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JPRS L/9064

1 May 1980

# West Europe Report

(FOUO 21/80)



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## WEST EUROPE REPORT

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### CONTENTS

#### THEATER NUCLEAR FORCES

##### FRANCE

- Reliability of U.S. Defense 'Umbrella' Questioned  
(Francois Schlosser; LE NOUVEL OBSERVATEUR, 18 Feb 80) 1
- French Strategy in Next World War Debated  
(Georges Buis; LE NOUVEL OBSERVATEUR, 18 Feb 80) ..... 4

#### COUNTRY SECTION

##### INTERNATIONAL AFFAIRS

- Former PCE Leader Semprun Questions Marchais' PCF Leadership  
(LE NOUVEL OBSERVATEUR, 17-23 Mar 80) ..... 8

##### FEDERAL REPUBLIC OF GERMANY

- Schmidt Interviewed on Problem of 'Greens'  
(Helmut Schmidt Interview; STERN, 27 Mar 80) ..... 10

##### FRANCE

- Rocard Seen as 'Troubling Political Equation'  
(Robert Schneider; L'EXPRESS, 1 Mar 80) ..... 16
- Candidates Quoted on Economic, Military Strategies  
(Claude Jacquemart; VALEURS ACTUELLES, 3 Mar 80) ..... 20
- Ariane Benefits Seen More Than Symbolic  
(Yves Cintas; VALEURS ACTUELLES, 31 Mar 80) ..... 24

- a -

[III - WE - 150 FOUO]

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CONTENTS (Continued)

ITALY

PCI Proposal for Small, Medium Industries (Lorenzo Scheggi; IL MONDO, 21 Mar 80) .....	29
Condotta President on Business Deals With Iran (Loris Corbi Interview; L'EUROPEO, 25 Mar 80) .....	32

- b -

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THEATER NUCLEAR FORCES

FRANCE

RELIABILITY OF U.S. DEFENSE 'UMBRELLA' QUESTIONED

Paris LE NOUVEL OBSERVATEUR in French 18 Feb 80 p 33

[Article by Francois Schlosser]

[Text] One by one, Jimmy Carter is reopening the cold war arsenals against the USSR, whose tanks have invaded a neighboring country in Asia. The extent of the American reaction contrasts so strongly with the moderation of positions taken in Paris that some people are wondering whether France is underestimating the danger and whether it is not becoming too dangerously estranged from America. Furthermore: Hasn't Paris made an error in judgment in regard to both the American position and the underlying intentions of the Soviets?

Since Jimmy Carter came to power, there have been only abortive economic summits between Europe and the United States, German-American misunderstandings, the Elysee's polite indifference--and a great deal of distrust in European capitals, caused by the inconsistency of American diplomacy. At the end of 1979, no one hid the fact that the Democratic administration which had occupied the White House for 3 years was going into the 1980 election year in a totally desperate situation. Rarely has a presidential team been forced into such a total acknowledgment of the failure of its foreign policy.

Then the "Kabul coup" almost seemed like a blessing. And this is what disturbed Paris as much as Bonn. Jimmy Carter seized the opportunity to make a 180-degree turn and to reduce all of America's concerns to the confrontation with the USSR. After underestimating the Soviet position in international relations--at the very time when the USSR was reaching the peak of its power--he suddenly returned to an exclusive bipolarity, asking the whole world to become aligned with one side or the other. It seemed clear that this new "cold war," with its dramatic side--provided it lasts until November--was becoming the only chance for American Democrats to win the elections.

Avoid the Clash

But nothing will prevent the reelected President from sending his secretary of state to Moscow on the day after the elections to "talk seriously." And what will Europe do then if it follows America into this storm with a questionable election odor? How much time will be required in turn to reestablish

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broken ties with the East--for they are much more numerous and deeper, we could almost say even more vital, than those which America itself maintains with Warsaw Pact countries.

In this crisis, must France align itself with Washington more than Romania is with Moscow? No one doubts that Western Europe's destiny in the next 20 years might be profoundly changed by certain possible developments in Eastern Europe. As the report of a Planning Commission team led by Jacques Pelletier and Gerard Tardy\* points out, regardless of the anticipated scenario-- 1) hardening of the Soviet hold over Eastern countries as a result of a return to ideological orthodoxy or post-Brezhnev "national bolshevism," or in the opposite case, 2) greater autonomy granted to the "satellites" in their relations with the West to alleviate the effects of the current crisis on already discontent populations--Western Europe will be profoundly affected. This is why neither Paris nor Bonn wants to bring back unnecessarily--or too soon--the cold war clash to the center of Europe.

But suppose the Americans are right? Suppose the "Kabul coup" were only the prelude to an overall USSR offensive against the vital interests of the West, Europe and thus France? Suppose Afghanistan were only a springboard for the Soviet army, from which it could soon change the policy of all countries possessing the oil wealth essential to Europeans and the Japanese? Should it then be left up to America alone to defend Europe's future? During a recent visit to Switzerland, Kissinger warned some of those with whom he spoke that such a development could very likely set off the sirens of isolationism in the United States and foster the temptation for neutralism in Europe, with each of these prospects obviously involving serious long-term dangers to European security.

But it seems that the Americans--and at the highest level--have been taking pains for several days to minimize French-American differences. What has impressed the White House--and which represents a new aspect of the French policy of independence--is its parallelism and, to a large extent, its coordination with the motivation, interests and political intentions expressed by the Germans. In other words, its "European" tonality.

No Concession

For the Americans, it is true that this German-French aspect of Giscardian policy also constitutes a guarantee to a certain extent: indeed, what will the Giscardian version of independence become when America decides to make the Germans submit? Paris will have no other choice except to make a small "splitting revision." Small because, in reality, all precautions have been taken to prepare for this possible disaster. Actually, by asking the Soviets to "withdraw their troops from Afghanistan" to make possible a further development of detente, the French are keeping open the door which will enable them to return to the Atlantic fold without reversing their decision.

\*"L'Europe: les vingt prochaines années" [Europe: The Next 20 Years], report of a long-term developmental forecasting group headed by Jacques Pelletier and Gerard Tardy, January 1980.

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Nothing in the statements made by Giscard and his ministers for a month and a half indicates an intention of "neutrality" in the event that the USSR should take the initiative to start up the cold war again in Europe--whether in connection with Berlin or Yugoslavia after Tito's death. But in that case, the French-German party will be over. With the increased danger, Germany would seek its security in a close alinement with Washington. At the same time, Bonn would try to obtain the subordination of French atomic weaponry to NATO nuclear planning--an old German-American dream. But no French government could allow such a concession and the efforts to modernize strategic nuclear forces, announced 10 days ago, seem to show that this is by no means the intention of the current government.

In short, if a new cold war were to break out in Europe, France would retain a much larger margin of action than in the fifties as a result of its atomic weaponry. No doubt the exercise of independence would be harder and more dangerous than it was all during detente. But the continuation of an autonomous policy within the Western alliance would still not cause the French to forgo the benefit of the protection which America will grant, in any case, to its vital interests in Europe--i.e., perpetuity of the status quo along the boundaries which the previous cold war did not even manage to budge 1 millimeter.

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THEATER NUCLEAR FORCES

FRANCE

FRENCH STRATEGY IN NEXT WORLD WAR DEBATED

Paris LE NOUVEL OBSERVATEUR in French 18 Feb 80 pp 34-35

[Article by Georges Buis]

[Text] The invasion of Afghanistan by Soviet armed forces has caused blunt reactions among American officials, a show of force by the U.S. Navy, ultimately decisive pressure by the United States and China on the new buffer state which Pakistan has become and friction between the United States and its allies. This is because fear has taken a firm hold throughout the West, particularly in NATO countries, fear of seeing the Soviets exploit their self-given advantage in the direction of the Persian Gulf and the Indian Ocean--either through Pakistan or through Iran or by bolting through the area joining these two countries (Baluchistan).

