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West Europe Report

(FOUO 7/81)



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WEST EUROPE REPORT

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ENERGY ECONOMICS

FRANCE

CHALANDON'S VIEWS ON ENERGY MATTERS PRESENTED

Paris PARIS MATCH in French 26 Dec 80 pp 62-63, 81

[Interview with Albin Chalandon, president and general manager of Elf-Aquitaine, by Liliane Gallifet; date and place not given]

[Text] PARIS MATCH: Following the latest price increases by OPEC at Bali do you think that petroleum will continue to go up in 1981?

Albin Chalandon: If there is no new political crisis, if neighboring countries continue to make up for the short-fall of Iraq and Iran, and if the recession continues in the industrialized countries, we can believe that there will be a surplus of crude petroleum next year and in consequence moderate increases, if not stabilization, of prices. That indeed poses many "ifs."

PM: And beyond 1981?

A.C.: All the hypothetical situations are possible. If there is economic recovery, and hence increased consumption of petroleum, price rises will be imposed; but if, at the same time, the Iraq-Iran conflict ends, there will be a surplus that will be gradually absorbed by deliberately decreased production.

PM: You seem to be counting upon "reasonable" behavior of the oil producing countries. You do not therefore fear an abrupt price increase decided upon unilaterally?

A.C.: Such things are possible only in periods of great shortages. That is why the year 1979 was very bad for consuming countries. As there was a large imbalance in the market place OPEC took advantage of it to proceed with large increases. It might have been feared that the same thing would occur when the Iraq-Iran conflict stopped the production in those two countries. But the wisdom of Saudi Arabia, Kuwait, and the Emirates, which increased their production, even though they had no need at all to do so as far as their own economies were concerned, made it possible to avoid a new crisis. What was very disturbing was, that at the very moment when those producing countries were showing signs of sensing a highly manifest international solidarity, some consuming countries sought to increase their already large stocks. If these matters are viewed objectively it must indeed be said that their behavior is often quite as unreasonable as that of certain producing countries.

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PM: The Western countries, properly, have recently decided to draw from their stocks and to induce domestic production in order to reduce their requirements. Are they, in the end, going to be in a position of strength?

A.C.: The decision of the International Energy Agency is good and presumably will be observed, at least over the short term. First, because the physical facilities for stocking are limited and then because, in this period of relative abundance, the consuming countries have greater interest in stabilizing prices than in accumulating reserves. But to have a new policy based upon solidarity of consuming countries seems to me to be indeed hazardous. Alas, it must be feared that at the first indication of shortage it will again be "every-one for himself" as in the past. Nevertheless it is in the interest of the consuming countries to act jointly, with solidarity, particularly in attempting to restore the conditions of a petroleum market which, today, is compartmented. The recent decisions at Bali, in opening the bracket of official prices, are reinforcing this compartmentation and, indeed, anarchy in the market place, which are factors in the price rises.

PM: Do the consuming countries have the means of applying pressure upon the producing countries?

A.C.: The consuming countries will regain a position of strength when the rule of the market place will again work toward lowering prices. Today it is working only toward increasing prices. There are in fact two prices: the price fixed by the OPEC countries which is a price in some ways political, and the free market price which involves transactions upon separate cargoes. As soon as a lack of offers causes rising prices on the Rotterdam market OPEC follows suit. On the other hand, when the opposite occurs, that is, a surplus of offers, as was the case this summer, the official prices do not go down because the producing countries contrive to make the excess of petroleum disappear by reducing the production by some or others of them. But deliberate reductions in production cannot be continued indefinitely. It encounters a limit which is, for each of those countries, satisfaction of the needs of its economy, If worldwide consumption of petroleum is one day successfully lowered to below that limit there will be a lowering of prices. This presupposes, on the part of consuming countries, of will, money, and time.

PM: And what is your opinion of industrialized petroleum producing countries like Great Britain and the United States, which are pushing toward higher prices?

A.C.: Great Britain has very great production capability but only for a few years. The British certainly are seeking to take advantage of it and because of that are not at all pushing for stabilization of petroleum prices.

PM: Do you not find that shocking?

A.C.: We must be realists and not look for ethics there where there are none. It is the same with the United States as with Great Britain. The Americans have reserves which are relatively short lived and will certainly not acquiesce

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in being dependent upon foreign countries. Consequently they are going to seek to obtain replacement production which will have a higher cost price than the present price of their petroleum. It is therefore in their interest that petroleum attain a price level at which it is profitable to produce those forms of energy which go by the names of coal liquefaction, heavy oil, tar sands, and so forth. The USSR, the world's leading producer, is also always in the first ranks to increase prices. There is, therefore, even in some consuming countries, a push to higher prices because they are at the same time producers of petroleum or replacement products. France, unfortunately, from this point of view is one of the most poorly situated countries. For it, price increases have only disadvantages.

PM: Is it in the interest of the large companies that the rise in petroleum costs cease since, when there is a relaxation of petroleum prices the market prices of their stocks decline?

A.C.: Obviously the higher petroleum goes, the more money a company makes. We must differentiate between producers of petroleum and gas and refiners, who purchase petroleum in order to transfer it into products such as gasoline and domestic heating oil. Refining results in no profits in France, but in very heavy losses which are impairing the future of that industry and particularly the investments it must make to adapt its facilities. The petroleum production which results from exploration generates profits which, depending upon the tax structure, varies considerably from one country to another. Such projects are mainly, if not totally, reinvested in exploration and exploitation of deposits which are discovered. Besides, they are realized in foreign countries which prevent their exportation. We must be aware that a petroleum group may make large profits worldwide without, for all that, making any in its home country. But we must also be aware that functioning in this way, that is, by reemploying the money made where it is made, it contributes to the discovery of new petroleum and gas resources which the world needs, particularly the country to which it belongs. The costs of production in the Arctic Ocean, for example, may be 100 times as great as in the Middle East. Someone must indeed pay for it.

PM: You are returning to Libya. What were you going to do in a country which, at this time, is on very bad terms with France?

A.C.: The general rule which we apply is to pursue our activities abroad--we are working in 43 countries--without being concerned with the political relations between those countries and our own. When we set up in a country it is for 20 or 30 years. We need stability. We must therefore avoid the hazards of politics. This concept is generally accepted on both sides. However, when those relations give rise to special problems, which is the case today with Libya, it is obvious that we undertake no initiative without advance consultation with the appropriate government authorities.

PM: Is that to say that, contrary to the rumors which circulated, you had a green light from the French government?

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A.C.: Yes. I must remind you that our firm has been installed in Libya for many years, that is producing a little petroleum there, and above all that it has discovered there a large off-shore deposit whose development is at present blocked because it is a region which is in dispute by Tunisia. The differences are going to be settled by the Hague Court. Last, upon the request of the Libyans, we are going to widen our exploration effort in the country's interior; we have been negotiating to this end with the Libyan authorities for many months. We are awaiting the grant of a large mining concession.

PM: It is said that petroleum prospecting in France is being carried out too slowly. In particular, in the Sea of Iroise, where there are only two drillings per year?

A.C.: As for Elf-Aquitaine, we can hardly do more than we are doing. Our exploration expenditures which are very high--nearly 5 billion [francs] in 1981--and which are financed by our profits must produce results, that is, petroleum or oil, in order that they in their turn generate profits which will make new explorations possible, and so on. If exploration is unfruitful the enterprise must sooner or later shut its doors. Our exploration objectives must therefore be selected so as to obtain a minimum level of success. In France the chances of finding anything are small. If we devoted our entire exploration budget to France and we found nothing it would in the end mean the death of our firm. We are thus obliged to go where we have the greatest chances of success. As for the Sea of Iroise where the eight borings already effected were dry holes, the effort we are devoting to it is a considerable one; we are providing half of the financing for the exploration. This vast region has now been assigned to a unique group of five petroleum exploration firms operating in France. In order to go ahead faster must we do otherwise and divide it up among a greater number of companies? That is a decision for the public authorities. Furthermore, this supposes that there are petroleum firms which are interested, of which there is no evidence. Today this exploration is no longer paying off.

PM: Have you any information on the discovery attributed to the Soviets in Siberia?

A.C.: Within the scope of conversations we have regularly with the Soviets our geologists had information on the region in question. Our opinion is that there exists an immense reserve of oil and gas very difficult to produce; it involves tar bearing silicified clay and it seems that there will have to be several million borings to extract this petroleum at very high cost. At the present rate of drilling in the USSR this would require several thousand years.

PM: Some experts now put at 100 years the time that petroleum will last before the problem of shortage arises. Do you share their optimism?

A.C.: Given the various sources of petroleum, heavy oil, tar shales and sands, and so forth, there will be enough petroleum for many more than 100 years. However, there will be a shortage because production cannot be increased at a sufficiently rapid rate. As new petroleum will be much more difficult to

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extract we may consider that present production of 3 billion tons annually cannot be increased. If consumption increases, there will therefore be a shortage pure and simple. It is purely a problem of spigots. The only producers who, technically, would easily be able to obtain greater output are not doing so for political reasons. Those are the countries of the Middle East which want to make their petroleum last as long as possible. Put yourself in their place! We must be prepared to live through a number of very difficult years. The replacement sources will not be ready in adequate quantities before 1990, perhaps even 1995. Until then the price of gasoline will climb. Exxon, the world's leading company, proposes devoting 800 billion dollars to production of 400 million tons of petroleum (50 percent of American consumption) from tar shales. Well, despite the effort devoted, there will not be any results in less than 15 years. We are in a tunnel....

PM: Is it not in large part because the money earned by the OPEC producing countries is not reinvested in exploration?

A.C.: This is an element which weighs very heavily. Traditionally the petroleum profits are divided between the government and the firm. In times when the return to the government was small, the major portion going to the firm which reinvested the money in exploration, discoveries proceeded at a good pace. Today the profit from minerals is almost totally confiscated by the producing countries which are not reinvesting in exploration. The cost of prospecting has become very high and resources are not keeping pace. I have always said that the principal bottleneck in the years ahead will not be petroleum but money to produce it.

PM: Where does France's petroleum future lie? Is it in signing very large contracts like the one just concluded with the USSR for supplying us with gas?

A.C.: The large contracts--that with the USSR will represent 30 percent of our annual consumption--puts us at the mercy of political pressures. Although it was not possible to do otherwise--agreed. But, in the case of gas the North Sea and Africa offer an alternative in a considerable gas potential. Prudence requires us to depend neither upon a single country nor a single region of the world.

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COUNTRY SECTION

FRANCE

TRADE UNIONS EXPERIENCE FINANCIAL, MEMBERSHIP LOSSES

Paris L'EXPRESS in French 29 Nov 80 pp 112-113

[Article by Michel Jacques: "The Trade Unions' Discreet Bank Accounts"]

[Text] "We are broke": this is what Georges Seguy, secretary general of the GCT implied during a recent meeting of his trade union. The treasurer, Ernest Deiss, confirmed: "We need oxygen, immediately."

Rapid loss of membership, increase in expenditures, massive debts: the largest group of affiliated French trade unions is having difficulties making ends meet. It is not alone: "All the trade unions presently have financial problems," acknowledges Jean Doriac, a financial official of the Workers Force [FO].

Poor Payers?

With respect to finances, the trade unions have chosen a camouflaged position. The CFDT [French Democratic Confederation of Labor] has an "open-book" policy, but does not publish its budget. The GCT recognizes that "there exists no structure capable of seizing its finances in a global sense...": how does one explain that its budget amounts to 22 million francs and that of the FO to 30 million, which does not correspond to the respective situations of these organizations? Their budgets do not include the same items. The CFDT presents only a working budget which does not include the press, the fund for strikes and the training of militants. The FO, on the contrary, groups everything together.

Moreover, it only involves the confederal budget. The trade union organizations, in fact, handle many more important sums of money. But the fees are split up between the central trade union, the local and regional unions, the federation and the confederation. Thus, for the CFDT, the confederal budget represents only 10 percent of the total fees, and for the GCT, out of a 20-franc fee, the confederation sees only Fr1.28.

At least one thing is certain: French trade unionism is not rolling in money. Especially when one compares it with the German or American trade unions, which are financial powers. In Federal Germany, the DGB numbers 7 million members and receives fees equal to 1 percent of the gross salary. In France, the GCT officially claims to have 2.35 million members, the CFDT and the FO approximately 1 million each, and they barely receive 0.7 percent of the salary.

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A maximum. The fees are in fact paid monthly, in exchange for a stamp on one's card. However, the annual average of stamps sold is 8 for the FO and 4.5-10.5 for the GCT.

Poor payers? Those in construction: it is hard to follow those members that constantly move from one building site to another. Even more "thrifty": the temporaries or the free-lance persons, "but one cannot ask these people to pay for 12 stamps when they only work 6 months out of the year." On the other hand, the trade unions for officials have a more cushioned treasury. A distinct advantage for the FO, well implanted in the public office sector, or for the FEN [National Education Federation], the teachers' organization, protected by a system of annual fees.

The FEN Bank

The FEN, which is said, rightly or wrongly, to be reasonably well-off, is very much envied. It is surrounded by a network of some 50 organizations which allows its members to live in almost a closed circuit: the MGEN, mutual health insurance (1 million members); Maif, mutual insurance companies (600,000 members); Camif, one of the most important cooperatives in the country, etc. Unique case in French trade unionism, the FEN has even opened a private bank: Casden-B.P. Of course, the leaders deny that these organizations have anything to do with the finances of the FEN. Except for the bank, which, they say, allows them to get over the difficult humps.

