provide a test facility for the turbopump inductors (adaptation of the present vertical test facility for the HM 7 engine), a test facility for the turbopumps (modification of the "battleship" test facility for the H8 stage), and a test facility for the gas generator (re-use of MBB's HM 7 chamber test facility).

The new HM 60 test installations will include:

--A vertical engine-test facility and a horizontal engine-test facility enabling ground-condition burns of basic duration (close to 300 seconds), at Vernon;

--A thrust chamber test facility enabling tests of from 20 to 40 seconds, at the DFVLR's Hardthausen (Germany) center;

--A simulated-altitude (under partial vacuum) engine-test facility enabling tests of basic duration, also at Hardthausen.

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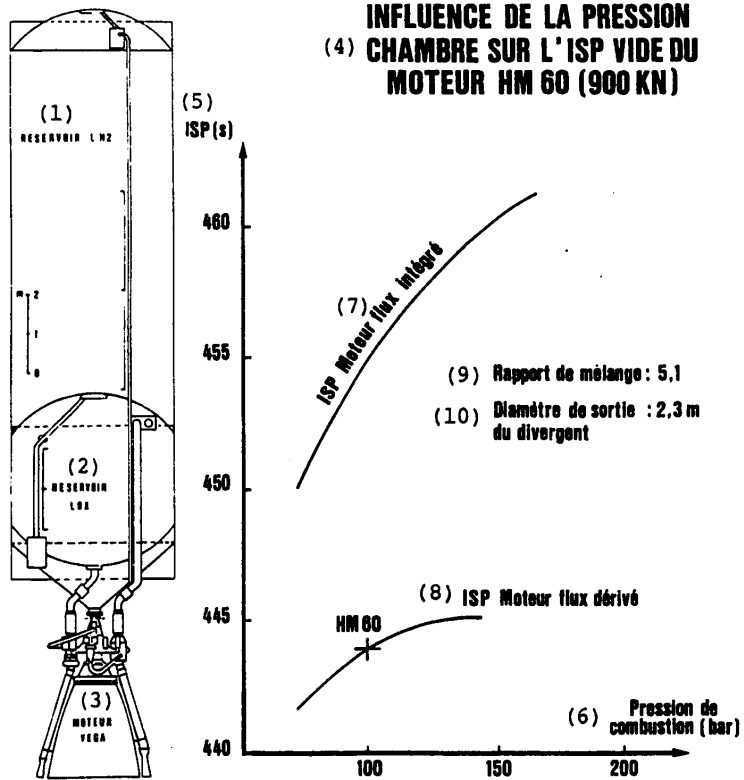
The HM 60 engine fine-tuning program calls for 334 engine tests, totaling an accrued operating time of 44,570 seconds. This will require the consumption of 50 million liters of liquid hydrogen and will necessitate tripling Europe's current liquid hydrogen production capacity. Studies are under way to limit hydrogen losses (close to 70 percent of the total) incurred during test operations (evaporation, cooling of the engines and test equipment).

The new HM 60 developmental plan calls for a predefinitional phase extending from 1981 to 1983 to narrow down and freeze key options with respect to the engine and test facilities. The critical elements in this program are the completion and assembly of manufacturing blueprints and the first equipment prototypes.

The work of this preliminary phase is aimed at hardening all choices and verifying the most critical technologies involved, enabling authorization to start the HM 60 developmental program by 1 January 1984. Under these conditions, the ground qualifying tests would start by mid-1991; complete qualification, on the ground, of the thrust assembly--H 60 stage and HM 60 engine--would then be completed by year-end 1992, that is, in 9 years.

[Diagrams and charts follow]

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General configuration of the Ariane 5 launcher's cryogenic second stage using the HM 60 engine.

Key:

- |  |  |
|--|--|
| 1. Liquid hydrogen tank.   | 6. Combustion pressure (bars).                       |
| 2. Liquid oxygen tank.   | 7. Integrated-flow engine ISP.                       |
| 3. Vega engine.  | 8. Shunt-flow engine ISP.                            |
| 4. Effect of chamber pressure on space-vacuum specific impulse [ISP] of HM 60 engine (900 kN). | 9. Mix ratio: 5.1.                                   |
| 5. ISP (seconds).  | 10. Outlet diameter of expansion nozzle: 2.3 meters. |

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Comparison of European and American Engine Characteristics (Source: SEP)