Both sides, and especially the West, are worrying about distant intervention forces, as though it were a problem of the Northern Frontiers in Kipling's time--forgetting, however, that Great Britain and Holy Russia had carefully avoided direct war, even in the small-scale period of conventional warfare. The possible confrontation of the ground, naval and air forces of the two great powers would certainly be technically impressive, but would make no sense in a time of nuclear weapon systems.

After the "Kabul coup," where are we? First theoretical case: The USSR has managed to quickly subdue Afghanistan. It may now be satisfied with this or may consider making that country the center for launching its forces toward the Indian Ocean and Persian Gulf. If it takes such a risk--which is that of "full-scale war"--the USSR has no reason not to also act on the gulf by departing from the Caspian Sea in the west (Yerevan military region) and the east (Tashkent military region). With regard to the gulf, it must not be forgotten that the USSR is linked by an aid-and-friendship treaty with the most powerful bordering nation: Iraq.

Second theoretical case: The United States is concentrating on a considerable all-round aid effort to Pakistan and on military aid adapted to the particular needs of the Afghan rebellion. In this case, the USSR will find itself facing an "Algerian war" for an indefinite but certainly long period. I say an "Algerian war" because the terrain resembles the Aures Mountains more than

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the rolling vegetation of Vietnam, but with a big multiplication factor. It is not true that the huge jagged spurs of the Himalayas and Hindu Kush will be easier to clean out than the Asian monsoon jungle. The armed helicopter which, in an instant, terrified the rebel fighting with his bare hands will become a "sitting duck" in the high mountains for the rebel with a specific weapon.

It is likely that this is the kind of war which we will witness, for it is the only possible one without danger of escalation for the two great powers. However, public attention is being drawn by most of the media to the "battle of the gulf." What forces can the United States set up there in opposition to the USSR? Reports are pouring in about the Rapid Deployment Force (RDF). How many days are needed for the American 82nd Paratroop Division to reach the gulf? Two days for the first battalion, according to Lt Gen P. X. Kelly, who commands the RDF, and 78 hours for a brigade to go into action. The rest will take a month or months. Implementation of the appropriate logistics--land bases, floating bases, especially "roll on-roll off" ships\*--will require years. The first of the 15 ships of the "roll on-roll off" type, already ordered, will be operational in 1983.

Load Sharing

The Soviets would have to deal with more or less the same problems. Less in the beginning, perhaps, for reasons of geographic proximity, but quickly becoming more serious for reasons of technical ability.

From then on, as many combinations are possible in the kriegspiel of the "Cafe du Commerce" as in the tiercé [French forecast betting system]. The only condition for the combat preparations not to automatically lead to full-scale war but to talks between major powers, including Iran and Afghanistan at the same time, would be that the shows of military force do not lead to physical contact between the armed forces--somewhat in the way in which the American Sixth Fleet and the Soviet Eskadra spin around in unison in the narrow Mediterranean, making polite gestures when they are obliged to pass each other. We can imagine this ballet in the gulf, with the USSR occupying the Iranian coast, thus the oil wells of Khuzistan and the ports of Khoramchar and Abadan, and the United States on the west coast: Kuwait, Arabia, the Emirates, and of course the oil wells stretching out on land and offshore.

But this whole set of suppositions crumbles when we listen carefully to what American officials are saying. In New Delhi on 1 February, Carter's special envoy declared: "If the Soviets' plan is to move toward the Persian Gulf, that means war." On the solemn occasion of the "State of the Union speech," in defining his policy President Carter particularly emphasized that "any attempt by any foreign power whatsoever to gain control of the

\*Roll on-roll off cargo ships always loaded with equipment and supplies and reroutable at any moment to a "hot spot."

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Persian Gulf area will be considered an attack on the vital interests of the United States. Such an attack will be repelled by every possible means, including military force."

Regardless of Jimmy Carter's emotionalism, he must be accorded the honor that he has weighed his words before congress. And is it possible to imagine for 1 second--this also applies to Leonid Brezhnev, who knows that he would launch an "all-or-nothing" struggle by starting out for the gulf from the north or east--that the President of the United States, in the case of a vital interest, could stand for a sort of thirties' combat in the desert, a Kolwezi raised to the 100th power and, should such a case arise, sportingly accept defeat and the tie-up of the vital oil artery for its industry and that of all its allies while its planes, ships, submarines, silos and arsenals are packed with about 60,000 nuclear warheads?

Thus in principle, we are heading for an indirect war in the context of a direct strategy. European governments know that, so sharply accused by the United States of not being alert in this difficult time (except for Great Britain, of course, which is again acting like a vanguard American state). At the Wohrkunde meeting in Munich on 9 and 10 February, high American officials also harshly dotted their i's, demanded the "sharing of the load" and assured that the boys will not sacrifice their skins while the Europeans play advisers.

No Escalation

But what military aid can be contributed by a nonexistent Europe and an antiquated, outmoded NATO with no mission concerning the Middle East and the Persian Gulf? Plug the hole in NATO caused by the withdrawal of American units by supplying troops, in the way that the governors of colonies led so many battalions of soldiers against the mother country? Participate financially? No doubt. The FRG is already carrying Turkey at arm's length. It will have to do more. And why shouldn't France take over aid to Greece? The Americans requested this in Munich. But is that a task up to a Europe and Japan tragically affected--much more than America, which also constantly repeats it--by the energy source of the Persian Gulf? At the same time that America is discovering that it can no longer act alone on the world level, it is discovering that its obstinate refusal to see its natural allies organize into political and military decision-making centers is turning against it in a time of danger. This is what Kissinger said in Paris on 3 February.

Fortunately, America is still by far the first economic and military power in the world. It will win again this time and the USSR knows it. That is why Moscow will not trigger the escalation. As for the Americans, whether they like it or not, they know that they cannot ask for significant intervention in a remote theater of operations from the Europeans, who have a common border with most Warsaw Pact countries, unless they have first been given sanctuary by nuclear power or helped to become sanctuaries by transfers of technology. This is why France--by its very status of sanctuary--can

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simultaneously participate in a display of naval and air strength in the Indian Ocean and retain its freedom of military action, in this case its restraint.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

FORMER PCE LEADER SEMPRUN QUESTIONS MARCHAIS' PCF LEADERSHIP

Paris LE NOUVEL OBSERVATEUR in French 17-23 Mar 80 p 41

[Excerpt] Novelist Jorge Semprun, former leader of the Spanish Communist Party and former prisoner in Buchenwald, asks in this article why Georges Marchais is the leader of the French Communist Party. He has an answer.

We may await the results of historical research, but a simple textual analysis of Georges Marchais' own statements reveals omissions, contradictions and crying improbabilities. Also, the PCF general secretary's lawyers should restrain the ardor of the witnesses for the defense, who have suddenly become very wordy. Their fantastic precision may be fatal to a defense strategy based on the fluid, the inexact, a quavery voice, and demagogic workerism. Thus, we must ask ourselves an interesting question concerning the letter of Mrs Paulette Noetinger-Marchais. Why does she write that they stayed in Normandy "until 1945, sheltered sometimes at the home of my husband's mother, sometimes with other members of the family, and sometimes with friends"? Were they so "sheltered" that they did not find out that France had been liberated? Didn't they know they could move about, go back to work, settle the problems of an "irreconcilable" who probably had no papers, and live normally, at least since September 1944? Why stay in hiding for so many months longer, while all of France was exploding in the social and political upheaval of the liberation? Mightn't the date 1945 be a revealing slip if it is remembered that the workers in Germany began to come home in the first quarter of that year? When you know of the communist party leaders' assignments, especially in the cold war, you realize these questions must have been asked of Georges Marchais when he began his climb up the party ladder. To put aside any doubt on this subject, all the PCF would have to do is publish the various biographical reports that the present general secretary must have filled out and that Plissonnier speaks of in entirely too bucolic a tone.