The trade unions, it is true, receive outside help. First, through the state, which pays them annual subsidies: either for the training of militants or for the productivity of enterprises. A total package of approximately 7 million francs for each of the three large workers organizations, a sum judged inadequate by the leaders. "The training subsidy does not cover half of our actual training activities," says Pierre Hureau, CFGT treasurer. The departments and communes also offer their contribution, by making available to the trade unions buildings or subsidies for those that cannot be accommodated. However, left up to the discretion of the elected, this type of aid is a source of inequality: "In 1974, the FO points out, the GCT received 180,000 francs from Seine-Saint-Denis Department, while we only received 18,000 francs. We had 1 permanent representative, and the GCT had 22, put at its disposal by the locals." One CFDT militant noted: "Sometimes, right-wing municipalities fork it out, just to avoid making trouble." Final helping hand: the personnel from the public and nationalized sector assigned to the representative organizations--and their numbers are increasing--continue to be paid.

A Guide for Enterprises

There is, finally, resourcefulness. At the time of tax declarations, the unified tax trade union (autonomous) sells 100,000 copies of a taxpayers practical guide, written voluntarily by members. The GCT tax trade union publishes a guide for ... enterprises.

However, the fuel for the trade unions is the fees. They represent 83.28 percent of the CFDT confederal budget, 87 percent of the GCT and 94 percent of the FO, which explains the present difficulties.

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"The fees basically follow inflation, we just receive them one year later," explains one treasurer. Meanwhile, the expenses increase. Personnel expenses, first of all, are by far the most important: they represent more than half of the budget for the GCT (220 permanent employees) and for the CDFT (160 permanent employees). But all the other expenses cannot be overlooked: "The FO brochure itself costs 500,000 francs per issue," grumbles Jean Doriac. Of course, the intermediary levels of the trade unions "retain" the money before sending it to the top. "The federations have investment problems, explains one of the FO leaders.... An investment of 7 or 8 months could pay for one or two long-term investments. But this also means a delay in revenue.

The CDFT deposits the money directly in the central trade union, and then redistributes it.

A more serious matter is, of course, the decrease in membership. All trade unions, except the FO, recognize that they are losing members: a 6-percent loss for the CDFT in 1978-1979, 5 or 6 percent for the CGC [General Confederation of Managerial Personnel, 8 percent for the FEN. As for the GCT, from 1975 to 1978, it lost approximately 7 percent of its membership. The heavy drain started up again in 1979, with a loss estimated by some at 10 percent, and it continued into 1980. A result of unemployment, which is eating away at the trade union base, but also a result of the disaffection from a trade unionism which pays very little nowadays, and in the case of the GCT is more and more aligned with the positions of the Communist Party.

To top things off, the GCT is offering itself a building complex presently under construction in Montreuil, right outside Paris. Covering 24,000 square meters, it includes four modern buildings: several dozen meetings rooms, one of which seats 400, a restaurant which can serve 1,500 meals, a forum, parking, central air conditioning and computerized telephones....

The only problem is that it is all very expensive: 240 million francs, it is said. "The Montreuil project was conceived at a time when the GCT leadership could hope for some credit opportunities from a possible left-wing government," the CDFT treasurer remarks. Today, this same leadership has been able to obtain a loan of 45 million francs from the "Caisse des depots." But it must also borrow at a high rate from other organizations. "Conditions that are, however, normal," it is emphasized within government circles, where it is noted that there was no obstacle to the loan from the "Caisse des depots" nor to the guarantee given by Val-de-Marne Department, without which the other loans would not have been possible.

All at once, on La Fayette Street, at the GCT headquarters, one is "exerting the grey matter." On 20 September, the national confederal committee, in a special meeting, drew up several emergency measures. To finance Montreuil, the GCT leadership had decided in June to sell 2 million vignettes priced at 10 francs each: it wants to sell 500,000 by the end of the year.

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But the CCT has other ideas, including the automatic deduction of fees from the bank or postal account. This solution, reportedly "suggested" by a loan organization anxious to obtain guarantees, does not seem, however, after several tries, to delight many of the trade unions. It has not been forgotten, though. The CFTD is also studying it, and the FO has tried, unsuccessfully up to now, to rally its troops around this solution.

When it comes to bringing in money, the trade unions are united.

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COUNTRY SECTION

FRANCE

CHABAN-DELMAS NOTES 'WAYS TO IMPROVE OUR POSITION'

Paris AIR & COSMOS in French 13 Dec 80 p 11

[Text] Focusing on the theme "Bordeaux as an aeronautic and space center," the Bordeaux Chamber of Commerce and Industry successfully organized December 12 as a day of information to demonstrate that in 10 years Bordeaux and the Aquitaine region have become an important center in the field of aeronautics and space.

Jacques Chaban-Delmas, president of the National Assembly, demonstrated how France, as a world competitor, should accelerate its efforts in the advanced technology sector and especially in the aeronautic and space sectors, an area in which Bordeaux-Aquitaine occupies a central place with the activities of Dassault-Breguet, of Aerospatiale, of SEP, SNPE, of SOGERMA and Thomson-CSF.

Four of the ways and means necessary to strengthen our position in that tough battle are as follows:

- technical competence must be employed on a multinational level;
- knowledge of the civilian and military markets, which requires that enterprises should be under the direction of qualified professionals;
- search for investments that create employment on a regional, national, and multinational level;
- maintenance of productivity using modern methodology, which can only be obtained by mobilizing all participants. We should not stint on investments of productivity. In addition, the aerospace industry could be a model for a new approach to the social relations of an enterprise.

President Chaban-Delmas asked us not to stint on the indispensable means for assuring the success of the Ariane rocket, to accelerate the production rate of Airbus, and to recruit more labor to that effect. He emphasized that Airbus will only be truly successful if it is matched with a wide range of new products including the short-range aircraft with 130 to 180 seats in the narrow body, which requires new and substantial additions, and the 200- to 250-seat, four-engine, long-range aircraft (TA 11) which, in addition to civilian uses, could find multiple military application (by replacing the 707 and the DC-8). Europe must build military transport planes. A decision on the launching of the four-reactor, long-range Airbus must be taken as soon as possible.

Chaban-Delmas concluded that Bordeaux offers all that is needed for the indispensable development of the French aerospace activities.

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His speech was followed by a statement by Senator Valade, who described the development of research on composite material at Bordeaux, organized through an exemplary cooperation between the university and industry. Then the following participants spoke:

- Huges, director of the Aquitaine factory of Aerospatiale, on the production of missiles;
- Betin, technical director of SEP in Bordeaux, on propulsion;
- Basque, director of Dassault-Breguet in Bordeaux, on the construction of combat and business aircraft;
- Bougault, director of the avionics division of Thomson-CSF, on avionics;
- Bisone, president-general director of SOGERMA, on aeronautical maintenance in Bordeaux.

After these presentations a luncheon was held at the Bordeaux Chamber of Commerce and Industry during which President Roger Chevalier, speaking for GIRAS, thanked CCI of Bordeaux for its initiative. He also emphasized the importance of keeping up the competition in our industry and the reduction of costs to assure the industry's future.

That afternoon participants visited the factories of Dassault-Breguet, Aerospatiale, SEP, and Thomson-CSF.

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COUNTRY SECTION

FRANCE

DISSIDENTS SPEAK IN NEW BOOK ON PCF, EUROCOMMUNISM, GOALS

Introduction to Daix Book

Paris LES HERETIQUES DU PCF in French 1980

[Introduction to "Les Heretiques du PCF" by Pierre Daix published by Editions Robert Laffont, S.A.--passages between slantlines originally published in italics]

[Excerpts] This investigation, which I am turning over to the public, concerns a game in France that has trifled with a tragedy--probably the pre-eminent tragedy of our 20th century. This French pastime, albeit not the bloodiest, has nonetheless accounted for an impressive number of assassinations, when one adds to the list of those dispatched by bullet and knife the effects of calumny and moral and intellectual destruction. At first blush it may seem to be simply an internal affair of the communists, but the consequences, over the last 60 years, have been of the most extreme gravity not only for the French worker's movement but for the entire left and our entire national life. The rupture represented by the birth and development of the PCF, along with the recoil this produced, appears as a rupture in the labor tradition and experience of a country from which Marx drew many lessons.

The remodelings of Bolshevization, and later Stalinization, have resulted--beyond the too little known human ravages--in cutting off generations of militants from the patient, painful, but often fruitful explorations of their French precursors. Not merely, as one might think, from their non-Marxist, noncommunist precursors. The PCF has been built by successive levelings of memory, exactly like the Soviet Communist Party: each generation of new adherents arising through the replacement and oblivion of the old militants, whom they are taught to consider as "left behind" by the impetuous changes of the party.

This tragedy is also uniquely French. The PCF was born in a France which thought itself victorious in 1918 and which Soviet leaders had long held to be the principal military threat to their young state. There resulted from this the Communist International's pro-German policy, to be painfully laid aside after Hitler definitively consolidated his power, only subsequently to resurface with the German-Soviet pact of 1939. The consequences of this policy for the PCF over time, as extracted from an ocean of lies, static, and omissions, appear more and more grave and disastrous. Not only, alas, it resulted in courageous internationalists demanding peace with Hitler in October 1939 over the cadavers of Czechoslovakia and Poland; then, after the defeat of 1940, in fervent anti-fascists

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cooperating with the Nazi occupation authorities in Paris. No, we must now look at the consequences over time up to the current crisis--without forgetting to take into account France's slowdown between the two wars, the French blood spilled in the disaster of the phony war, or in too ill-prepared an armed resistance.

In reality, if a policy is to be more than improvisational it must be a national policy, embracing the convergences to be sought between economic transformation, social change, and defense in its military and diplomatic aspects. Now it will be seen how the French section's dependence on the Communist International has been of such a nature as to deprive that section, the PCF, both of the intellectual tools that would have been necessary to grapple with France's future, and, which is still more serious, of the means of acquiring them.

This alone would justify an effort to discover not only what the PCF has kept, and sanctioned, but what it has rejected, lost, or condemned. At the same time we depart from the kingdom of intentions and words, which cost nothing, to seize upon the hard decisions, the involuntary decisions, in short, the realities of the party. Merely to listen--not to the execrations, but to the deviants, the heretics themselves--presents us with a summary history, thus a condensed version of the tragedy, for to listen to them is to give them a voice. And also something more: it is to give them their honor. To give them life.

Renegades, traitors to the working class, sell-outs to the City (later one will say to the CIA), Hitler-Trotskyites, provocateurs in the pay of the interior ministry; even death itself could not disarm the hatred, and it will take 40 years for the denunciations of Nizan to cease, let alone for one to dare to rehabilitate him by repudiating the accusation. But a writer does not have to rest on the verdict of militants hopelessly swallowed up in the sewers of exclusion; he rests ultimately on the verdict of his readers--and, despite the opprobrium, they have come back to Nizan, putting his books on the library shelves, demanding that television adapt his novels. How many others have been destroyed from within, often dead well ahead of their time.

These outcasts have spoken, and sometimes their words have survived; it happened that they wrote, and these buried texts, condemned and misrepresented, are simply breathtaking, once exhumed, in their force, their undiminished topicality. They at once overturn the conventional history of the PCF and that of the workers movement and the France of today as well.

These reconstructions have forced me to abandon, from time to time, the discourse of the historian for the /I/ of the witness who has observed the tragedy from the wings, and more rarely for the /I/ of the participant. Having had an uncle in the majority at the Congress of Tours excluded in 1928, a "woodpecker" cousin, I lived in the PCF throughout the war, the cold war, destalinization and its abortion. My deportation, my work for LETTRES FRANCAISES won me friends in all the socialist countries. So I was anything but naive in approaching this work.

I finished it overwhelmed by the extent of the debris. The fantastic political and intellectual wealth of the workers movement has purely and simply been thrown into the dust-bin of the century, the most extraordinary facet being the degree to which the PCF excommunications have been respected by its adversaries, as by the major news media. One of the most remarkable success stories of communist

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propaganda is unquestionably having imposed the myth of a party ceaselessly disfigured by the "bourgeois" press. In reality, this press, when one observes it over time, doubtless exaggerates the real influence of the PCF. It raises it up on a pedestal as a foil, to be sure, but thereby disseminating its watchwords, its opinions, its ideology. Quite to the contrary, it takes nothing from the heretics but their rupture, revels in the insults lavished on them, only to draw the party's veil over them as soon as they blur the ordinary image. Everyone to his own trade: the PCF will be well protected, and if it is horrified by any "revisionism," so are its enemies.

At the worst possible moment, for example after the German-Soviet pact, the invasion of Poland, when the dissolution of the PCF only hastens the advance of repression, those who believe the hour has struck to settle accounts in the party set out relentlessly, to try to force abjurations from those communists who had the courage to say that Soviet policy was contrary to the interests of the French workers movement.

What we have here is not just the resurrection of an occulted history, but the restitution of a "cursed" history, which comes to us from brochures saved from the pulping mill, confidential reports of which only incomplete sets are extant, private letters, secrets more jealously guarded than the gold of the Bank of France; yes, a veritable discipline of secrecy, about which only developments in Soviet history after the death of Stalin, the general crisis of the communist movement, and the PCF's own crisis have made it possible for a few survivors to speak.

What springs first into view are the stammerings, the repetitions. A loop of magnetic tape eternally playing back the same debate. The gestation and the birth of the PCF in 1920 already present, in the essential points, the totality of problems about which there has been ever since unceasing discussion, both within its own ranks and beyond: what is the nature of the Bolshevik party and the meaning of the PCF's relationship to that party? What to make of the permanent contradiction between the doctrinal, structural, and material dependence on the Communist International, and the authenticity of the popular movements identified with the PCF and with the syndicates it controls?

In the eyes of the French workers movement, after the disaster of the Commune, this march toward Revolution is inexplicably blocked in France. It gains new life in the early 20th Century which the holy union of 1914 annihilates. And the closer the war leads toward victory, the more clear it becomes that it will be the victory of the bourgeois. Thus, Lenin is the true, the only son of the Commune. When the PCF is born in Tours, Mathiez is telling his students in the Sorbonne that October is fulfilling the hopes of 1793. The USSR is our daughter. It is the depository of our future. Let us learn the lessons we need from what it has to teach us. If only our pride of authorship can help us do as much!