	HM 7 A	HM 7 B	HM 60	J2	J2S	RL.10 A3-3	SSME
POUSSEE DANS LE VIDE (1) (KN)	61,6	62,7	900	1044	1180	67	2090
IMPULSION SPECIFIQUE DANS LE VIDE (2) (S)	442,4	444,2	444	425	435	444	455,2
RAPPORT DE MELANGE GLOBAL(3) (-)	4,43	4,80	5,1	5,5	5,5	5,0	6,0
PRESSION DE COMBUSTION (4) (BAR)	30	35	100	53,6	86	27	207
RAPPORT DE SECTION (5) (-)	62,5	82,5	93	27,5	40	57	77,5
DEBIT TOTAL MOTEUR (6) (KG/S)	14,2	14,4	206	250	277	15,8	468
ENCOMBREMENT : HAUTEUR (7) (M)	1,71	1,91	4,0	3,38	3,38	1,78	4,24
(8)DIAMETRE SORTIE (M)	0,938	0,984	2,3	1,98	1,98	1,00	2,39
DUREE DE COMBUSTION (9) (S)	563	731	291	470	-	450	480
MAJNE (10) (KG)	149	155	1450	1542	1556	132	3000
DEBUT DU DEVELOPPEMENT (11)	1973	1980	1984	1960	-	1958	1972
DATE DE MISE EN SERVICE(12)	1979	1983	1992	1966	non opérationnel	1963	1981
UTILISATION SUR ETAGES (13)	H8	H10	H 60	SII-SIVB	-	CENTAUR S IV	NAVETTE (14)

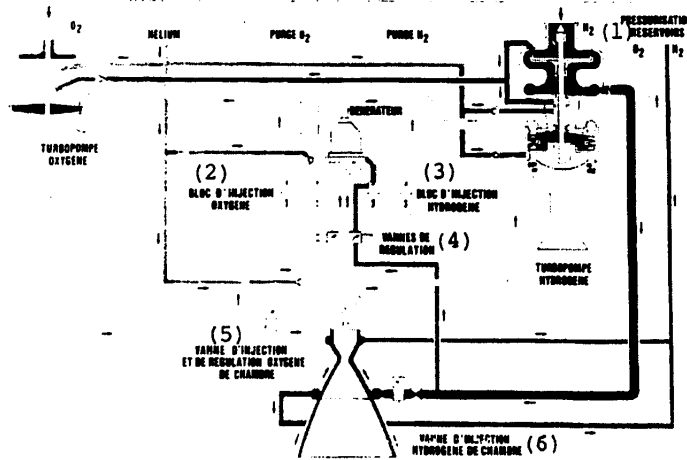
Editor's Note: The HM 7B engine is the improved version of the HM 7A, and is to be used in the Ariane 2 and 3 scheduled to fly in 1983; the HM 7A is now used in Ariane 1. The J 2S engine is an improved version of the Saturn rocket's J 2 that, however, has not yet flown. Unlike the J 2 and RL 10 engines, the HM 7 and SSME engines are not refireable in flight; the HM 60 will be refireable.

Key:

- |  |                                 |
|--|---------------------------------|
| 1. Thrust in a vacuum (kN).              | 8. Outlet diameter (m).         |
| 2. Specific impulse in vacuum (seconds). | 9. Duration of burn (seconds).  |
| 3. Overall mix ratio.                    | 10. Weight (kg).                |
| 4. Combustion pressure (bars).           | 11. Start of development.       |
| 5. Sectional ratio.                      | 12. Date of entry into service. |
| 6. Total engine output (kg/sec).         | 13. Use on stages.              |
| 7. Overall dimensions: Height (m).       | 14. Shuttle.                    |



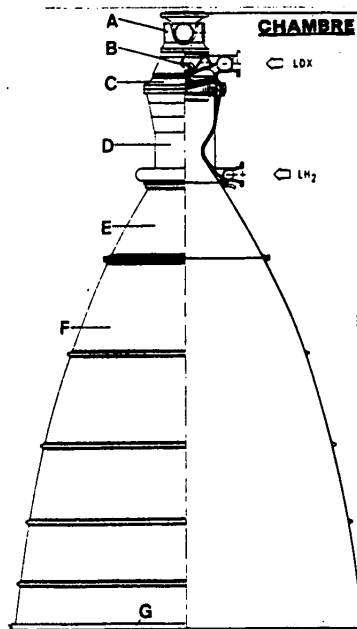
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Key:

1. Tank pressurization lines.
2. Oxygen injection assembly.
3. Hydrogen injection assembly.
4. Regulating valves.
5. Chamber oxygen injection and regulating valve.
6. Chamber hydrogen injection and regulating valve.

[Above]: Hydraulic schematic of HM 60 shunt-flow engine. The combustion chamber is fed liquid hydrogen and liquid oxygen by two separate turbopumps whose turbines are driven in parallel by the gases of a pyrotechnically ignited generator.



Key:

- A. Universal joint.
- B. Igniter.
- C. Injector.
- D. Combustion chamber.
- E. Ground expansion nozzle.
- F. Flight expansion nozzle.
- G. Ejection of cooling fluid.