However, the main thing now is to try to understand why Georges Marchais rather than someone else is the PCF general secretary. It is a party that never stops preaching to everybody, a party of chieftains and chastizers.

8  
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This question does not concern France alone; it concerns the whole European left, given the PCF's specific gravity. If Georges Marchais did not hold the position he does and were not in power, his past would be of interest to no one. Unless, that is, a publisher attracted by the success of the "Russkoffs" asked him to write his picaresque memoirs. In that case, nobody would blame him for touching things up a little here and there.

At the 17th PCF congress in May 1964, Marchais said from the podium, "You become a good communist in the party. No party member can forget that if he became a capable and responsible party member, he owes it mainly to the party." That style is a ritualistic rumble, devout, pompous, and typically Stalinist. It may be wooden, but it does contain some truth: the present PCF general secretary is in fact a creature of the party, molded by the party in the muddy clay of the bad years. He is a person who has no biography as a party member, conjured up out of nothing against all the absolutely unbreakable party rules, an automaton of correct thought propelled onto the stage of power when the PCF political leaders who came out of the Resistance have been pushed aside, forgotten, or kicked out.

At the very moment when Stalin died, the astonishing political career began, the career of a man trained by Moscow's international network to have a Stalinist's elusiveness. This network is invisible but easily discernible by what it does. To what end did it train him? The breakup of the Left Union, and Kabul are the answer to this question. The answer can also be found tomorrow, if he lasts till tomorrow--which seems rather likely, in a sudden move by Georges Marchais towards a policy of broad alliances that the Kremlin might again feel a temporary diplomatic need for.

In his speech to the 17th PCF congress, Marchais exclaimed fervently, "We can never repay the party as much as it has given us!" Oh yes, you can, Marchais. You can give it much more. You can die for it.

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COUNTRY SECTION

FEDERAL REPUBLIC OF GERMANY

SCHMIDT INTERVIEWED ON PROBLEM OF 'GREENS'

Hamburg STERN in German 27 Mar 80 pp 256-265

[Interview with Chancellor Helmut Schmidt; date and place not given: "We Can Solve Environment Problems Without Help of Greens"]

[Text] Helmut Schmidt dispatched a bouquet of red roses as well as the head of the Office of the Chancellor, Gunter Huonker, to Stuttgart. It was SPD Bonn headquarters' way of comforting Erhard Eppler, who had headed the SPD slate in Baden-Wurttemberg, for losing the election there. Eppler, in fact, had threatened to throw in the towel.

But the encouragement on the chancellor's part, whose support had not been forthcoming during the campaign, failed to cheer Eppler up. It was a veritable flood of stiff upper lip appeals which did the trick. Friends and supporters by the thousands, from his own party and the ranks of the Greens implored him not to give up. Eppler squared his shoulders and laid down the post of fraction chairman in the Stuttgart Landtag, an office he had long disliked, but retained the politically more influential job of SPD party chairman for Baden-Wurttemberg.

He has no intention of changing course, he says. Committed to the ecology as he is, the anti-nuclear, pro-environment, anti-bureaucracy position he has adopted will remain the same. "Maybe I will fail," Eppler says. "But I would rather I failed while giving my all than succeed with a policy that has no real future."

Eppler quite likely can do without the party; but the party cannot do without him. What Chancellor Helmut Schmidt thinks of Eppler and how he intends to meet the Greens' challenge is the subject of interview the chancellor gave to STERN.

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STERN: Shortly before he died, in December 1979, Prof Carlo Schmid advised you on how to win the "disaffected," critical young voters over to the SPD: "The party leaders should vow that they will make every effort to find a way that leads out into the open." Where is that way ?

Schmidt: I have taken this appeal of my friend Carlo Schmid to heart. At the time he made it he combined it with the earnest request to see to it that young people leaving school should not face the threat of unemployment and an uncertain future.

During the past few years we have made great efforts to help every young person find his place in society and to pursue a career. The number of occupational training agreements, for example, has increased by about 140,000 or 28 percent over the last three years. We will continue to work on this.

In our democracy, I would add, everyone must also make an effort himself to find his proper place within the state and within society. There is no such thing as guaranteeing him a place without any problems and difficulties.

Many young people have a very positive attitude, as far as I can see; they are truly motivated. They have turned their back on exaggerated demands; they extend help to fringe groups and to the socially disadvantaged. I would like to address a special word of encouragement to these young people. I would appeal to them to attend to our country with all of its problems.

STERN: Prof Carlo Schmid also wrote: "Young people experience the state as a cold-blooded monster which turns out questionnaires instead of promoting human contact. Youth desires to be 'natural;' it looks for a certain warmth, even in public life; it wants less of the almighty state and more of human brotherhood." Do you agree with this statement and if so, how does it affect your policies ?

Schmidt: Carlo Schmid must also have been talking about his own youth, about his way of looking at things as opposed to the conventions set by the adult world of his time.

To my mind, this attitude young people have is not a sign of resignation. A critical and watchful eye directed to possible faults and shortcomings is part of the equipment every good citizen needs. I can empathize with a lot of their unease. But solidarity and humanity can exist in our society only insofar as every one of us is willing to make a contribution to it. By tradition and on the basis of its platform, my party is attempting to introduce more democracy and humanity into politics and whoever wishes to support these efforts is more than welcome in our ranks.



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STERN: How seriously do you take the concerns of the 'Greens' ? Do you have any kind of feeling for their fears and worries ?

Schmidt: I take the cares of all citizens seriously, regardless of their origin, their life style or their party affiliation. I am not brushing the anxieties in connection with nuclear energy aside. These anxieties must be taken into account— notwithstanding the fact that in the nuclear energy field safety takes precedence over economic considerations anyway. As for safeguarding our natural resources and our environment, that has been my personal concern for a quarter century too. And the federal government pursues the same policy, as our environmental protection programs since 1970 clearly show. And, they have been successful.

STERN: But that does not mean that you are in agreement with the Greens, does it...

Schmidt: I differ with the Greens in two respects. First: I do not share their pessimistic view of civilization which holds that the environment cannot be protected effectively in the long run unless we radically alter our economic system and our life style. The environmental policies of the socialist-liberal coalition prove that the opposite in fact is true.

Second: In protecting the environment, we must not disregard other, major interests of our fellow citizens; those of our industrial workers, for instance, who must have job security in order to live; those of retired persons whose pensions depend on the proceeds of a viable economy, or those of the apprentices who have a right to insist on occupational training.

STERN: But can you do both ?

Schmidt: We cannot possibly reach all environmental goals at once unless of course we are prepared to endanger our economic and social stability which is the basis of our earnings and our jobs. We have made some impressive gains so far. During the course of the 1970's business and government spent some DM 120 billion on environmental protection, which is five times as much as the federal and Land governments jointly spent on public housing.

STERN: How do you propose to meet the challenge of the Greens ?

Schmidt: First of all, we will try to make the voters understand that we can do without the help of the Greens, if the justified demands are to be attained in a step-by-step fashion and with a sense of responsibility as regards the interests of the country as a whole. Secondly, we will point out that the Greens have no policy with regard to European external security, with regard to balance and detente, to social security and how to pay for it and to successful economic and social programs in the widest sense.

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STERN: Erhard Eppler has characterized the Baden-Wuerttemberg election outcome as a personal defeat. In nuclear policy, he adopted a position opposed to yours. Do you view Eppler's defeat as a vindication of your policy ?