This marriage between Bolshevism and neo-Jacobinism has indelibly marked the PCF:

/"It lays a Marxist blueprint, handed over by the Soviet Union, over an overly powerful politico-affective investment, which is its interpretation of the French revolution as both founder of the 'great nation' and liberator of the universal society."²/

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The extraordinary force of this affective investment will be measured by the fact that it will take so many proofs of the end of destalinization, and all of the impact of the Soviet dissidents, to make people entertain the idea that there was a divorce between the USSR and human rights; to make them understand, finally, the message of the Prague reformists fighting for a socialism /with a human face./ And, at the same time, we understand that the heretics in French communism are the heretics of a religion which embraces the whole of the French left. That is to say, they are dissidents with respect to that left, they overturn its entire history, they hold out a mirror to it in which it does not recognize its own face.

The value of the history of this dissidence is thus not at all that the heretics could point us back to a socialist and revolutionary orthodoxy from which the PCF has strayed, still less to an ideal party that has never been realized. This history confronts us with the continually throttled stammerings of a true history, buried by the massive deposits of more or less sanctimonious lies, legends, and myths. A hidden history which is not only that of the emergence of that Leninist-Stalinist bureaucratic order which we know is one of the most important social and political phenomena of the 20th century, but in turn that of the French transformation during this same century which in like manner confounds the doctrinal expectations of socialism in general and of Marxism in particular. The revisions implied by this history are on every scale, and by no means the least is the meaning of the messages left by deserters from the communist order: from Victor Serge, Trotsky, and Istratt Silone, to Ciliga, Koestler, Kravtchenko, Margarete Buber-Neumann, Manes Sperber, and Alexander Weissberg. There can be no purely French rehabilitation, if only because many of these deserters took refuge among us, spoke among us, dealt here with the attacks of the Communist International or the PCF. But also because France, because of its revolutionary tradition, is as seen from Moscow both an ideological and strategic prize. This confers on the PCF an experimental role and deprives it of the same degree of freedom held by the more marginal communist parties such as the Italian or Spanish. Now the uniqueness of the PCF cannot be understood solely in the context of the politics of our hexagon, but rather from the point of view of the position of our hexagon on the world scene, and, in the first instance, on the European scene. All the heretics at one moment or another understood that one must not take a few squares to be the whole chess-board, much less for the player himself, who has tirelessly been playing the same game since October 1917.

Certainly I have not exhausted the subject. To give voice to the heretics of communism would take more than one book, and more than one man. My hope is simply to have made possible the opening of the case, and the posing of the question.

Excerpts From Book

Paris LES HERETIQUES DU PCF in French 1980 pp 287-301

[Excerpts from Chapter 26: "The Historical Deception and the End of Heresy"--- passages between slantlines originally published in italics]

[Excerpts] As everyone knows, the "exmember" party has become, probably starting in the 50's, the biggest party in France. Most of the militants disappointed in the PCF left on tiptoes, but an unbelievable number of the expelled passed the

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rest of their adult life proving they really were communists. The heretics which concern us here are those who understood that what they were searching for in the party was not to be found there, could not be there, and who set out to spell out the deception at the risk of being treated as renegades. But their departure from the PCF, their rupture with the system, constrained them to examine themselves and their own participation in the deception of others and of themselves. To examine their complicity.

One chose to be a communist: one does not choose to be a heretic. This is a moral transformation. For one Suvarin, who molded his entire life around it, how many heretics have sought refuge in other structures, in the haven of another religion--Garudy for example--or more simply have withdrawn into the inanity of private life. The open rule of bureaucracy and its cold administrative methods in the PCF of today has favored the blossoming of a new type of critical militant who refuses to be "excluded," which is easy since exclusion is no longer practiced, and who flirts with heresy without suffering the attendant lacerations. They suffer from no pangs of conscience, but what are they serving? the poses of the leadership, or the political truth? We shall see how the responses and situations have become ambivalent.

Never were so many books published on the PCF as between 1976 and 1979.

It is clear that one must plumb this subterranean level to understand what happened inside the leadership, how the obstructions and prohibitions of democratic centralism lead to the creation of an omnipotent and hidden apparatus within the official apparatus, and thus to the adoption of those junta proceedings which Fiszbin will describe in detail in 1980 whenever change is contemplated. Here our view is diametrically opposed to the description given us by two well-informed journalists who necessarily adhere to the public visage of PCF policy, and also to the carefully prepared and calculated indiscretions of the party: "The New Communists at the Gates of Power," by Andre Laurens and Thierry Pfister. This is how the authors attack their subject:

"It is no longer a question of whether the communists have changed. They have changed, and, according to the PCF leaders, they will change further. This is true in France and elsewhere. In western Europe, this is called 'Eurocommunism.' In France it is accepted, out of convenience, to speak of the 'new communists.'"

Naturally, the two authors immediately afterwards posed the question whether French communists were not, at the end of 1977, about to change in the other direction, "by coming back to what they were before. By closing the parenthesis."

Which was in fact becoming patently obvious. But Jean Elleinstein answered them seriously in a preface:

"The window is open, and open wide. Nothing and no one can close it again."

Which obviously does not argue for the lucidity of our historian, unless he judged it expedient to assert a Eurocommunist optimism he already knew to be diavowed.

Never has the divorce between the apparent policy of the PCF and its deeper intentions been so clearly, so forcefully evident as in the period of the rupture

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of the Union of the Left. And it was this "shattered left" which provoked an unprecedented flood of personal accounts, of articles by communists published outside the PCF, to an extent that justified the existence of two specialized collections: "Communist Debates," under the editorial guidance of G. Molina and Y. Vargas at Maspero; and "I Spell Thy Name...Freedom," under Antoine Spire at Seuil.

Gerard Molina (in the PCF since 1966) and Yves Vargas (in the PCF since 1962) opened discussion (not fire) just before the elections, by publishing "Dialogue Within the PCF"⁴--paradoxically, these two philosophy professors had to publish their dialogue "on the outside," but wrote in fact as if, acting thus, they remained among communists, without departing from their stance as disciplined militants, persuaded that the contradictions they discerned in their party were even a part of the struggle, that they were /its engine of change./

I am far from forgetting, in this procession of confessions of impotence, two books which try to force the issue by means of humor: "Long Live the Centennial of the PCF--1920-2020" by Guy Konopicki,¹¹ and "Free the Communists" (from stalinism, not from the party) by Helene Parmelin. They, at least, are cheerful.

All of these authors pinned their hopes on the 23d Congress of the PCF, and undoubtedly never has a party congress been awaited so feverishly, sometimes with pathetic entreaties for reassurance, at least for a sign that the dream is not dead. Never have so many militants flagellated themselves in public to keep their own disappointment from turning back on their party. In reading them one confirms the religious, the mythical value of the Union of the Left, conceived as a veritable reversal of the Leninist pyramid of democratic centralism, wherein it would be all the currents issuing from below which would illuminate and fructify ultimately the political understanding of the center, all the initiatives fraternally shouldered bringing with them, after so many defeats, the real popular revolution.

One also confirms that none of these militants ever doubts--and in most cases did not even dream of doubting before March 1978--that their party would necessarily serve to realize this transformation of French society expected of it. Is this ignorance on the part of the militants in the ranks, or of the younger generations, or is it not rather erasure from memory, repression, refusal to consider the history of the party, the experiences of the heretics, the message of the dissidents? And therefore the self-preservative function of the party has remained unaffected, undisturbed, throughout the formidable concussions provoked by the restoration of Soviet history, by the unearthing of the buried history of the PCF? The key word is /change./ Belief in the ineluctability and irreversibility of change in the party is the antidote to the lessons of the history of the PCF. Let us stipulate that the dialectic by terms of which the Union of the Left would ultimately constrain the PCF to change has handily survived the demise of the said Union. There is no worse obstinacy than that of the left in France. As Peguy realized, it could even go so far as intellectual cowardice.

To be a militant: is this not to be a believer, is it not to put the aim one has attached to one's life, the meaning one gives it, ahead of the infatuation of facts? If we move on from these witnesses to examine a collection of analyses

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that strive for more objectivity, "Change the PCF?"¹², we find nevertheless among the sponsors, two noncommunist leftist universities, the traces of a similar idealism. Olivier Duhamel and Henri Weber ask, in their introduction, how to /democratize democratic centralism,/ and are tempted by the idea of a right to an organized faction, which they think they see at work under Lenin. It is symptomatic that, in this book finished in early 1979, they prefer to ignore Suvarin. The systematic analysis is elsewhere rather than in their preface, in the work of a specialist like Georges Lavau; to the question what use is the PCF machinery, the latter responds:

"The ruling group pursues two objectives. First objective: the survival and growth of the PCF /incorporated./ Second objective: if political circumstances permit, under conditions impossible to predict today, the coming into power, to place as many of the levers of power as possible under the control of the /PCF incorporated./ In case this second objective is realized, whatever may be the intentions of the communist leaders, either today or on the day when power is seized, the best assumption is that success will result in a Gierek, Kadar, or Brezhnev. It is in the logic of this concept of taking power through progressive seizure of all the apparatus of power that it should lead to a popular democracy which the leaders may not perhaps have wanted (this I cannot say, and their intentions have /no/ importance)."¹³

Between this analysis and that of Althusser on the meaning of the CME [expansion unknown] is there any difference other than the difference between conclusions drawn from the facts and those drawn from theory? But while Lavau's conclusion takes into account Marx as a historian, Althusser must branch off toward the scholastic. The great discovery of Marx, in reality, is to have brought to light despite all the confusion and disorder of actuality, the unknowingness, the unthinkingness, the unawareness of history's players. /It is men who make history, but they do not know they are making it,/ meant that it was neither God nor Ceasar (nor tribune, Pottier will say in L'INTERNATIONALE), but human societies. Now this observation of Marx the economist, the historian, the discoverer of the economic and social unconscious, of imperceptible changes over the long run, is contradicted by the other Marx, the prophet of the /Communist Manifesto/ who reestablishes awareness of the aims of history, proposes it as the destiny of the party of the communists, capable of

"asserting the interests common to all the proletariat regardless of nationality. (...) They still represent the interests of the movement in its totality. (...) They have the advantage, over the rest of the proletariat, of a clear understanding of the conditions of advance and the general results of the proletarian movement."

More than 130 years afterward, the irony of history (which Marx understood) has stamped every word of this prediction. And it is not enough to constate that the French communists, in 1978, do not have the party they deserve: one must really come to ask oneself why, except in rare and usually ephermal circumstances, communists have never had this party that was Marx's dream for them? The /trans-formation of Bolshevism into its practical opposite/ as Suvarin says can no longer be held to be accidental, a result of Russian historical circumstances or the personality of Stalin. Nowhere has there emerged, since its success in 1917, a communist policy capable of "asserting the interests common to all the proletariat regardless of nationality, (...) the interests of the movement in its totality."

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But what is striking is that the leadership of the PCF succeeds so well in isolating its militants, and even almost all its intellectuals, from innovations of the two fraternal Eurocommunist parties. That it still pursues Thorez's dream of acting as eldest daughter of the Church of Moscow, that it continues to share the Leninist and Stalinist concept of the Revolution, all this might seem to be mere doctrinal nostalgia. That Spanish and Italian Eurocommunism are less infectious in Paris in 1980 than the Stalinian flexibility of Togliatti, indeed his clever and restrained, albeit controversial, destalinization, between 1948 and 1964, this poses a real problem. A first response is that the overwhelming majority of intellectuals sensitive to the centrifugal currents with respect to Moscow that are incarnated today in the PCI and the PCE, as they were in 1956 by the Polish Party and in 1968 by the Czech communist party, are today no longer in the PCF. But one must go even further. And dare to face head-on the two contradictory political traditions of our modern history--that of centralism taking the place of Jacobinism, and that of support sought abroad in hopes of gaining control over the government--complementary traditions which pitted Spain against Richelieu or Mazarine, England against Napoleon, Hitler against the Popular Front; but also, let us dare to admit it, Lenin against Clemensceau or Millerand. Stalin was able to make use of this, as I hope this book makes clear, and Brezhnev is here, as in so many other areas, his heir.

Is this to say that French communists are indifferent to the temptation of the "foreign party?" If we look back in this light on the essays of the dissidents, a fracture-line can be discerned, precisely over the essential problem of Eurocommunism: whether to opt for inciting transformation of civic society, or to monopolize government and powers by means of the party-state. This choice between the two methods is implicit with the dissidents, though the PCF leadership excommunicates it, labelling "class collaboration" anything that seems to tend toward it, and all the more intemperately as it realizes that it could lead to the birth--oh diabolical horror!--at last of an effective political alternative in France.

This unformulated contradiction sheds light on the behavior of both Althusser and Elleinstein. Althusser best demonstrates to what degree the PCF's Brezhnevian obedience mortgages any possible future and more frightfully still any Marxist nourishment to the French workers movement. History can no longer be swept out of sight, nor can Soviet degeneracy, nor the crimes of the Maoist cultural revolution, when the genocide in Cambodia reveals, behind the long war for the independence of North Vietnam, a militarized and dictatorial hegemony, totalitarian in the image of its Soviet ally.¹⁶

What has been called Althusser's Marxist structuralism, his /theoretical anti-humanism/, was aimed really at freeing the doctrine from its prophetic sheathing, at discrediting in advance those "humanistic standards," in order to get beyond "existing socialism," but above all in order to construct a theory, out of native French soil, elaborating an "Italian" way leading toward the conquest of civic society. This is the meaning of the slogan: "Emerge from the fortress." This shines forth in the conclusion of the essay "What Can No Longer Endure in the PCF":

"We must have (...) at all costs: 1. A Marxist theory committed to life, (...) capable not only of confronting contradictions, but of confronting /its own/ contradictions. A Marxist theory delivered, from the bowels of its present crisis

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in the communist movement, by the practice of concrete analysis and by the practice of popular struggles. A theory which does not dodge the initiatives of the masses and social transformations, but on the contrary confronts them, is penetrated by them, and nourished by them."