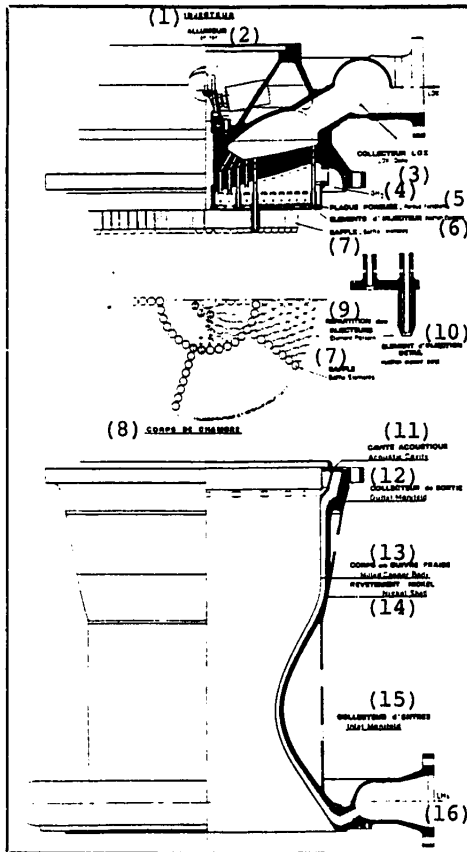
HM 60 Thrust Chamber.

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Characteristics of the Turbopumps

<u>Item</u>	<u>Oxygen</u>	<u>Hydrogen</u>
Speed of rotation	18,000 rpm	37,700 rpm
Propellant flow rate	175 kg/sec	33 kg/sec
High pressure	121.5 bars	149.5 bars
Power	2,257 kW	8,670 kW
Critical admission pressure	1.3 bar	0.34 bar
Pump:		
Number of stages	inductor + 1 impeller	inductor + 2 stages
Diameter	174 mm	221 mm
Specific speed	37	25
Efficiency	0.82	0.76
Turbine:		
Number of stages	1 action	2 velocity
Diameter	320 mm	194 mm
Expansion ratio	17	20.6
Efficiency	0.31	0.44

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Key:

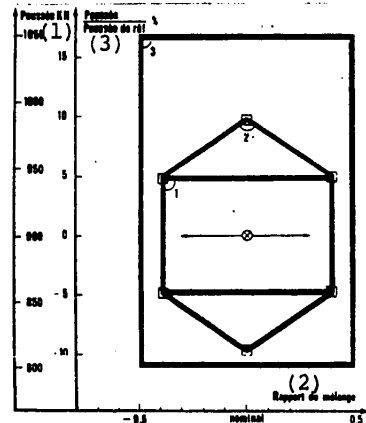
1. Injector.
2. Igniter.
3. Liquid oxygen dome.
4. Hydrogen.
5. Porous faceplate.
6. Injection elements.
7. Baffle elements.
8. Chamber body.
9. Element pattern.
10. Injection element--detail.
11. Acoustic cavity.
12. Outlet manifold.
13. Milled copper body.
14. Nickel shell.
15. Inlet manifold.
16. Liquid hydrogen.

[Above]: Sections through the injector and body of the chamber.

Key:

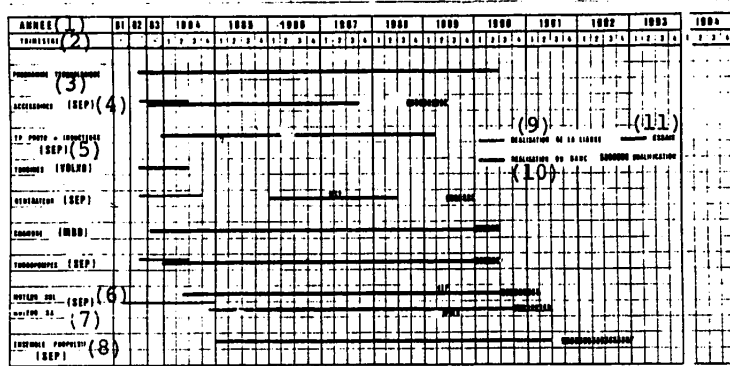
1. Thrust.
2. Mix ratio.
3. Thrust/Reference thrust (percent).

[Right]: Operating regions of the HM 60 engine: Flight operating region (internal rectangle) and reference operating region (hexagon), with the six characterization points (angles). The engine is dimensioned (external rectangle) for an excursion of  $\pm 10$  percent (centered on 90 tons) of thrust, and of  $\pm 0.5$  percent (centered on 5.1) of mix ratio.



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HM 60 Developmental Plan



Key:

- |                                       |                                    |
|---------------------------------------|------------------------------------|
| 1. Year.                              | 7. S A Engine [reference unclear]. |
| 2. Quarter.                           | 8. Thrust assembly.                |
| 3. Technological program.             | 9. Completion of blueprints.       |
| 4. Accessories.                       | 10. Completion of test facilities. |
| 5. Prototype + inductors.             | 11. Tests.                         |
| 6. Ground engine [reference unclear]. |                                    |

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