Schmidt: It speaks for Erhard Eppler that he felt that this outcome which might have been more favorable for the SPD reflected upon him as well. But, one must also note that we succeeded in breaking the absolute CDU majority in 17 out of 61 election districts which previously had returned such a majority.

STERN: But doesn't it make your party think that the election turnout was low and that many of your supporters must have stayed at home ?

Schmidt: The small turnout seems to have had an effect. The turnout was 17 percent lower than at the last Bundestag election. Everyone who knows anything about these things says that this had an effect on the SPD particularly. In view of Strauss' running for chancellor and in view of indications that the CDU/CSU is taking a position opposed to the interests of the workers, I am quite certain that the turnout for the North Rhine-Westphalian Landtag election on 11 May, for example, and above all for the Bundestag election will be a good deal higher.

That is why I do not believe that the result of the Baden-Wuerttemberg Landtag election can be taken as a clear vote for or against the policies of the federal government.

STERN: The conflict between Eppler and Schmidt remains. Both of you are members of the presidium. Eppler stays on as chairman of the Committee on Basic Values. How does the party propose to make the voters understand this conflict during the Bundestag campaign ?

Schmidt: The SPD is not a cadre party. Its members are supposed to and permitted to think for themselves. Throughout its history, it drew much of its strength from free discussion. But, it is always a good idea to know when the time comes to turn from discussion to action.

In the SPD we have had different personalities and differences of opinion for a long time. We have never tried to make the voters believe that the major problems of our time and of the future can be analyzed without any controversy. Erhard Eppler has his place within this spectrum. My friends on the presidium share my view in this regard. Even persistent warning voices like Erhard Eppler are themselves subject to criticism...

STERN: But you do not really have the reputation of being a decided friend of Eppler's...

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Schmidt: For all the differences between us in personality and style, Erhard Eppler and I do agree on the goals. This also applies to most questions of energy policy and energy conservation, such as the priority of coal and the need for developing alternative sources of energy.

There is no point in overstating our differences in nuclear policy; they are gradual rather than fundamental. Eppler understands, as I do, that we cannot dispense with the limited utilization of nuclear energy in the short run, despite giving priority to coal and practising energy conservation.

STERN: The Stuttgart elections have shown that Eppler cannot effectively come out for environmental protection in Baden-Wuerttemberg, if Bonn fails to back him up.

Schmidt: I do not share your interpretation of the election result. The Bundestag election in the fall will run a different course from the Landtag election on 16 March. Above all, there will be other issues against which the parties and their candidates will be measured— in foreign policy, security policy, in economic policy and with regard to liberal ideas and justice. And the voters will be looking for answers to all these questions...

STERN: The ecology issue will remain...

Schmidt: It will be our job to make clear to the voters that we have already made important gains in the field of protecting the environment and protecting nature. We shall also have to inform the electorate of what we decided at our party congress in Berlin and what we included in our 1980 election platform. Erhard Eppler can help me a lot by thoughtfully and credibly directing the public's attention to our achievements over the past ten years and our goals for the future. I am sure we will gain the support of many of our fellow citizens in the environmental associations and the citizens initiatives in this endeavor.

STERN: It seems that you can no longer get a hearing from the Green voters. You appear to be for all the things they reject. And that not only includes nuclear power plants. Have you written off this bloc of voters for good or do you think they consider you "the lesser evil" in view of Strauss' candidacy and will vote for you after all ?

Schmidt: Those that are concerned about environmental protection, I think, will think very seriously on 5 October about who should be the next chancellor. At this time, the polls indicate that a large majority of the 18 to 30 year-olds are in favor of my re-election. The fact that Messrs Strauss and Biedenkopf are making such a to-do about the Green Party these days must make those who voted for the Greens think: those two are obviously looking for ways to obtain a majority.

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STERN: But among the Greens there is a large group which disapproves of your policies.

Schmidt: Perhaps there are certain groups of people who disapprove of government energy policy. We must also try to make these people understand which government and which of the parties is in fact willing and able to act with regard to preserving peace, to maintaining good-neighbor relations, to liberal ideas, equal opportunity and above all to solidarity with the disadvantaged and to social justice.

I am sure that many who tilted over to the "green side" at one point or another in a Landtag election will realize the consequences of a wrong decision at the Bundestag election and refuse to take this risk on 5 October. Last but not least, foreign policy considerations will make the voters realize what their vote really means.

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COUNTRY SECTION

FRANCE

ROCARD SEEN AS 'TROUBLING POLITICAL EQUATION'

Paris L'EXPRESS in French 1 Mar 80 pp 80-82

[Article by Robert Schneider: "Rocard Shows His Hand"]

[Text] Fifteen months prior to the presidential election, on Cards on the Table, Rocard upset the political game whose only novelty and unknown he is. Robert Schneider analyzes his chances.

When on Monday 25 February on Channel 2, Michel Rocard asserted: "There will be no confrontation within the Socialist Party, for Francois Mitterrand and myself are very attached to party unity backing a candidate capable of attracting a large crowd," no one doubted that, in his opinion, the name of that candidate should be Michel Rocard.

How can be explained the quiet assurance of a challenger whose future seems to depend entirely upon his rival's good will? Could Mitterrand have confided to him that he would not even run in the race for the Elysée? Not at all. Rocard has simply become convinced that, with 15 months left before the presidential election, it is not he, the minority contender, who is pinned in, it is actually Mitterrand, the historical leader, the gatherer of men. To such an extent, thinks Rocard, that the first secretary will be unable to be a candidate in the fall when the militants must choose.

The Rocardian optimism is based on a feeling and an analysis.

He derived the feeling from his 1-hour private talk with Francois Mitterrand on 18 December 1979. The meeting was requested by the first secretary. News of the meeting was leaked by him a few days later. Mitterrand was even willing to go to Rocard's Parisian apartment, Boulevard Raspail. But the latter preferred to visit the "boss" in his den, Rue de Bièvre.

Usually, private talks between the two men--sufficiently rare to be considered events--go rather badly. They value but do not understand each other. Mitterrand chills Rocard. Rocard irritates Mitterrand. However, this time the climate was relaxed, a first. The Yvelines deputy confided to Hervé Hamon and Patrick Rottman ("The Rocard Effect," Stock Publishers)

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that it was "exceptionally lucid and friendly." As stated by one of Rocard's close associates, their confrontation in the forthcoming presidential race was approached "in a clinical manner." Mitterrand analyzed his and his opponent's chances. He revealed that he had not yet made up his mind and, under those circumstances, his interlocutor could very well be a candidate. In any case, both men agreed to watch over party cohesion.

Is this a simple maneuver to lull the opponent? Rocard does not think so. His impression was confirmed by Mitterrand's confidences to friends who were visiting him. He told them in substance: "If the situation does not change between now and fall, I will not be a candidate." For the time being, he is aware that, running against Giscard, he would get approximately 45 percent of the votes on the second ballot. There is no question of running into a bitter defeat in 1981 after having come within a hairbreadth of winning in 1974. Should he choose not to run, the only socialist candidate should be Rocard--the bearer of "a historical destiny," according to Mitterrand.

"Released From His Pledge"

Mitterrand also thinks that an improved international situation and a worsened French crisis could place Giscard in jeopardy. Would he then hold the best position? His historical image is linked to the Union of the Left which he personified for 6 years. That is why, after the 1978 defeat, he clung to it like a castaway to a flotsam. That is why he hoped, for the longest time--or pretended to believe--that the September 1977 break would be short-lived and the CP, specialist of 180° shifts, would be forced--through the anchorage of PS [Socialist Party] to the Left--to return to the Union.