If Althusser must lay bare the thread of his critical reasoning--his role as theoretician demands it--Einstein on the other hand comports himself as a representative of the Coue method. Six months of the year he is an incurable optimist, 3 months he is a moderate optimist, and he spends the remaining 3 months accusing the leadership of not implementing the intentions of its congresses. He is a good commissar to all appearances, and moreover was for a long time a semi-official supervisor, a "head-hunter" for the apparatus in organizing the transition from the mythical history of the USSR to a history suitable to "net positive impact." Now, Einstein is taking into account the work of Helene Carrere d'Encausse and the success of "La Rue des Proletaires Rouges" by Kehayan husband and wife.¹⁷ In fact, he too is militating to try to gradually bend the policy of the PCF toward an Italian-style Eurocommunist path.

But the illusory aspect of these initiatives lies in the fact that, unlike Italy and Spain, France cannot hope to enclose its future within a sort of protected political province. Its responsibilities born of the victory of 1945, its veto right as a permanent member of the Security Council, its nuclear striking force constrain it to look at Europe in its global aspects. "Eurocommunism" thus cannot be for France a sort of regional cocoon which would protect a unique experiment against Soviet and American aims. France must thus ask itself first of all whether "Eurocommunism" corresponds to its future, that is, to the dynamics of growth that would permit it to develop an autonomous future. Now this would require before anything else that a pre-de Stalinized, pre-deso Sovietized communism could be in its future.

Does one require an overall proof that communism belongs to the past? There may still be heretics and revisionists, but there is no more heresy, no more revisionism as a living, fecund quest, as an enterprise looking to the future. Only as nostalgia, a doomed ideal. Soviet historians at the turn of the 60's, Czech economists such as Sik or Richta, Hungarian sociologists like Hegedus, Polish Marxists, the Yugoslav review PRAXIS, have all been silenced. It was not only repression, the implacable normalization, which brought things to an end, but discouragement. It was life itself which finally taught the communist reformers that they were not struggling in socialist societies which had deviated from their true ends, but in the eradication, the deculturization, the denationalization, of societies produced by that very aim which Soviet communism makes a reality under the name of socialism. /The communist world is unreformable./

The impossibility of achieving implementation of the Helsinki Accords has shown that even the lawfulness of the party-states was a myth. It is in the face of this absolute absence of rights that resistance takes the form of the moral and cultural survival of peoples. The "Charter of 77," the VONS [expansion unknown] in Prague, the Polish KOR [expansion unknown] Sakharov in the USSR, all are witness to the fact that the preservation of the peoples there is now a pre-condition for any political scheme.

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Leszek Kolakowski best incarnated the hopes of Polish revisionism in 1956. Twenty years later, it is he who best delineates the errors and illusions of those days:

"We celebrate today the 20th anniversary of great and short-lived illusions. To say they were illusions is in no sense to diminish the importance of the ideas and events of which we speak; one knows of few historical agitations to which illusions did not add their weight, often decisively. In the case at hand they consisted of the hope, to which many of us fell victim for some time, that communism worthy of the name was reformable, that it could assimilate democratic values, lose its oppressive and totalitarian character, without striking at the foundations. (...) These dreams of a re-enlivened or regenerated communism, or even of a Leninism that was not Stalinism, these dreams, as miserable as they may have seemed intellectually, nonetheless contributed to the disintegration of a system incapable of doing without an ideological facade giving the government a principle of legitimacy. (...)

"But the ideological defeat of communism has also cut the ground from underneath internal criticism. So-called revisionism only made sense so long as the idea of communism itself was taken seriously, which is no longer the case in the communist countries, as neither the rulers, nor the ruled any longer believe in the official ideology."²¹

However loudly or endlessly Georges Marchais may repeat the archaisms which console the old ones in Moscow in the conviction that the world is theirs, the path on which he has committed his party is even more pernicious for the future of the workers movement than for a national future which is only moderately contaminated by it. The situation now at the end of the 20th century no longer has a place for the ambiguities about French autonomy which served Thorez so well. To bank Paris's future on Moscow in 1980, is to take the role of a Doriot who would succeed with sovietism, while forgetting that Hitler too believed his regime would last 1,000 years.

But now we see, as always when there is a serious crisis, that the invasion of Kabul is giving new life to the old Communist International phantasmagoria about the culpability of the socialists, their conspiring with the right. If capitalism does not flounder, if it recovers and adapts, the fault lies with social democracy.

The spring of 1980 gave proof with unprecedented cynicism, in the course of the debate provoked by the publication of a permit for foreign workers in Nazi Germany made out to Georges Marchais, by L'EXPRESS. At that time, the secretary general of the PCF not only failed to express the least regret for having worked for the Hitlerian military aeronautical industry between October 1940 and the spring of 1943, that is during the period when most people thought Hitler could win the war, but he even had Claude Mazauric, the historian elected to the Central Committee at the 23d Congress, write in L'HUMANITE of 19 March that it was untrue to say that Georges Marchais had "chosen" to "work in the aviation factories producing for Nazi Germany, /as if a French worker in 1940 had any choice in the aeronautical industry between working for the Germans or for a French industry."/ (My emphasis)

Which amounts to saying that in a capitalist regime the working class has no way to make an autonomous political decision, and above all to its repudiation of any national responsibility. Moreover, Georges Marchais has stressed this political

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profile by indicating that he did not join the PCF until 1947, /after/ the communist ministers had left the government. In other words only after the party was back in the opposition and had abandoned the "national front" line which it had held since the spring of 1941.

In parallel fashion, Henri Fiszbin, the irremovable head of the Federation of Paris, has broken silence, revealing in his book "Les Bouches S'Ouvrent" the reasons for his resignation of 11 January 1979, the political reasons for which were hidden under "health reasons." This is the testimony of a man who without any qualms implemented PCF policy since Marchais had taken over its leadership, but who ended up believing that the Union of the Left was a real political alliance and, for that reason, took seriously the criticisms that came out of the 22d Congress of the PCF of the /lack of democracy in the USSR./ The story of the confrontation of 11 January 1979 between the Federal Bureau of Paris and Political Bureau is the best possible documentation of the impossibility, under the conditions of democratic centralism, of holding a political discussion with the ruling authority. In the case at hand, to "be advised whether the line followed in Paris was or was not that of the party, that of the 22d Congress."

This basic question will be conjured away under vague formulas conceived to intimidate: lack of ideological firmness on class positions, laxity, slippage.

Fiszbin, daring after Georges Marchais has finished to demand the floor again, in order to say:

"There is a mistake; I was told that the issue was our work in the context of the regional examination of the activity of the party, not an indictment of our orientation. I do not agree. I do not accept this proceeding against the Federation of Paris."

will tear from Etienne Fajon this anguished cry:

"I have been on the Political Bureau for 33 years, and I have never seen anything like it!"²³

Fiszbin will come to understand that it is because his federation "symbolized in a certain way the openness policy of the 22d Congress" that in light of the mediocre electoral results achieved in the 1978 elections, one wanted to obtain from it a self-criticism indispensable to preparations for the 23d Congress.

With all appropriate tact, Fiszbin thus reveals what participation in the political manipulation of the militants was demanded of him that day. In effect, the self-criticism would bring the "democratic" openness of the 22d Congress into harmony with the camouflaged closedness of the 23d Congress.

Without a self-criticism, Fiszbin will be constrained to silence. There are no divergencies. At the end of 1979, before the Central Committee, he tries in vain to defend the truth before his peers. He goes away with the impression of having participated in a surrealistic game of football where, the only member of his team, he was striving "to score goals with the posts being watched by 140 guards."

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He resigns from the Central Committee. He will be obliged to submit his letter of resignation in conformity with the cooked-up summary the leadership hands out.

Henri Fiszbin states:

"The party took seriously the irreversible decisions of the 22d Congress and the requirement for strictness, for truth, which results from it (...) The time for meek submission is definitely gone. No party interest can command one to say that white is black, because the leadership has decided. The entire federal secretariat refused."

What party? His book shows on the contrary that political lies prevailed, that the line of the 22d Congress was bent and turned around in approbation of the /"net positive impact"/ of the socialist countries and the aggression against Afghanistan. The recalcitrant militants resigned. They were replaced, and the only PCF in existence is that of the secretary general, as before. Fiszbin, against his own will, provides the proof.

Three months later, at the end of June 1980, Fiszbin's last friends will be removed from the Seine Federation Bureau. As for Elleinstein, who also was guilty of continuing to believe in a union of the left, L'HUMANITE will publish a letter by Lucien Seven announcing the breaking of the contract he had with Editions Sociales for the publication of a "History of Contemporary France" and disclosing the amounts of money he had received, in such a way as to cast doubt on his disinterestedness. This is what is called not missing a trick.

FOOTNOTES

1. Published by Fayard.
2. Published by Le Sagittaire. In this relief operation for the cadres of the Resistance, one must also see the effect of Soviet party directives, not transmitted forcibly as such, but under the guise of vigilance against the Titoist danger. Cf. "J'ai Cru au Matin." Marchais, though born in 1920, is by virtue of his non-resistance a member of the generation of 1925.
3. Stock, end of 1977. Thierry Pfister was born in 1945. The first publication of NOUVEAUX COMMUNISTES dates from 1973, or the beginnings of the success of the Common Program.
4. Maspero.
11. Respectively: Editions Libres, and Hallier and Stock.
12. French University Press, January 1979.
13. Olivier Duhamel, born in 1950, associate professor of public law, Henri Weber, born in 1944, master associate in political science, the former close to the PSF, the second close to the Trotskyites. Georges Lavau, born in 1918, director of REVUE FRANCAISE DE SCIENCES POLITIQUES, has among other things published "Communism in France," Armand Colin, 1969, participated in "Communism in Italy and in France" under the editorial supervision of Donald Blackmer

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and Sidney Tarrow (1971). I would be inclined to think that a French people's democracy would end up with a Husak or worse, the normalization of French society posing infinitely greater problems than those of the Czech, Moravian, or Slovak societies.

16. Just as I could not dream of attempting the history of French Trotskyism, the Maoisms also merit a separate study. Nevertheless, the post-Mao era has provoked us to some reflection which has come to be integrated into the revisions of communism. In particular those of Claudie and Jacques Broyelle, with their "Deuxieme Retour de Chine," Le Seuil, 1977, and especially "Le Bonheur des Pierres, Carnets Retrospectifs," Le Seuil, 1978, which leads to a reassessment of Camus. On Vietnam, I refer to the special edition of 30 April 1979 of the review QUE ME, and to my article: "Combatting New Forms of Servitude." See also Joan Baez's message.
17. Cf. Elleinstein: "A Certain Idea of Communism," Julliard, 1979. "La Rue des Proletaires Rouges," Le Seuil, end of 1978, was a best-seller. One read there an unvarnished description of real life in Moscow, seen by two young functionaries of the French mission there. Cf. my account in L'EXPANSION, January 1979.
21. "1956: Warsaw-Budapest: The Second October Revolution," Le Seuil, 1978, an anthology put together by Pierre Kende and Krzysztof Pomian. This remarkable collection shows both the delayed success of revisionism in France, since the colloquium it reconstructs, for the first time in the presence of communists, treated the Hungarian uprising of 1956 as a revolution, and not once again as a counterrevolution, and also its theoretical death-knell, with the expose of Kolakowski, which moreover, did not go down quietly.
23. Grasset, 1980.

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COUNTRY SECTION

FRANCE

FURTHER DETAILS CONCERNING 1981 DEFENSE BUDGET

Paris ARMEES D'AUJOURD'HUI in French Dec 80 pp 6-7

[For related material see JPRS 77366 11 February 1980 No 1700 of this series pp 76-83, article titled DEFENSE BUDGET FOR 1981 DISCUSSED IN DETAIL]

[Text] A Growing Budget

The 1981 Defense budget, submitted to the National Assembly 23 October and to the Senate 2 December, totals 104.443 billion francs after deducting pensions--18.767 billion--which formerly came out of the general expenses budget.

Compared to the 1980 budget, which totaled 88.601 billion francs, it represents an increase of 17.9 percent. This increase is substantially higher than that of funds allocated to the civil ministries, which on average have increased only 14.5 percent.

A Budget Conforming to the Military Programming Law

The 19 June 1976 Law on Military Expenditures and Equipping of the Armed Forces from 1977 to 1982 had set the total 1981 Defense budget at 99.990 billion francs.

This therefore represents an increase of almost 4.5 billion francs (4.453 billion, to be exact) being allocated to the Armed Forces by the 1981 budget over the amount provided by the Law.

Thus, for the fifth consecutive year, the decision taken in 1976 to intensify the nation's financial commitment to Defense has been carried out.

In 1981, the Defense budget will represent 3.85 percent of the marketable gross domestic product, as compared with only 3.39 percent in 1976, 3.55 percent in 1977, and 3.65 percent in 1980.

Priority Accorded to Equipping of Forces

Since 1977, priority has been accorded to the equipping of the Armed Forces, as provided in the Programming Law.

In 4 years, expenditures for equipment went from 40.7 percent of the Defense budget to 45 percent. In 1981, they were further increased to 45.7 percent.

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The 1981 budget calls for equipment expenditures totaling 47.685 billion francs, an increase of 19.68 percent in funds for outpayments compared with 1980.

Even more significant is the growth in program authorizations: 22.64 percent over 1980 (totaling 64.390 billion francs). These are actually the authorizations that enable the financing of orders for the materiel required to equip and modernize our forces.

Operational Expenditures (Title III)

Operational expenditures under Title III amount to 56.758 billion francs, or 54.3 percent of the Defense budget.