Today, he is forced to admit that the break is irreversible. He is timidly beginning to draw conclusions. On 21 February, in a lengthy interview granted FRANCE SOIR, he declared: "Since we are being denied the Union, we will not eliminate the possibility of governing alone." The strong reactions raised by this small sentence show the narrowness of his maneuvering margin. Didier Motchane--one of CERES' [Center for [Socialist] Studies, Research and Education] leaders, his cumbersome ally since the Metz Congress--called him to order: "Defacto and de jure the Union stipulates equality with the CP." His faithful friend, Georges Fillioud, feels obligated to headline in RIPOSTE, the PS' small-format newspaper which he heads: "No! There Is No Doubting Mitterrand!" In other words, the first secretary still believes in the Union.

How can this deadlock be broken? To persist, as though nothing had happened to the Left, is to show evidence of blindness or weakness before the very eyes of the PS' elect and militants. To draw conclusions from this communist deadlock is to recognize implicitly that Rocard and Mauroy had been clearly aware of the situation 2 years before he was.

What can Mitterrand do between now and fall? Mobilize his partisans throughout France, as he had done prior to the Metz Congress? It would be tantamount to promising, as of now, to be a candidate. And on what grounds should Rocard be

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attacked? It is impossible to blame him for running as an opponent in the presidential election: it is Mitterrand himself who invited him to do so. After the statements to FRANCE SOIR, it is difficult to accuse him of wanting to govern without the communists. Mitterrand who, so many times had known how to create events must now suffer them. One of his close associates recognizes that "The only spectacular act capable of shifting public opinion back would be for him to announce Rocard's candidacy, thus committing harakiri."

On Wednesday 27 February, before the national secretaries of his party, Mitterrand merely made the tart remark: "I had released Rocard from his Metz's pledge. It took him 5 weeks to answer me." Mitterrand did not appreciate his opponent placing him in the same camp as those who favor the state's apparatus opposite partisans of the decentralization of responsibilities. He appreciated even less the tribute to his "historical role," interpreted as a posthumous eulogy. However, he will leave it up to his lieutenants to answer. Having been accused on 1 March before the Leadership Committee of having abandoned the Union of the Left, Rocard already knows that he will have to take on one or several leaders, should Mitterrand fail to run.

While his opponents run after a ghost, Rocard will make the most of the forthcoming 7 or 8 months to try to create an irreversible situation.

By fall he hopes to appear as the party's natural candidate, the one who has the most chances to win. It would then be--what a switch!--Mitterrand, founding father of the PS, who would enter the competition and appear as a factor of division to the socialist voters.

The tactic is daring. According to the partisans of the Yvelines deputy, it can succeed on two conditions.

Rocard must maintain his high score in the public opinion polls, while imposing the image of a man ready to assume the highest offices. On 25 February, the TV viewers of "Cards on the Table" discovered the "presidential" Rocard, i.e., less spontaneous, more responsible. He now tries to shuck conspiratorial winks, street-kid banter and the style buddy. Delivery is now disciplined even if, in the end, it speeds up. The style fits the new situation: before the public, the opponent is no longer Mitterrand, it is already Giscard.

Within the party, Rocard must convince a majority of elect--they exceed 40,000, almost one-fourth of the recognized militants--that he is their best bet for reelection. The socialist mayors are pondering the future of Union-of-the-Left municipalities. They are weary of daily fights with the CP. They are worried by the poor ratio of votes CP-PS in local partial elections. For the 1983 municipal elections, many already favor presenting homogeneous lists, without communists. It shows that the image of a homogeneous socialist government is far from shocking. Rocard's effort is aimed mainly at 13 departments, most of them in the South, which voted for Mitterrand during the Metz Congress. His breakthrough is spectacular enough to worry the first secretary's friends.

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The Yvelines deputy who, for a long time, has been accused within the party of heading a Christian plot against the laity, also obtained the discreet but effective support of officials from the academic world and the Masons. He is now closer to his old friend, Pierre Mauroy. On 25 February, in the Channel 2 Studio, the mayor of Lille sent a warm message to him. His two leading lieutenants congratulated Rocard at the end of the broadcast: "Bravo, you did not make any blunders."

By showing his hand 15 months before the election, Rocard upsets the political game whose only novelty and unknown he is. This time, he is becoming troublesome; and not only to the Socialist Party.

The CP which until now only attacked Mitterrand, is now taking him for a target. According to L'HUMANITE of 26 February, the broadcast--listed the day before in the TV log without mention of the guest's name--was the occasion for Rocard "to practice a funeral solo for the demise of the Union of the Left."

"Television Is Like a Pinball Machine"

Pierre Charpy concluded his editorial in LA LETTRE DE LA NATION, the official paper of RPR [Rally for the Republic], with these words: "If Rocard gave a picture of his great sincerity, it was only the sincerity of his ambition." The Giscardian camp is also beginning to worry about the seduction that "the modern Left," personified by Rocard, exercises on centrists and radicals. In short, Rocard disturbs. The attacks are now going to come from every directions.

The more so that, as he speaks, the Yvelines deputy will have to abandon the vagueness in which he skillfully confines himself. His wowing making itself felt across a large spectrum of the electorate, it will be difficult for him to continue to please both the reformists disappointed by Giscard and the leftists who recanted Mao.

His stand in favor of a striking force has already shocked ecologists and pacifists. Trade unionists badly reacted to his prudence concerning self-government. Over the forthcoming months he will have to explain what he means by "socialism of responsibility."

One of Rocard's close associates asserted on 25 February after the broadcast: "Television is like a pinball machine. When you score a point, everything lights up." Still, one should avoid a tilt.

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COUNTRY SECTION

FRANCE

CANDIDATES QUOTED ON ECONOMIC, MILITARY STRATEGIES

Paris VALEURS ACTUELLES in French 3 Mar 80 pp 25-27

[Article by Claude Jacquemart: "Overlapping Speeches"]

[Text] Giscard d'Estaing tries to organize the "consensus" by using the international crisis.

Chirac remains prudent.

Rocard elects to be clever.

The latest televised speech of Valery Giscard d'Estaing who tried to counter his political opponents in the race for the presidency of the republic by taking advantage of the international crisis, contained two key ideas--"consensus" and "national independence."

On Tuesday 26 February, over Channel 1, the president of the republic declared:

"There is a consensus. Basically, it concerns France's independent policy and action. Currently, a very large segment of French public opinion and its leaders approve the policy being followed."

"Independent Action of France": from now on, it is this Gaullist-tinged idea which the chief of state is getting ready to set against Jacques Chirac to draw the natural electorate of the mayor of Paris. Who could claim to be against "the independent action of France"?

Last week, the chief of state, Chirac and Rocard engaged in an indirect dialog. Speaking last, Giscard d'Estaing had the advantage of closing the debate. He reviewed his opponents' themes: France's international policy, its defense and attitude toward the Third World with an implicit call to the French to rally around him.

The only issue which was shirked was the economic debate. To be sure, Raymond Barre was entrusted with explaining it to the National Assembly called in extraordinary session; he had two figures in mind: France's 7-billion deficit (in gross figures) as of January and the 1.9 percent inflation rate for the same period.

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On 24 February, over Europe 1, Chirac hinted in barely veiled terms that he would be a candidate in 1981. He confirmed that, in his opinion, alternation in the majority implied "alternation at the top," for "the impetus given by the chief of state" was the only influential factor on French policy."

Twelve days later, in his press conference, he quoted Ecclesiastes: "There is a time to be silent, a time to talk, a time to sow, a time to reap." That Sunday he explained:

"After sowing we always hope for and expect the fastest possible harvest and the most abundant."