This represents an increase of 16.4 percent over 1980. If we exclude fuels expenditures, the Defense budget increase under Title III is 13.9 percent, which is less than the increase in operational expenses under the civil budgets (+16.3 percent).

This average percentage increase covers some very diverse evolutions:

--Allocations for pay and allowances, representing 66.77 percent of total Title III expenses, show an increase of 16.26 percent.

In addition to normal pay increases, they will enable the financing of certain measures in aid of civilian and military personnel, particularly:

- a) an increase in base pay for draftees to 10.50 francs per day beginning 1 April 1981, and in the special scale for volunteer personnel;
- b) an increase in foreign duty allowance for draftees serving in the French forces in Germany (from 24 to 55 francs per month);
- c) an increase in certain bonuses;
- d) status changes affecting the IETA [Weapons Studies and Technologies Engineers], personnel of the SDECE [Foreign Intelligence and Counterintelligence Service], and Armed Forces hospital nurses and technicians.

The creation of new jobs concerns essentially the National Gendarmerie (725 additional jobs) and will enable the strengthening of its units throughout the country.

--Fuel expenditures allocations have increased almost 70 percent, made necessary by past and expected future oil price rises. This increase should enable the Armed Forces to maintain their activities at planned 1980 levels, namely:

- a) 15 flying hours per month per Air Force combat pilot;
- b) 100 days of field exercises, 47 of which to be with organic equipment, for the Ground Forces;

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c) an average of 86 days at sea for Navy units, with combat vessel averages being closer to 100 days.

--Lastly, allocations for general administration and for Armed Forces day-to-day living expenses, representing increases within the limits imposed on the civil administrations, that will enable an improvement in living conditions of the units.

Equipment Expenditures (Title IV)

These total 47.685 billion francs in funds for outpayments, an increase of 19.68 percent over 1980.

Funding is being centered on three basic efforts, as follows:

--Continued development of our nuclear deterrent force and planning of future generations of weapon systems.

The portion of funds being allocated to the strategic and tactical nuclear forces remains around one fourth (25.92 percent) of the program authorizations and around one third (30.01 percent) of outpayments under Title V.

--An increase in allocations for studies and research.

--Implementation of the principal materiel programs authorized for the equipping of our conventional forces, as follows:

a) The Ground Forces, the equipping of which in antitank weapons (Milan, Hot) and anti-aircraft weapons (Roland) will continue, will also order in 1981:

--60 AMX 30 tanks

--50 AMX 10 RC tanks

--37 AU F1 155-mm canon

--115 AMX 10P and PC tanks.

The above are in accordance with the priority being given to the modernization of the armored divisions.

Lastly, a special effort is to be deployed on the new FAMAS 5.56-mm rifle: Industrial investments will be undertaken to accelerate the production rate. In 1981, 54,000 rifles will be ordered (10,000 more than originally planned).

b) The Navy, whose allocations for the building of new ships are being increased almost 50 percent, will be able to order a sixth ASW corvette, a fourth nuclear attack submarine, a fourth refueling oil tanker, one anti-mine ship, and two patrol boats.

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The year 1981 will also mark the start of implementation of the program to strengthen its resources for the undertaking of public service missions, with the ordering of the first 2 of the 11 planned ships.

c) The Air Force, in 1981, will order 21 Mirage F 1's and 22 Mirage 2000's. It will continue the renewal of its transport fleet (5 additional Transalls) as well as the equipping of its training facilities with modern trainer planes: It will order 9 additional Alpha-Jets and its first 30 Epsilons.

Lastly, the strengthening of its air base defenses will continue at the same pace: The budget provides for 56 new 20-mm batteries.

d) The Gendarmerie will be able to meet its current materiel renewal requirements (vehicular equipment, office equipment and furniture).

Overseas units will be provided with modern radio and vehicular equipment (VHF networks, TP 3 tactical vehicles).

The following equipment will be ordered: 10 armored vehicles, 120 road vehicles for the mobile gendarmerie, 1 light helicopter, 1,225 portable transceivers, and 175 BLU's [expansion unknown].

For detailed discussion of the 1981 defense budget, see JPRS CSO: 3100/391,

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COUNTRY SECTION

FRANCE

MATRA-HACHETTE: INFORMATION CONTROL, DISSEMINATION PROBLEMS

Matra's Possible Intentions

Paris LE NOUVEL OBSERVATEUR in French 15 Dec 80 pp 34-35

[Article by Josette Alia: "What Matra Wants To Do With Hachette: From Hardware to Software"]

[Text] What makes Jean-Luc Lagardere run?

He already has everything anyone could possibly desire: money, youth, power, and fame. His peers have just named him France's most dynamic business leader. He plays tennis, lunches with cabinet ministers, and dines with the president. He is a rabid soccer fan, dabbler in Europe-1 [radio station], and the Club de la Presse is his "dancing partner." He is building an ultramodern subway system in Lille and planning to build a similar one in Los Angeles, the city of French fries encompassing Hollywood and Beverly Hills, and that is an exciting, amusing, and profitable project. In fact, Lagardere makes money on almost everything. In short, he is a driver and a winner. In that case, what more does he want? Why has he set about gaining control of Hachette, that old sepia-colored firm rooted in the France of Jules Ferry and attached like century-old ivy to the oldest branches of the great French bourgeois dynasties? What connection is there between Matra's missiles and Hachette's textbooks? Why does this apparently sated young wolf still now want to eat a grandmother?

Because in Jean-Luc Lagardere's opinion, power is still up for grabs. Because he believes power is no longer entirely political--it's the Elysee Palace or nothing, the rest is obsolete--, and almost no longer economic--money, always money, how sad!--and because he is convinced that tomorrow power will be in the hands of those who possess, create, and disseminate that new means of action, namely information. But not just any kind of information! It is not handwritten or typewritten information or information printed from metal type. It is that information which is transmitted by satellite, stored in data banks and in the small heads of microprocessors, and which culminates in sounds, images, and colors on television screens or other display screens. Tomorrow's new real power will be audiovisual and "telematic" [merger of computer and communications technology for information processing]. Such, in any case, is the way the new prophets of the telematic age picture the future.

War has already begun between the large firms. Television is the first stake involved and the press is second.

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Fourth Channel

If everything runs smoothly, French television is supposed to assume its fourth dimension about 1983-1984. By that time, the Ariane rocket will have placed the first French direct broadcast television satellite, TDF-1, in orbit. TDF-1 will cover the entire national territory and will no longer depend on ground-based transmitters. It will have three video channels, one for TF-1 and another for Antenne-2 [existing French TV channels]. There is no problem with this allocation, but what about the satellite's third channel? It cannot be allocated to FR-3 [third existing French TV channel] because the latter must remain a regional service as required by its charter. Who then will use the satellite's third channel? The answer is important because this may at long last be the way France obtains, altogether legally, that fourth television channel that has been either feared or awaited for such a long time.

There is no doubt that direct broadcast television cannot be expected until 1984 at best. But now that everything is being put into place, this is the time to prepare for the fourth channel. At the present time, there are still three possible solutions for that channel: allocate it to the government, lease it to a consortium, or lease it to a private corporation.

For the time being, the government does, of course, hold a monopoly of television, and has not said it will give it up. But many of those who support a policy of leasing the fourth channel to a private firm sanctimoniously argue that three state-run channels are already excessive. And furthermore, pointing to the experience of the peripheral radio stations, they contend that a more independent fourth channel would somewhat spur our three national television channels.

The fourth channel consortium would consist of Europe-1, RTL [Luxembourg Radio and Television System], Radio-Monte Carlo, and Tele-France International. The government would hold an interest in the consortium through its agency SOFIRAD (Radio Broadcasting Financial Company). SOFIRAD would furnish part of the capital and each partner in the consortium would be given a slice of the television "cake." But it will be difficult to determine each partner's exact slice. Who would have the prime viewing time? The best time for commercials? How would the profits be shared? (The latter has already been decided, the bulk of the profits would go to SOFIRAD.)

The most active advocates of a private television channel are vigorously pushing for the second solution, namely leasing the channel to a single private corporation. In this latter case, there are only two remaining rivals: RTL and Europe 1. Each rival has its good points. RTL has few technical resources but does have practical experience in that its transmitter in Luxembourg already provides television coverage of Luxembourg naturally, Belgium, part of Germany, and France's eastern departments. Conversely, Matra has fully mastered television's new techniques, including networks, satellites, antennas, etc. But it lacks practical experience and especially programs. In short, it lacks what is known as software in computer terminology.

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By acquiring Hachette, however, Lagardere now assures himself of having this intellectual raw material. For contrary to what is too often believed, Hachette is not involved solely with paper. It also has such audiovisual activities as Hachette Audiovisual, Tele-Hachette, and Channel 80. These three subsidiaries already produce, inter alia, full-length films, many television commercials and, as subcontractors, they furnish occasional major programs to TF-1 and Antenne 2.

Hence with Hachette, Lagardere also acquires a certain experience in the production of television programs. By adding Tele-Monte Carlo's capabilities to this experience, it can be said that the amount of television program hours produced by Matra and Hachette combined would be about the same amount of such hours RTL can produce.

But Hachette's activities include much more. For instance there is TELE-7-JOURS [weekly TV guide], France's best-selling magazine and the daily "bible" of nearly 3 million television viewers. It will be a magnificent medium for Europe-1 if the latter snatches the biggest piece of the fourth channel cake.

A last benefit would be the fact that journalists of the Hachette group's magazines and newspapers could be recruited for a future television channel. Not to mention all of Europe-1's newsmen who are no longer merely dreaming about the fourth channel but are already actively preparing themselves for it. Lagardere has thus gained a very clear advantage in the war between Europe-1 and RTL.

The second stake involved is the press. Here also, Matra has mastered the new technologies. Telematics, videotex systems, and telecopiers hold no secrets for Matra. Yet here again, the company needed some subject matter to "telematize." It, therefore, bought LES DERNIERES NOUVELLES D'ALSACE. Why did it choose a regional newspaper? For two reasons. First, because Lagardere wants to use it to test his equipment. These tests are already under way. Secondly because it is being whispered in the PTT [Postal and Telecommunications Administration] that the Teletel system* scheduled to be tested in Velizy next spring, will afterward be extended to the entire eastern region, with the agreement--so it is said--of the regional press hard hit by the competition from videotex systems (especially for classified advertisements and local weather forecasts). Will LES DERNIERES NOUVELLES D'ALSACE, equipped in timely fashion with telematic systems by Matra, be able to win out over its neighbor, L'EST REPUBLICAIN, in this new electronic information processing race?

* A telematic system that combines a television receiver, telephone, and computer, and thus enables the user to request [by telephone] and receive on his home TV screen a huge amount of practical information he is currently obliged to seek elsewhere, particularly from his newspaper.

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If Ariane Is Willing

The "Alsatian" operation was obviously of relatively minor importance in the Matra empire's scheme of things. It was viewed by some as a fluke, as one of Jean-Luc's whims. Those who believed this were wrong. It was a serious undertaking: when Lagardere said in Los Angeles recently that Matra was going to "expand its media-information department," he was looking far beyond the blue line of the Rhine. He was thinking of the fourth channel, but also, apparently, of the major printed news media.

Hachette owns the weekly magazine LE POINT and controls the NMPP (New Distribution Service of the Parisian Press). Without the latter, no newspaper in France would be distributed. Thus Hachette will constitute a tremendous asset for Lagardere in his tussle with the press. Exactly how far will this "telematization" process go? In the future will we be typing our articles on a computer keyboard as is already the case in the AFP [French News Agency] for example? Lagardere quite obviously believes in telematics. He views it as the communications medium of the future, and one that will, little by little, alter or completely replace all of the traditional means, such as newspapers, bulletins, or even books, including textbooks. As regards the latter, Hachette has a wonderful market ready to be tapped, namely the market for textbooks that will, in the future, be published on small disks to be inserted in computers.

Why, therefore, should anyone be surprised at this partnership between Matra and Hachette, between microprocessor and books, between missiles and dictionaries? All of this is based on simple, flawless logic, on an algorithm as information specialists would say, or in a word, on Lagardere's logic. First of all, he wants to manufacture the machines and cables, secure a firm position in the satellites, worm his way into the channels, and dominate the hardware field. Then he wants to supply the subject matter, the directly consumable image-sound raw material, in short, the software. All of these aspects unquestionably go together. But there is still one obstacle to be overcome, and it is a formidable obstacle placed at the very beginning of the entire process. The Ariane rocket must ultimately be launched because that rocket not only carries the TDF-1 satellite but all of Matra's hopes as well. The fact, however, is that the Ariane launch vehicle is now experiencing inexplicable difficulties. After one successful launch, it no longer wants to function and nobody knows why. Its next launch is being further and further delayed. Jean-Luc Lagardere has perhaps been too hasty.

Implications of Actions

Paris LE POINT in French 15 Dec 80 pp 48-51

[Article by Jean-Pierre Adine: "Hachette's Transformation"]

[Excerpts] Much remains to be said about this unexpected "marriage" of Matra and Hachette. The fact is that though the initial shock has passed, it still appears difficult to unravel the tangled threads of a transaction that is extraordinary in every respect and unique in France, at least in scope and development.

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Today, however, attitudes toward Matra's action are hardening. After Laurent Fabius, the PS [Socialist Party] member of the National Assembly from Seine Maritime, Louis Salle, the RPR [Rally for the Republic] member from Loiret and the National Assembly's rapporteur for the Information budget, has put the following written question to the prime minister: "Does not the formation of such a powerful business group substantially involve certain risks for the plurality of the press and more generally for information in France?"

Jean-Luc Lagardere, Matra's president and general manager, has told friends that he decided to seek control of Hachette only recently. He did so because an "opportunity"--as the British or Americans would say--was offered him. But the comment heard in Parisian business circles is that "he is either a remarkably clever liar, or else he is quite simply right."