Having been prudent during his press conference, this time, he showed more forcefulness. He noted "a sort of deterioration and general weakening of our economy," and he expressed the wish that France's choices would be expressed "within the framework of truly well-thought-out planning." He denounced the serious risks of a trade policy which aimed French exports toward countries "whose solvency was doubtful." He stated that the North-South dialog so dear to the chief of state was nothing but "chatter," and, about the Third World, he declared:

"We will have to perfect a modern version of the Marshall Plan. This system should allow oil producing countries to make long-range and low-interest rated investments with their unaffected petrodollars which would be guaranteed by the industrial countries."

What about defense? Chirac reiterated that "the only invulnerable component" of our nuclear force of dissuasion, i.e., the submarine component, had to be developed and, in broader terms, France's military potential had to be reinforced.

But what does he say about the crisis created by the Soviet invasion of Afghanistan?

He explained: "I am not one of those who believe that we must simply and purely align ourselves with the United States or reenter NATO. Any move away from detente drives the cold war closer, that is to say, alignment with the blocs."

That was the chief of state's exact statement on 26 February.

"We have an alliance; we follow an independent policy; we also have joint obligations (with "regimes of freedom"): those are the three poles of the presidential policy.

Giscard d'Estaing further explained: "France does not practice a scouting policy" (this seemed to refer implicitly to Jimmy Carter without naming him). It will not become the "province of a superpower," implying by that the United States.

This language was for the Gaullists' benefit and it tried to catch Chirac off balance.

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Already, 2 days before, while awarding their prizes to the best of France's workers, the chief of state had announced the relaunching of the participation concept, another Gaullist idea. By the same token, when, on his order, it was announced a little later that the ceremonies commemorating the anniversary of the end of World War II on 8 May would be reinstated this year after having been canceled in 1975, the intent seemed clear.

His whole televised speech of 26 February moved toward this "recuperation."

What about detente? He declared: "We never understood it as supplying unilateral gains or advantages to the partners." That was in answer to Chirac who, on 12 February, had stressed that, with the Soviet Union, "everything was measured and negotiated against relations of strength."

And alignment within the blocs? "It is a very dangerous idea for balance and peace."

Europe? "Its worldwide influence must be restored," and the joint French-German declaration (on Afghanistan) "stands out in the reappearance of Europe as a new world-wide center of influence and decision." It is another Gaullist-like speech. Did not General de Gaulle based European development on the French-German alliance?

The French retaliatory force? In 1974, it could deploy a 20-megaton nuclear force (1,000 times more powerful than the Hiroshima bomb); in 1980, 75 megatons to be increased to 90 megatons by 1985, which makes France the third-ranking nuclear power in the world.

In this recuperation of the Gaullist speech, Giscard d'Estain is obviously helped by the fact that, on the main issue (the new situation created by the behavior of the Soviet Union), Chirac hesitates to take a tough stand. He refuses to boycott the Moscow Olympic Games. He also rejects the reassessment of all the things which, for many years now, have woven the fabric of French-Soviet relations (particularly economic agreements).

Involuntarily, Rocard too reinforced the idea that a "consensus" over a few essential issues was appearing around the chief of state. As a matter of fact, his speech overlaps Giscard d'Estaing's: Maybe because, having lost the communist vote, he is aiming for the electorate defined by the chief of state in his book, French Democracy, as a "huge central group" away from leftist and rightist extremes, thus justifying the expression "Rocard d'Estaing" once used by one of Mitterrand's close associates, Jean Poperen: furthermore, it expresses less an idea of complementarity than of competition.

On 25 February, Rocard appeared on Channel 2 on Cards on the Table. He confirmed that he was keeping himself ready for the 1981 deadline.

Which of his positions is overlapping those of the chief of state? Rocard "strongly condemns" the invasion of Afghanistan, but he asserts that it must

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be understood in context." Poniatowski who mirrors Giscard d'Estaing's thoughts, says no more than that (our emphasis).

Rocard also declared: "A peace policy consists in being able to launch a detente policy, a human rights policy and a policy of aid to the Third World."

There again, even if his methods are different, the Yvelines deputy is developing themes similar to those of the chief of state.

What about sanctions against the Soviet Union? He does not believe that they are the "only possible solution," and furthermore "one can very well be firm while keeping relations opened" (what Giscard d'Estaing calls maintaining "open communications with the Soviet Union").

And the boycott of the Olympic Games? He answered:

"Please, let's not ask this type of question."

The Atlantic Alliance? He firmly favors it. The development of the French striking force? He approves of it as he approves the existence of an intervention force "developed on the basis of what it is today."

To be sure, candidate Michel Rocard differs from Giscard d'Estaing on his criticism of the economic situation or the desirable level of nationalization. However, he sees self-government only as a "lengthy, very lengthy dynamics." If elected, he would accept to govern with the present majority, counting on its capacity to adapt and its generosity to promote a few important reforms.

In LE MATIN of 28 February, the policies thus defined by the Yvelines deputy arouse the sharp criticism of Lionel Jospin, the Socialist Party's second-ranking official and a friend of Mitterand. Jospin noted in Rocard a "doctrinal forsaking" (self-government) and a "forsaking of strategy" (with the exclusive theory of a homogeneous socialist government).

He said that if it were not a fanciful notion, it would mean that, fundamentally, we could govern with the Right.

In reality, Rocard is trying to promote a strategy of the possible, by reassuring the centrist voters who will sway the decision in 1981. Knowing that he cannot count on the communist vote, he is not ignoring either that, should the Socialist Party choose him as its candidate, he will have to face some differences. Jean-Pierre Chevènement, the Belfort deputy and leader of CERES [Center for [Socialist] Studies, Research and Education] (the PS' left wing), threatens to run also should Mitterand withdraw in 1981.

Rocard's course of action is singularly narrow and it drives him to going prospecting in the territory of his leading possible opponent. Thus, their speeches overlap whereas Chirac, determined to define an "alternation in the majority" without offering a victory to the opposition, cultivates his differences while camping on the banks of the Rubicon.

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COUNTRY SECTION

FRANCE

ARIANE BENEFITS SEEN MORE THAN SYMBOLIC

Paris VALEURS ACTUELLES in French 31 Mar 80 pp 56-58

[Article by Yves Cintas]

[Text] A new company, named Arianespace on 26 March, will soon take over responsibility for the fate of the Ariane program; it will produce the sister versions of the rocket which was launched at Christmas.

The European, and mainly French, space adventure is now really beginning, 20 years after the start of the American and Russian space programs. There is no great enthusiasm outside of the scientific world; the public at large is still sceptical--as sceptical as the politicians were not so long ago.

In 1973, the man who is now president of France, then minister of the economy and finance under Georges Pompidou, opposed the French launch vehicle project; he considered it only a new and worse Concorde.

In fact, Ariane and the satellites it will carry into space appear to be the best economic card our country has played during the past decade, along with its associated European partners.

Ariane's first flight is the crowning touch of an ambitious and difficult undertaking. People outside don't realize that a launch vehicle can remain tied to the ground indefinitely, and for insignificant reasons. A single defective part can cause the launcher's destruction.

In addition to the design problems faced with Ariane, it was essential to harmonize the products manufactured and the work

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schedules of about 50 businesses all over Europe, to create totally new production tools, such as an assembly plant near the SNIAS [National Industrial Aerospace Company] facilities at Les Mureaux, and to develop a great many computer programs.

#### Simulations

The simulations, which were used for the final checkout before the first launch, before the test, required a perfect mastery of data processing techniques.

The most interesting feature is that these calculations will enrich the data banks and may be used in fields other than space, such as the management of vast and complex programs in nuclear technology, engineering, aeronautics, naval construction, etc. The initial "loss planning" for the Ariane rocket included 40,000 events that could each prevent a launch.

What is true in general is also true for the details, for the calculations needed for structures applicable to nuclear tanks, ship hulls, etc. The French discovered the Pogo effect (vibrations of propulsion systems harmful to the solidity of the entire unit) with the Diamant rocket. Through the data available, they were able to "model" this effect for the Ariane launch, to verify the model by computers, and develop a corrective system which was found to work.

Ariane's first flight is also a methodological success.

The management used, the same as that used for the civilian Airbus program, is based on a pragmatic approach. There is no reason for a plane to exist unless it sells, provides jobs, and maintains an industrial program. A launch vehicle's purpose is to carry payloads, satellites. If it stays on the ground, the financial efforts it required are a total loss. And it then causes delays in all the areas of research which depend on its good operation for the pursuit of their work.

Unlike the promoters of the Europa III rocket, the Ariane promoters voluntarily cut back on their ambitions insofar as technological innovations were concerned, in order to have greater security. Major innovations, such as the cryogenic propulsion system used in the third stage (liquid hydrogen and liquid oxygen) were few in number.

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For that reason, Ariane was said to be a "primitive" rocket. But it works. And because it works it will, like the Airbus, give rise to a family of launchers with better and better performances, which will make an effective contribution in creating the European space industry.

Management of a program on such a scale demands a single decision-maker. The Ariane promoters learned a lesson from the repeated technical and financial setbacks of the last Europa program.

This time there was only a single prime contractor, the CNES [National Center for Space Research], and only a single industrial organization, the SNIAS, responsible for "standardization of interfaces" (putting the parts of the rocket together) and for integration of its own products and those of the five major partners: the SEP [European Propulsion Company], Air Liquide and MATRA in France, ERNO in the Federal Republic of Germany, and Contraves in Switzerland.

The concentration of decision-making authority in France had an historic basis. In 1973 the Gaullist "old guard" was only able to get its launch project, the L III S program, accepted by its European partners by agreeing to have France pay for most of the financing (62.5 percent of the budget).

#### An Effective System

Time (from the middle of 1979 to the end of 1980) and cost (2.5 billion francs in 1973 prices) restrictions were respected. For that reason, the system will not be changed. The Arianespace company will operate very much like the Airbus Industrie joint venture; it will hold all powers, particularly for sales.

The value of the Ariane program, for a country like ours, may also be measured by the number of direct jobs and by the sales volume it produces.

For the 1980-1990 decade, the market for the launcher is estimated at about 50 units. This includes the four experimental launch vehicles, the last of which will be launched in early 1981, and the six launchers scheduled between 1981 and 1983. Each of the vehicles costs about 175 million francs. This price is comparable to that of the satellites it carries. The total figure therefore represents about 15 to 20 billion current francs in sales over a 10-year period and from 5,000 to 7,000 permanent jobs during this decade.

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These figures may seem deceptive. In fact, the situation is a little as if space were a research laboratory for other industries. The consequences of the space program are not immediate, nor are they easy to predict, but they are certain. An example is the present use of aerodynamism (an old invention of aeronautics) to reduce consumption.

The French space scientists and industrialists are beginning to glimpse new possibilities. They range from the storage of energy without batteries (through the development of kinetic wheels with magnetic bearings by the SNIAS) to increased safety in nuclear facilities (with the improvement of seal techniques and the invention of antivibration and antiseismic absorbers). From petroleum extraction in very deep waters (new equipment, remote guidance) to medical diagnoses based on an instant observation of a great many parameters). From the elimination of friction in machinery to more efficient prospecting for mineral, marine, and other resources.

And the final result of the Ariane program: the rocket has put an end to the American monopoly on launches. The European satellite industry had been kept within very narrow limits: meteorology and astronomy.

The Americans had blocked not only the military use of satellites, but also their commercial use, particularly in communications, in which field the Europeans could only launch experimental satellites.

#### Ariane Has Opened Up This Field

Now Europe will no longer be barred from a huge potential market, that of business communications: telematics, telex, video conferences, data transmission, etc. In the latter area, in a few years they would have run up against a monopoly, the IBM monopoly. In 1978 IBM asked for authorization to launch its own satellites, the SBS (Satellite Business System).

Another huge market as yet untapped is image broadcasting. Once in orbit, satellites can cover vast geographic areas without the use of the very heavy infrastructure now needed on the ground: radio relay systems, retransmitters, etc.

This new market is estimated to be between 75 and 100 billion francs a year throughout the world between now and the year 2000. Simply in launch vehicles, satellites, and ground transmission stations. And this does not include receivers

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(television sets), which will have to be completely replaced in the industrialized countries. This happened in France with the introduction of three channels, and with the switch to color.

Ariane came late. But still in time to enable the Europeans to try to get a good share of the pie.

#### The French Share

About 50 businesses are involved in the Ariane program. Most are French, and they subcontract for six major contractors, four of which are French.

- a. The SNIAS. This is the industrial architect of the program, which has provided for 10 percent of the sales of its ballistic and space systems division (250 million francs of a total of 2.5 billion). Program-related jobs come to 600 of a total of 1,000 (space activities) and 5,700 for the parent company (17,000 for the aircraft division).
- b. The SEP. The program has been quite important to this company, the engine developer. In 1979 it accounted for 281 million francs of a total volume of 773 million. The program employs 1,000 people of a total staff of 2,563.
- c. MATRA. Supplying the nose cone and its equipment accounted for approximate sales of 70 million francs in 1978, or 4 percent of consolidated sales. The Ariane workforce was 65 people (plus 80 from subcontractors) of a total of 5,500 in 1978.
- d. Air Liquide. Ariane-related activity is considered marginal in relation to its consolidated sales (over 7 billion in 1979). About 40 people are assigned to space activities.

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COUNTRY SECTION

ITALY

PCI PROPOSAL FOR SMALL, MEDIUM INDUSTRIES

Milan IL MONDO in Italian 21 Mar 80 pp 21-22

[Article by Lorenzo Scheggi: "Let the Children..."]

[Text] At Bottegue Oscure [Communist Party headquarters in Rome] the Communist Party leaders make no mystery of it: The problems of small and medium businesses will be one of the communist warhorses in the spring administrative elections. The objective is to revive the policy of alliances among the working classes and what the communists call "productive middle-class groups." Another objective is to try to become a point of reference for small industrialists who feel they were abandoned by Confindustria [General Confederation of Italian Industry] and Confapi [Italian Confederation of Small and Medium Industry]. The PCI maintains that these organizations were hypnotized by the problems of change of leadership and are dedicating very little attention to the problems that grip the medium-small businesses. (In regard to the change of leadership, 5 months were not sufficient to find an heir to Guido Carli, while the atmosphere in Confapi is heating up because of the expiration of the mandate of its current president Giuseppe Spinella).

Thus, all the energies of the Economic Department headed by Gerardo Chiaromonte, and particularly the medium-small section headed by Guido Cappelloni, have been mobilized. A Tuscan regional conference on small and medium industry has been scheduled for 22 and 23 March at Florence. The following week, a similar program is scheduled for Bologna to cover the Emilia area. In April at Turin there will be a seminar in preparation for the Piedmont regional conference (planned for the beginning of autumn) on "Small Business and Ignorant Fiat." Two similar programs were held in recent weeks in Calabria and in Puglia.

The communist offensive in support of small industries started by Giorgio Amendola and Eugenio Peggio in 1974 seems to have entered a new, decisive phase. (The first national conference was held in 1976 and this was followed by the Milan conference promoted by the local CESPE [Center for Studies in Economic Policy] and with the second national conference promoted by Fernando di Giulio at Bologna in 1978). The communists explain that the objectives of

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this program "are not to enter the internal struggle for succession to leadership of Confindustria and Confapi. Nor, much less, is it to get the electoral support of the industrialists." Even if, they admit at Communist Headquarters, "there are now many communist industrialists" (but they are not able to say how many and a survey is being prepared for this) that either belong to business associations or participate openly in the life of the party: Industrialists are on the federal committees in Emilia and Tuscany; at Turin the federation has promoted a special working group of industrialists which meet regularly at party headquarters; even though on the national level, finally, there are frequent meetings of communist industrialists. "We only plan," said Mauro Meruzzi, deputy chief of the Middle class Section of the PCI, "to advance specific proposals to support small and medium industries. Because where we like it or not, both the Confindustria and Confapi are not doing anything for this very important sector which needs many things."