Today, however, people view with less condescension and much greater respect this sporting president and general manager who, while continuing to produce the most sophisticated missiles, has ventured into automobiles, mass transportation systems, telematics, space projects, and then into clocks and watches, electronic components, and communication via Europe-1. In a France that is becoming sluggish, business executives are not mistaken about him and have listed him--in L'EXPANSION--among the country's best businessmen. In 1979, LE NOUVEL ECONOMISTE had already named him best manager of the year.

One day, Lagardere told LE POINT: "I shall not make Melba toast or manufacture saucepans. But if it can reassure you, neither shall I go to the moon to lose my shirt there." What then does he really want to do? As he himself says, he mainly wants "to avoid having Matra become tomorrow's steel or textile industry." Easier said than done! But behind this statement there is a simple and powerful idea, namely that the only advances that count in this unstable world are technological advances and methodological advances.

Matra is, in fact, striving to maintain such advances in both the civil and military fields. Especially in the military field, because, no matter what some may say, Matra still depends on missiles for its financial well-being. The Super 530 [long-range air-to-air missile], mounted under the wing of a Mirage aircraft, can hit an enemy aircraft flying at any speed and at several thousand meters higher altitude! This small diabolical rocket, like its sister the Magic air-to-air dogfight missile, makes the air forces of the world "salivate." The arms trade is definitely Matra's goose that lays the golden eggs.

It is because of its arms business that Matra can now afford to buy Hachette. Hachette and Matra offer a strange contrast. The venerable publishing firm's--it is more than 150 years old--main field of activity is the written word. It is in no way involved in advanced technologies or big ultraprofitable markets and contracts. Nor does it have the government as a "sugar daddy" customer. Hachette is a sort of federation of 135 subsidiaries, all of a very specific type. Some are related to arts and crafts. It even has bookstores and newsstands in railroad stations, small retail outlets that cannot be big money-makers no matter what is done.

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An empire, a colossus, a giant: such are the superlatives used to glorify Hachette. And all are also generally accepted as true. Yet the colossus in question actually weighs 12 times less than Peugeot, 11 times less than Renault, 5 times less than Saint-Gobain, and 2 times less than Carrefour. In 1979, it ranked 55th among French firms in volume of business--Matra ranked 76th-- , 66th in working capital, and 84th in profits.

Admittedly it does own 49 percent of the New Distribution Service of the Parisian Press (NMPP), 25 percent of all printing (photoengraving), 25 percent of all publishing, and 13 percent of all periodicals. But the splendor of its former monopolies has long since faded. It now has to fight on all sides, and without any privileged ties with the state. It is a constant and difficult struggle for this 150-year old business. Jacques Marchandise, a former member of the Council of State who came to Hachette from Pechiney, and Gerard Worms, the general manager formerly with the Service of Mines, have been trying for several years to remove the dust from the old dull woodwork.

In 1980, all key positions in the firm are held by new men. They are credited with two major achievements. First the firm's press activities were believed to be stricken with a sort of sempiternal asthenia, but after a lengthy effort begun in 1972 these activities are now regenerated, brilliant, and profitable. Secondly, it was also thought that Neogravure's (photoengraving company) crash would prove to be Hachette's via dolorosa, and yet the firm emerged therefrom with all the honors of war. Conversely, the book publishing business, Hachette's traditional nucleus of prosperity, has been hard hit by declining sales, as indeed have all European publishers. Such additional grievous difficulties as the losses incurred by the JOURNAL DU DIMANCHE combined with the losses of the Spanish subsidiary have weighed heavily on the firm's overall performance.

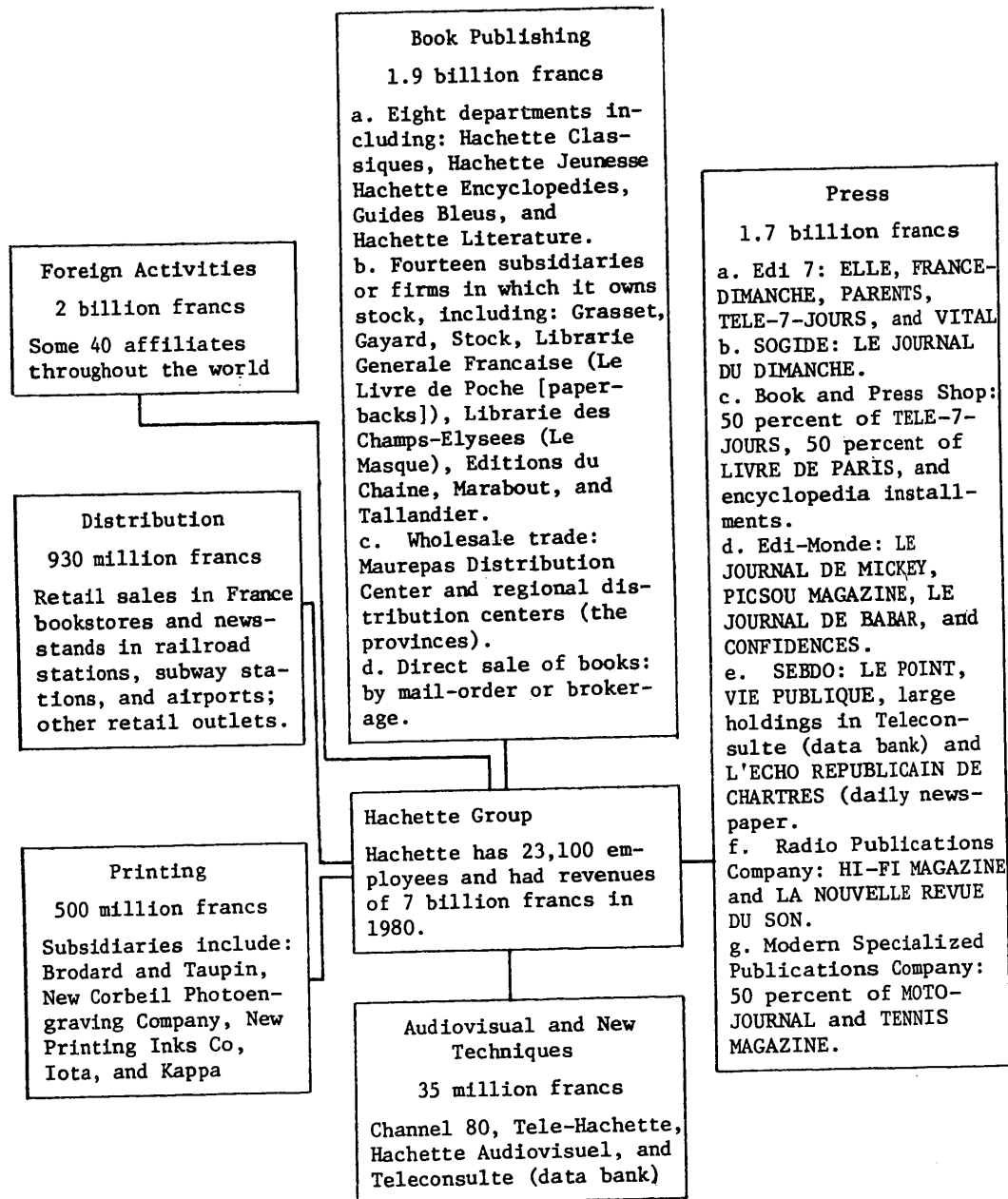
Hachette is, in short, a business weakened by many mishaps, but it has entered a period of convalescence which some people expect to be successful. It has even begun preparing for future activities. For instance, in 1981 it will open the most modern of the French legal-data banks.

What is Matra going to do in and with Hachette? That is the question many continue to ask. Gerard Worms' answer is that "a synergism is possible. The audiovisual business requires a pool of men and skills. We have them. With Hachette, Matra enters the world of the written word through the front door."

There is no doubt that communications actually fascinates Jean-Luc Lagardere. Some 2 years ago, he became a member of Europe-1's board of directors. Nevertheless, space is one of his main activities. And space brings with it that famous satellite which in 1984 will broadcast, on a third channel, programs and commercials from the sky above. Various firms are vigorously preparing themselves to supply that third channel. The large-scale audiovisual maneuvers are actually under way. But to obtain a favorable position in these maneuvers was it really necessary to first acquire control of a business firm with 23,000 employees?

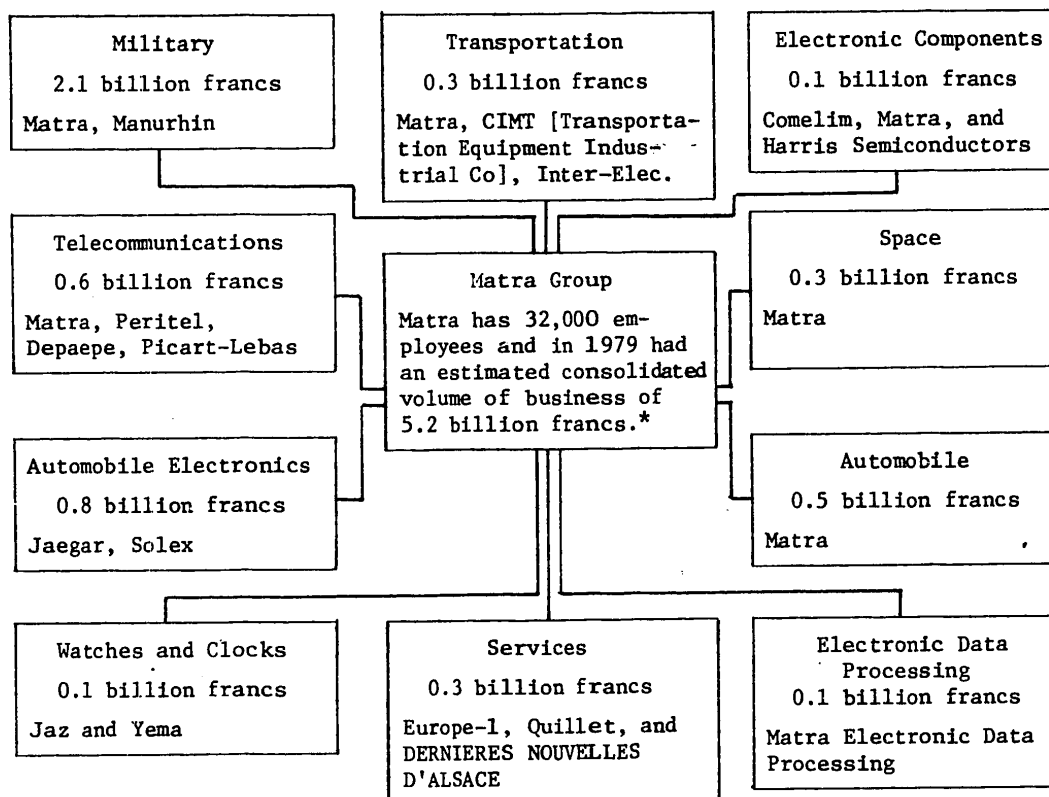
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Hachette Group's Activities



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Matra Group's Activities



* In view of the group's new acquisitions in 1980, its overall--nonconsolidated--volume of business in 1980 is estimated at 8.3 billion francs.

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Many other questions are being asked about this marriage of Gutenberg and Edison. Last Tuesday, in LE MONDE, Jacques Sauvageot likened this merger to "the kingpin of a system for controlling information." On Thursday, the National Union of Journalists' Trade Unions reiterated and amplified this same theme.

In more simple terms, observers here and there are wondering whether Hachette will safeguard the necessary political neutrality of the press. Another risk is that after the human "strata" deposited by the Hachette family, and then those by Pechiney, Matra's "strata" are liable to turn Hachette into a veritable mille-feuille. Moreover, how will Jean-Luc Lagardere get along with Hachette's small subsidiaries, small retail outlets and newsstands whose necessarily small-shop style of management is something entirely new for this electronic manager? There is no certainty that we shall receive quick answers to these various questions. One thing is certain, however. If this Matra-Hachette mix does jell, France will have a European-scale conglomerate prepared to compete in the next big international communications contests. Contests in which only "major" firms will be allowed to compete.

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COUNTRY SECTION

FRANCE

NEED FOR WIDE-RADIUS-OF-ACTION, PILOTED WEAPONS SYSTEM DISCUSSED

Paris AIR & COSMOS in French 20 Dec 80 pp 36-37

[Article by J. G.]

[Text] In the information report on the status and modernization of French nuclear forces, submitted last spring by Deputy Raymond Tourrain on behalf of the National Assembly's National Defense and Armed Forces Commission, the issue of maintaining or eliminating the "air" component was discussed at length.

The author of the report noted that opponents and supporters expressed themselves with unambiguous conviction.

Among the arguments raised by the former, the author cited three: 1) The ground vulnerability of aircraft would be much greater than that of SSBS [surface-to-surface strategic ballistic missiles], since the bases are weakly protected against a nuclear attack; 2) The reinforcement of enemy defenses (more sensitive radar, interception aircraft, density of short- and medium-range surface-to-air missiles) would doom the strategic air force; 3) This weapons system is fragile, sophisticated and expensive (F 100 to 150 million per aircraft).

On the other hand, the supporters of maintaining this weapons system, the author notes, point out five major advantages of the airborne component: 1) It is an indispensable part of diversification; 2) The piloted aircraft has two advantages: on one hand, nothing can replace human intelligence in thwarting reinforced enemy defenses and, on the other hand, low-altitude penetration assisted by very effective countermeasure systems makes it possible to reach targets with an absolutely satisfactory percentage of success; 3) The airborne force is technically bivalent; 4) It is a political tool for manipulating crises; 5) It is the only one which can be recalled in extremis by the political power.

The author finally concludes that the "advantages outweigh the drawbacks and that France has every interest not only in modernizing, but also in developing this weapons system in the next two decades."