But what do the communists specifically propose? What will they say in the streets during the election campaign in regard to medium and small industry?

The central point of the proposal is simple: Rather than continue giving these plants financial aid only, it is necessary to provide them with real services on the regional level. It was not an idea that came from nothing: "Experiences of this type," Meruzzi explains, "already exist: It is merely a matter of generalizing them." This is the case, for example, in Piedmont where, with the aid of the regional financial organization, Finpiemonte (which entered as a minority member), a small group of small electrical plants, each with a maximum of 100 employees, established a consortium to purchase patents and technologies, for sales and specialization in individual products. Or in Emilia, where collaboration between the regional administration, the chambers of commerce and industrial or artisan associations led to the creation of Ervet, a specialized regional organization which in cooperation with the University of Bologna has promoted a technological center for metals for the use of all members requiring experimental data and consultation. Or again, of the consortium developed at Carpi and Correggio between the textile plants which have launched an ambitious "fashion project," and that of Ferrara for the sale of agricultural machinery, and those finally, promoted by the Umbria and Lazio regions in the industrial zone of Aprilia.

According to the PCI proposal, therefore, every region should have "regional development centers" which would draw upon the experience of regional financing institutions. They should be mixed-participation corporations and regional and private corporations (that is associations of businessmen, chambers of commerce and credit institutions), to which would also flow the projects resulting from the diffusion of technologies, the Industry Ministry's experimental stations, the consortia for development areas, and with which the organizations promoted by the Fund for the South, [Institute for the Aid of the Development of the South] and Formez [Centers of Training and Study

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on the South] should harmonize their efforts. The function of the southern financial institutions such as FIME [Southern Financial Trust], FINAM [Agricultural Financial Trust for the South], and INSUD [New Initiatives for the South] should also be reviewed in function of the establishment of the foregoing centers, according to the communists.

The services offered by these centers, which would be paid for by the users, are: Promotion of consortiums; acquisition and spread of technology; sale of product; care of intercompany relationships toward a common policy in handling orders; preparation of areas equipped for industrial plants; diffusion and knowledge of data useful to business; promotion of factory planning, promotion of up-to-date professional training of labor and of management.

Instead the entire policy of incentives should be handled by national authorities, but only after reorganization and coordination of various laws governing them. The PCI leadership recognizes that "however, the road is still long because the DC [Christian Democratic Party] prefers different solutions that would leave funds to the regions to be administered directly, in short, creating so many small Gepi [Industrial Managements and Holdings] with which to finance clients, but also because the entire south is still very backward." For this reason the communists have decided to launch a particularly strong offensive in the south presenting in all the regional councils draft legislation for the creation of these development centers (this has already been done in Puglia, Campania, Abruzzi and Basilicata) and furthermore proposing the transformation of financing companies operating in the southern regions on the basis of a special statute.

How will businessmen react to these proposals? The communists do not hide the fact that they are fairly optimistic. This is because they are convinced that their effort is right, but also because, together with the regional centers, they believe they can offer small and medium industrialists advantageous proposals even on the trade-union level. Specifically (but the idea is for the time being only in draft form) they seem to be oriented toward making a commitment with the trade unions to approach labor contracts in the future which in some respects will be common to all plants, but in other respects differentiated between the small and medium plants on the one hand and the large ones on the other. For example, these differences could be in the area of qualifications and wage parameters; in terms of jobs for youth (law on apprenticeship and Law 285); as well as in terms and flexibility in the use of labor, and, finally, in regard to wages. For small plants there would be a massive taxation program to fund the welfare burden. Meruzzi said, "We do not in the least think that the contracts for the small plants can be made at a discount. But it is inconceivable that all regulations that apply to Alfa Romeo can also apply to a plant that has only 100 workers."

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COUNTRY SECTION

ITALY

CONDOTTE PRESIDENT ON BUSINESS DEALS WITH IRAN

Milan L'EUROPEO in Italian 25 Mar 80 pp 8-9

[Interview with Loris Corbi by L'EUROPEO: "Why the Iranians Don't Love Us Any More"; date and place not given]

[Text] On top of the papers strewn about the Roman office of Loris Corbi, president of Condotte, there is a book bound in red. It is an essay on the Islamic revolution which the author, the governor of the Central Bank of Iran, Nobari, signed and dedicated "with friendship" to the president of Condotte.

Corbi knows the art of diplomacy. A year ago it seemed that he would go down together with this company in the crash of the Persian Empire. Today he is the Italian who travels most often to Tehran. His most recent visit to President Bani Sadr and other Iranian leaders was on 1 March.

[Question] Professor Corbi, can you explain this miracle?

[Answer] Easy. During the stormy months of the Iranian affair, from December 1978 to May 1979, the Italians in Iran--let me say that Condotte was at the top of the list--were the only group that did not yield to panic. After the workers' families were evacuated we tried to overcome the difficulties of the moment but we continued to work. The site of our affiliate which is building the Port of Bandar Abbas, Italcontractors, was never closed. We--I speak from personal experience--continue to seek a direct dialog with the emerging leaders. The Iranians became aware of this and they appreciated it.

[Question] Nevertheless the new regime canceled enormous orders. How did we rescue ourselves?

[Answer] Through our attitude and because the work contracted to the Italians, like the Bandar Abbas Port, are peaceful works and as such were recognized as valid even by the new leaders. We in The Condotte firm, for example, in September had already agreed with Tehran on the confirmation of our plans and full resumption of work.

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[Question] At that time you had a credit of more than 200 billion lire. Did they pay you?

[Answer] We opened negotiations saying clearly that we could not extend even 1 dollar more of credit. If we returned to work, that means we obtained what was necessary to continue operations: We are now taking steps to collect large amounts owed us.

[Question] Does this mean that Iran is extending privileges to Italy?

[Answer] I would say yes. At least it was that way until a few weeks ago. With every new trip I made, before and after the occupation of the American Embassy, I noticed a growing opening, a clearer friendship toward us. There was not one Iranian leader up to the highest level who did not say: "We will do great things together." For two reasons: Because Italy was considered a politically "clean" partner, without the attitudes of the great powers and less insidious than other European nations; because Italy is capable of offering a high degree of technology in the four sectors that the new regime considers to have priority and that is agriculture, petrochemicals, civil engineering and communications. I might note that the friendly attitude toward us is very different from that accorded to others.

[Question] And now?

[Answer] There has been a clear and sudden change. The friendship I had found at Tehran in January disappeared early in March. With regret, but with firmness, all the Iranian leaders accused us of having disappointed them, by blocking supplies already paid for such as helicopters and spare parts. They are things that Bani Sadr himself said repeatedly in public in the days when I was at Tehran. An unpleasant situation was created.

[Question] A broken romance?

[Answer] I'm afraid so. I have confidence that in a few days Italian authorities will overcome the obstacle, taking steps so that our relations with Iran will continue as they were before. The damage has been done: And it should not be worsened. There is even a reciprocally advantageous opportunity for the two countries that should be developed.

[Question] Did you personally approach Italian authorities to overcome the crisis?

[Answer] I did all I could. I certainly cannot be suspected of not being a friend of the West and I know that a state agency cannot fail to take into account the policy lines of its own government, which however should take responsibility for the consequences. However, in this as in other cases, I am accustomed to [words missing] I consider above all our national interests.

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33

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