In support of this view, but also because it involves much more than a Mirage IV successor, AIR & COSMOS considered it appropriate to publish below the opinion and arguments of a French military expert, to whom the future of the strategic aircraft appears obvious, he emphasizes, by virtue of its threefold importance: to guarantee

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diversification of the French nuclear deterrent force; as a polyvalent means of retaliation suited to deterring the strong from attacking the weak and particularly to deterring nuclear powers from attacking nonnuclear powers; as a means of ground preparation: ground neutralization of enemy defenses with the prospect of increasing our overseas intervention capacity (and in particular our air-transport capacity at greater distances); only combat aircraft with a wide radius of action has such preparative ability.

This is a warning against possible final abandonment of the strategic aircraft.

Strategic Aircraft, Preferred Tool for Handling Crises

The term "strategic aircraft" first calls to mind bombers, which constitute one of the components of the various nuclear deterrent forces. The term "handling crises" invariably calls to mind the Cuban crisis, in which these very bombers, on the American side, played a decisive role by merely being put on flight alert.

This article is not intended to be just a defense of piloted aircraft within our Strategic Nuclear Force (FNS). It is intended to specifically stress such aircraft's demonstrative possibilities of manipulation without being limited to major crises involving large and intermediate powers with their nuclear arsenals.

From Major Crises to Minor Crises

The development of the political and military context, particularly in the Mediterranean Basin, which concerns us greatly, is increasing the risks of crises in which we could find ourselves involved opposite nonnuclear powers, whether or not assisted by the Soviet Union but in any case possessing the most modern weapons, right now in most cases and more and more in the future.

Today the threat comes not only from neighboring territories. Our view, long fixed on the "blue line of the Vosges" must now take in the "blue line" of the Mediterranean and the Near East and Africa beyond in addition to our land borders in central Europe. A confrontation in Europe remains our greatest risk, of course, but in view of the risks incurred by the power willing to take the first step, it is not the most likely. It is therefore important not to neglect the other threats, direct or indirect, whose probability and seriousness are increasing at the same time as the instability and weaponry, with more and more sophisticated materiel, of Third World countries. The resulting situation, already very disturbing in the Near East, may reach the western Mediterranean tomorrow and concern us even more directly.

Adapted Means of Action

It is not our so-called "strategic" resources, with the meaning usually given to this term, which has become inseparable from the idea of nuclear deterrence, which will make it possible to prevent or to resolve such crises. The threat of retaliation with our strategic, or even tactical, nuclear weapons would under no circumstances be credible for obvious reasons (reduction of our deterrent potential, condemnation by international public opinion ...).

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The hypothetical case of armed intervention with temporary ground occupation cannot be ruled out. But it is rather unlikely in a crisis context alone in view of the risks which it represents.

A more restricted action, as discreet as possible, such as a strike after infiltration of forces, as by parachute or even airborne (Entebbe style), is the only one that would make it possible to free hostages, to cause limited destruction, etc.

But between these extremes, it is appropriate to be able to neutralize military targets on land or at sea, either to respond to a violent attack or to guard against a specific and imminent threat. This requires suitable conventional weapons which are powerful enough to guarantee destruction and at the same time are very accurate to prevent any widespread destruction.

In all cases, whether they involve tension or acts of force, it is important to have as much information as possible. Militarily, it is necessary to precisely keep abreast of the status of forces which are present or likely to intervene in order to report accordingly to the political authority, which must decide on the possible response.

It is essential to be ready to react at the first signs of crisis and in a continuous manner. It is actually easier to gain control of a critical situation when there is a quicker reaction.

Handling these crises thus requires an antforce capacity which gives us the means to observe and to strike hard, quickly, far and at all times, and thus enables us to deal with any situation.

A Wide Radius of Action

Most of our air and ground forces are stationed in Europe. Apart from several possibilities still offered to us by certain African nations but without assurance for the future, we no longer have any foreign base which would make it possible to intervene effectively in the Mediterranean Basin and beyond.

Only naval aviation resources that would be in the vicinity and possible air resources with a sufficient radius of action would make it possible to react without delay. Aircraft carriers in particular can function as bases close to foreign theaters of operation. But with our two aircraft carriers, it is impossible to assure a permanent and simultaneous presence at sea and, a fortiori, in the area of an unforeseeable crisis. Delays in routing, and possibly in obtaining equipment, run the risk of being excessive most of the time. It would require several aircraft carriers patrolling potential critical areas, like the U.S. Navy, but that is obviously beyond our means. Moreover, aircraft carried on low-tonnage aircraft carriers, which we have available, have limited possibilities because of their size and cannot reach very distant inland targets.

These same restrictions characterize the Air Force's tactical aircraft. It is true that Jaguars have performed excellently during operations conducted in Africa, but those operations still did not involve enemies as powerful and as remote from our bases as those which we risk having to face tomorrow. Nor does the penetration

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version of the Mirage 2000, which performs much better and is perfectly suited for tactical use in the European theater and its surrounding area, satisfy the criteria, specifically with regard to radius of action, of strategic aircraft.

Polyvalent Weapons System

The strategic aircraft, in the traditional sense of the term: capable of carrying out a decisive operation in the midst of enemy forces, i.e., at great distance, fully meets all these requirements.

Capable of reacting without delay, like all combat aircraft, it is characterized by a wide radius of action, not only as a result of in-flight refueling but also due to a very large fuel capacity. It must also be capable of carrying a sizable quantity of equipment and arms, which may vary according to the nature of the assigned mission: electronic countermeasures assuring the best chances for penetrating a strongly defended area, reconnaissance equipment, air-to-surface missiles with conventional or nuclear warheads, possibly so-called "cruise missiles" if it should be decided that they will constitute a FNS component, conventional weapons suited to targets and characterized by power and high accuracy.

This is therefore a relatively large aircraft in terms of weight and volume, thus it would be expensive and consequently only a limited number would be built. A two-seater for the best handling of complex missions, this aircraft would necessarily have twin jets. In addition to a high degree of security, this system would permit the greatest optimization (the best suited shapes and volumes for equipment and fuel) and the greatest possibilities of development for the entire life of the weapons system. This ability is particularly attractive in the case of electronics, whose importance can only increase, whereas the development of airframes and engines has become much less significant and thus less urgent.

Ground vulnerability, already reduced by the gradual "toughening" of our bases, may be greatly reduced by scattering. Currently in France, there are more than 80 airfields from which combat aircraft can take off. From this standpoint, emphasis should be placed on the necessary autonomy of putting aircraft and their weaponry into use again, making deployment possible in any area.

In brief, the strategic aircraft which we need must be polyvalent, i.e., capable of carrying out any type of reconnaissance and attack mission over a great distance: more than 1,300 km in a strongly defended hostile area at very low altitude and high speed, and several thousand kilometers in a neutral or weakly defended area at high altitude.

More than a Mirage IV Successor

The performance of our current Mirage IV is not far removed from these figures, but originally designed exclusively as a FNS component, it does not have conventional weaponry. It does not fully meet the criteria which we have established, even if it has since been provided with a remarkable strategic reconnaissance capacity. And although a certain number of aircraft have been expanded and further improved beyond 1985, in particular by the adaptation of a medium-range air-to-surface missile system (ASMP), the operational life of this weapons system will not far exceed the nineties.

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This is why a new aircraft must be designed and built. The Mirage 4000, as well as the studies on equipment for the Mirage 2000 and Mirage IV ASMP, may serve as a starting point for this aircraft. Considering its unit cost, only a limited number could be built, about 40 for example (or actually about 30 on line), which still represents a formidable force.

Such a project may seem ambitious and beyond our financial possibilities.

It should be pointed out that because of its polyvalence, however, the recommended strategic weapons system represents an incomparable asset to our national defense inasmuch as it makes it possible to guarantee, on one hand, deterrence: --at all levels: strategic nuclear, tactical nuclear, reconnaissance, conventional attack; --with respect to any enemy: a nuclear enemy, complementing other FNS components as part of "strong-against-weak" deterrence, whether carrying a "cruise" missile or medium-range missile with a very powerful nuclear warhead; a nonnuclear but strongly armed enemy: "weak-against-strong" deterrence; --all-directional: in Europe, outside Europe, on land and at sea; --against all types of threats: land, sea, air (by neutralization of land or sea departure bases), whether extended or restricted; and on the other hand, immediate and appropriate reaction if necessary.

Thus the strategic aircraft simultaneously constitutes a FNS component providing for true diversification (ballistic systems actually represent only a single mode of delivery) and an essential part of conventional forces in Europe and abroad.

In this twofold way, it is definitely the preferred tool for handling crises, whether major or not.

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COUNTRY SECTION

FRANCE

BACKGROUND OF NEW AFRICAN AFFAIRS DIRECTOR VIEWED

Paris JEUNE AFRIQUE in French 24 Dec 80 p 39

[Article by Francois Soudan: "Mr Africa Number Six;" passages enclosed in slantlines printed in italics]

[Text] At the Quai d'Orsay the silent Jean Herly succeeds the hearty Guy Georgy. It is a change in continuity.

The small, very simple office on the fifth floor of the Quai d'Orsay, the French Ministry for Foreign Affairs, had become unaccustomed to continuity. As the headquarters for the director of African and Malagasy affairs, it had a change of host almost 3 months ago and regained the diplomatic silence for which it seems to have been made. On 15 September Jean Herly, good-natured and uncommunicative, succeeded Guy Georgy, who was named French ambassador to Iran. Certainly, the new "Mr Africa" of the Quai d'Orsay is an affable man, but this Lorrainer, who celebrated his 60th birthday on the very day of his appointment--/"my finest birthday present,"/ he dis-closes--is too well aware of the weight of words. Too bad for the journalists...

A Difficult Post

The post of African and Malagasy affairs directors, created in 1962 at the time when the departments of the Quai d'Orsay were divided into areas, has reached its sixth incumbent. Jean Herly is the latest of a succession of senior "Africanists" who have provided a certain amount of stability for French policy in Africa--despite the officially subordinate aspect of their role: since the birth of the Fifth Republic the various French presidents have, as a matter of fact, surrounded themselves with their own "Africans." The mandarin Jacques Foccart was followed by Rene Journiac and then by Martin Kirsch.

Relations between these president's men and the diplomats of the Ministry of Foreign Affairs have not always been wholly untroubled: according to a slightly malicious murmur in the Quai, /"They make the policy reversals, the special operations...We ensure stability, make the contacts and mend the damage."/

Consequently, it is a difficult post for wise diplomats. On this level, at least, there will be no break in style between Guy Georgy and Jean Herly. They attended the National School for Overseas France together. Which one was the more gifted? /"Neither of us was especially brilliant,"/ Herly smiles.

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Then their African career begins. It starts very soon for Guy Georgy: at the age of 27, in 1945, he directs the information service of Cameroon, in 1955 he becomes chef de cabinet to the Minister for Overseas France before beginning a long round as ambassador: To the Congo, Bolivia, Dahomey (now Benin), Libya. From this last episode (he remained in Tripoli from 1969 to 1975), Guy Georgy has retained a definitive opinion of Mu'ammarr Qadhdhafi! /"He wants to bring together every living thing, everything nomadic, under one tent. Unfortunately, he is not riding the caliph's horse. He has only a very small donkey. And gilding his wooden shoes will not change much."/

Today, at 62, after five years in the "Quai," Guy Georgy is leaving again /"to visit a bit more of this vast world."/ Direction: Khomeyni's Iran. Disgrace? Banishment? Doubtless Georgy was not without enemies. But, admittedly, /"better Tehran than Bern or Stockholm. I prefer passions to boredom."/ Besides, he has various passions--especially a passion for drawing: for 30 years he has made a multitude of sketches, caricatures of politicians and cartoons.

An Inimitable Laugh

As for Jean Herly, with his snow-white hair and his black pipe eternally hanging from the corner of his mouth, he seems quite the opposite of a passionate man. No doubt he needed a good dose of sangfroid in order to remain for nine years in Vietnam and Laos at the height of the Indochina war, to occupy the post of consul general in Algiers and Oran in 1962 and to be, from 1967 to 1969, the French representative in the Central African Republic. It was then Bokassa's "Edwardian era." /"I had sometimes difficult relations with him,"/ Jean Herly discloses. /"But I did not know the man of violence."/ In 1973 he was stationed in Tel Aviv before being installed, 5 years later, in Morocco, where he remained as ambassador until mid-1980.

Even though he has visited it less than his predecessor, Jean Herly loves Africa, somewhat in the manner of Robert Galley: sensually. /"For me, it is nature and mankind. All the Africas. And then, above all, that inimitable laugh of the Africans--a laugh which one finds nowhere else."/

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COUNTRY SECTION

FRANCE

'L'EXPRESS' NOTES GARAUD'S CRITICISM OF GISCARD

Paris L'EXPRESS in French 20 Dec 80 p 74

[Editorial by Olivier Todd: "The Insolence of Courage"]

[Text] Marie-France Garaud likes to explain that there are two methods for making a child take cod liver oil: "Every hour you can repeat: 'Don't forget, at noon you'll have to take it'. Come noon, you tie him up and pour the oil down. This is a bad solution. Or, while the child watches television with his mouth open, you catch him by surprise. Now that's the way."

In the mournful gaullist family, Debre uses the first method. But the mayor of Amboise got caught in his own contradiction: Between Afghanistan and Poland, his anti-Americanism, which is as fierce as his anti-Sovietism, makes him an antiquated gaullist. Jacques Chirac, a silent gaullist these days, has no method. He has been acting as if a clairvoyant promised him that the future, an accident, revelation, or scandal would get rid of his only competitor, Giscard. Marie-France Garaud does not claim to be the bearer of authentic pieces of the Cross of Lorraine. She does not plan her strategy by laying out tarot cards. In her use, or manipulation, of the media beamed to the electors, she has chosen the second method.

This was evident with the front page publication of a raging letter in the "Monde" on the afternoon of Monday 15 December. Addressed to the president of the republic, it was entitled: "You have deceived us." This epistle has a tinge of Pierre Juillet in it: clear to the point of brutality, extremely violent, and written with ink used in the Cochin appeal of December 1978, it reproaches the president for his permissiveness, condescension, and off-handed manner. No one from the majority has thus far publicly given Giscard such a dressing down. The author assured the president of the respect she held for his "high position." How could anyone have said with more insolence that the president himself, however, inspired none?

But, in the spring of 1974, how could Mrs Garaud have forced Chirac to support Giscard and let Chaban go? It is much more difficult to say "I have made a mistake" than to say "We have been deceived." Why was the absence of an overall plan discovered only in 1980? Did Mrs Garaud not see Giscard walk up the Champs Elysee on foot? Did she not hear the Marseillaise played at a much zippier tempo and hear Giscard decree, like Goethe at Valmy: "This moment marks the beginning of a new era"? Had she been so naive a skeptic?

The case she is quickly making against Giscard concerning interior affairs has no double meanings. As for Barre, she has such low esteem for him that he goes unnamed, except when she talks about inflation and unemployment, then she denounces him like in the Cochin appeal as "a mob of technocrats." It's short. She

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seems to believe that in economics wanting to want is enough. She lacks even a rudimentary program there, and one very different from the president's. The campaign has hardly begun.

The main points: Marie-France Garaud very loudly says all that many only murmur even within the confines of the Elysee. First, that the president exercises personal--and solitary--power, and that at the same time he is afraid of power. The man fears bad news more than anything else. Obsessed by her conviction of the West's selfabasement before Soviet hegemony, Marie-France Garaud doesn't mince words: Giscard's foreign policy appears "unreal and...vague, such that one doesn't know whether it lacks substance because it is kept under cover, or just the opposite."

Mrs Garaud dares to proclaim that in internal politics the choosing of a society is no longer possible. Being for or against the Common Program is not the question. The choice occurs in foreign policy: are we for or against the French, European or Atlantic effort, now that we are faced with a threatening danger? That woman also dares to state that this danger, today, is Soviet expansionism, directly or indirectly with its subcontractors: Colonel Qadhafi's victory in Chad serves as the last gloomy illustration of Marie-France Garaud's thesis. Our African policy is incoherent. According to Marie-France Garaud, it proceeds "by unpredictable fits and starts." Recently at the French Foreign Office, they were carefully explaining that the Libyans are floundering in Chad. No doubt like the Soviets in Afghanistan and the Vietnamese in Cambodia and in Laos?

The question is not whether Marie-France Garaud is exaggerating but whether she is right. Is our spirit weakening? Are we preparing an extensive Finlandization?

Marie-France Garaud's indictment surpasses that of Michel Debre and of Jacques Chirac. Many politicians of all parties, except the communist party, agree with her privately! But, those on the right do not want to criticize the president openly. Those on the left could not approve the "primary anticommunism" of Marie-France Garaud: as if there were, in essence, several types of anticommunisms! Those on the left would also reproach the candidate for having a slightly populist tone, calling upon "millions of good people...for whom morals still exist."

Whom is she working for? the analysts are asking. At present not for Giscard, Chirac, Debre, or Mitterrand. She knows her France too well to hope to reap more than 4 or 5 percent of the votes, which would be quite a few. What will she do before the second round? If Giscard clearly refuses to ease up on an already nonexistent detente, if he abandons his acts of appeasement towards the Kremlin, she would then no doubt join up with him. But how, having attacked him with such severity? The communist voters will not follow the dictates of the French Communist Party if it refuses to shift its vote in favor of the socialist party candidate, and the same goes for the garaudists who, without a doubt, would not all follow Mrs Garaud if, at the last minute, she refused to help Giscard.

And if the president does not make the transformation promised by certain people? And if he is reelected? Marie-France Garaud has courage: in the past, she loved to repeat that, regicides and parricides, all those who play a joke on the king eventually have their "hand cut off."

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COUNTRY SECTION

FRANCE

SMALL BUSINESS CREDIT BANK VIEWED AS TOO CLOSELY TIED TO GOVERNMENT

Paris VALEURS ACTUELLES in French 15 Dec 80 pp 61-63

[Article by Alain Margaron: "The PME's Counter"]

[Text] Giscard d'Estaing makes a "national requirement" of steps on behalf of small and medium enterprises. But he is creating a new credit bank likely to become a formidable instrument of interventionism.

"More necessary than ever, action on behalf of small and medium enterprises constitutes a national requirement." In Paris 8 December, before 3,000 directors of PME [Confederation of small and medium enterprises] holding a colloquium, Giscard d'Estaing made government action on behalf of the small enterprise a key element of his policy. He announced that all the inheritors of a PME would have a period of 10 years to pay inheritance taxes, and the constitution of a series of loans funded by the sum of 10 billion francs.

Giscard d'Estaing listed state actions: return to freedom of prices ("A necessary freedom and henceforth permanent"), the partnership statute, assistance in forming companies, loans from the market fund and the creation of the Development Fund for PME which will be put into operation 1 January. The statutes for the new institution, the CEPME, [Study Center of Confederation of Small and Medium Enterprises] were presented 3 days before the colloquium. They provoked a disagreement at the PME directorate level which their founding president, Leon Gingembre, reflects in these very pages (read his letter elsewhere in this publication.) The creation of this loan fund in fact is likely to contradict the liberal intentions displayed by the chief of state. At all events Mr Gingembre will not allow his name to be associated with this creation, although the minister of economy, Rene Monory, cited him in November the day of the general assembly of the Confederation of PME, after his successor Rene Bernasconi and Aimery d'Oiron, president of small and medium industries.

--I never wanted to be a servant, or recipient of state aide, Mr Gingembre confided a few months ago, while a file was being drawn up on the Development Fund for PME.

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He confirms it today:

--Heds of companies who know how to meet competition bring some health into a company where everyone is asking for protection.

The idea of the creation of a bank for the PME is old. Giscard d'Estaing took it for his own in 1972 when he was finance minister. No one then worried about the files he then had in his desk. In 1976 socialists and communists brought out in their joint platform a similar project, but more ambitious: creation of a national development fund which would function under the Plan. The left lost the elections but Giscard d'Estaing did not give up his plan, which is to institute for small and medium enterprises the equivalent of Credit Agricole for the agricultural world: a decentralized body in the form of a mutual society and very powerful financially. And according to well informed sources he is believed to have had several conversations with Mr Rocard on this matter. Jean-Pierre Prouteau, secretary of state for PMI is now charged with the responsibility of studying the file and will soon submit a plan to the Elysee. His proposal: create a bank authorized to handle all kinds of credits, short, medium, and long term. And for resources using the tremendous surpluses of Credit Agricole, about 70 billion francs, which the "green bank" cannot loan out because of credit restrictions. Mr Prouteau's intentions are, at first brush, considered excellent. The credit terms which the large banks accord to the PME are much more expensive than for the big companies (the difference is three times greater than in Germany). But his plan has the serious defect of putting the PME completely at the mercy of the new financial establishment.

It took the energetic intervention of Mr Monory, helped by the treasury director, Jean-Yves Haverer, to divest the projected bank of the authority to grant short term credits.

CEPME will regroup three organizations: GIPME [expansion unknown], created by Mr Gingembre, and the basic part of Credit Hotelier (until now in the orbit of the banques populaires), two organizations issuing long term discount loans to companies; the Caisse nationale des marches d'Etat [national state markets fund] in charge of discounting medium term loans guaranteed by mutual guarantee societies [societes de caution mutuelle] and granted by commercial banks.

In the current system enterprises can choose, competitively, the bank of their choice. This discourages any interventionist industrial policy. On the other hand CEPME could place at its mercy the mutual guarantee societies: organizations managed by the trade associations and since 1971 by regional development companies (these RDC have taken, outside the building industry and the Paris region, 50 percent of the market). The Caisse nationale des marches d'Etat had no contact with the clientele. While the new organization can take advantage of the dossiers given it for marketing and offer the clientele its own loans (long term discounted loans). Thanks to the network inherited from Credit Hotelier, it will have 25 regional delegations.

For the immediate future care will be taken to prevent informing this network of the information obtained from investigating these cases. But what will happen the day the government changes policy? CEPME sellers will have a weighty argument for the companies:

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--Since your cases pass through us, why not come to see us directly, everything will go much faster.

A sword of Damocles thus hangs over the small companies in the event of a change of government. While until now they had been sheltered from all sector-based policies.

Current leaders of the PME confederation gave their support to the plan when they learned they would have half the seats on the overseeing council, with majority vote for their president.

--And then, there was no question of arguing about it: the Elysee wanted it, said one of their own.

The majority of CEPME capital (51 percent) is state owned and this new organization will have the legal status of a public enterprise, while the Credit Hotelier had the statute of a cooperative, and the GIPME, that of a private company.

In his letter Mr Gingembre speaks of nationalization. The administration itself imposed the formula of an overseeing council rather than a board of directors, which will diminish the powers of the PME representatives. If one asks why such an organization was created the minister of economy would reply:

--To simplify and to create a system closer to smaller enterprises. In fact the number of special credit procedures for PME is such that bankers themselves cannot find their way. But the creation of CEPME is not accompanied by the elimination of any of these procedures. And the fusion of the existing organizations brings no diminution of personnel despite the existence of numerous staff, particularly in the accounting branches. It is already foreseen that the new organization will be in deficit for at least 3 years and the deficit will be filled by subsidies. The deficiencies of the French banking system make it necessary to help medium and small enterprises in the financing field. But rather than create a new organization would it not have been better to confront the causes of the difficulty: aberrations in French monetary policy since 1945?

--The detailed measures taken by the government do not make up for the negative effects of its economic policy as a whole, declared Mr de Beaufort, president of the national association of PMI [confederation of small and medium industries] at the 8 December colloquium.

Banks no longer wish to distribute long term loans on fixed terms, according to normal market conditions. They only have means to provide them based on short term resources whose rates vary (even fixed deposit receipts can be cashed at any time), which makes them run the risk of being caught in a stranglehold if the cost of short term money increased.

It thus became necessary to seek to consolidate individual household savings. That is why the prime minister maintained interest rates in the bond market at a very high level in 1980. The volume of issues doubled the first 10 months of the same year, but the market seems saturated: it is rather difficult to dispose of new bonds.

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Many depositors are more interested in the anonymity of deposit receipts and savings certificates than in interest rates. However anonymous bonds represent a very large volume of capital, about 130 billion francs, and most of their holders are self-employed independent workers taxed at a fixed rate. To eliminate anonymity from one day to the next would be dangerous. There would probably be a flight of savings abroad or toward sterile investments such as gold. But Raymond Barre has had 4 years to prepare such a reform. He has done nothing. The policy he has followed ends up by having all the disadvantages of high interest rates (enterprises are no longer making any investments) without other advantages.

As for short term credit, it remains very expensive for small enterprises despite its reduction for a few months on the money market. Banks have much higher overhead expenses than abroad. Credit restrictions do not incite them to reduce them and exploit as they could recent developments in computer science (automated offices, [bureaucratique] automated bank tellers), the elimination of competition for 8 years allowing them to continue selling credit at a very high price. Not to large companies able to compete with foreign banks, but rather to the smallest one's.

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COUNTRY SECTION

ITALY

TRADE MINISTER HAS COOPERATION TALKS IN LIBYA

Hope for Share of Trade

LD231429 Turin LA STAMPA in Italian 20 Jan 81 p 5

[Dispatch by Franco Mimmi: "Minister Manca's Tripoli Talks"]

[Text] Tripoli--To try to secure some of the 60 trillion lire worth of orders stemming from the new Libyan five-year plan, Foreign Trade Minister Manca had an initial round of talks in Tripoli yesterday with Municipalities Minister 'Umar Durdah. The first item dealt with possible guidelines for cooperation. A large number of openings were created, with many hopes for securing or sharing in a number of projects whose total value exceeds 10 trillion lire.

Italian policy, as presented by Manca in close consultation with Foreign Affairs Minister Colombo (who is due to visit in March), is in fact to "cooperate in development"--to participate in financing projects, with a willingness to create joint ventures, supply technical assistance and train personnel. A group of Italian experts is due to visit in February to examine areas of participation, following which Libyan experts will come to Italy to choose enterprises, and in March the joint committee will meet in Rome.

Durdah acknowledged the "specific offer," announcing the greatest openness and preference to Italians over north Europeans and Japanese, though with a few complaints. For instance, that the Italian press, according to him, always presents only Libya's negative aspects. Then he outlined the major projects. The largest of them all, the Serir aqueduct, is an original and fascinating project with wells to extract not oil but water from the Sahara, a sea of fossil water which two pipelines over 1,000 km long will carry to the coast to permit Libyan agriculture to be developed enough to make the country self-sufficient.

On Sunday evening shortly after his arrival Manca was introduced by Ambassador Quaroni to Italian operators, who presented their problems to him. They condemned the lack of stability in relations between the governments.

"The political problem" was the common criticism which they put to Manca. "When there are misunderstandings between Rome and Tripoli they have immediate repercussions on our work. Your arrival here is very timely, but it is necessary to establish with the Libyan Government relations that are excellent from the formal viewpoint for the future also."

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'Crucial Period' Pending

LD261107 Turin LA STAMPA in Italian 21 Jan 81 p 4

[Dispatch by Franco Mimmi: "Difficult Moment in Italian-Libyan Relations; Necessary Clarification Will Come in March"]

[Excerpt] Tripoli--"Following this meeting, relations between Libya and Italy will either take off or regress. And March is the last chance for a decision to be taken. What we must at last adopt with respect to Tripoli is a clear stance. But this does not imply paying any political price, which nobody has imposed on us." This is how Foreign Trade Minister Manca summed up the situation following an almost 2-hour conversation with al-Qadhafi's right-hand man Major Jallud. According to what Jallud told Manca, the problem is in fact that relations between the countries, which from the economic viewpoint are very important, are constantly fluctuating in other areas; there are visits and return visits and many meetings, but many things remain solely on paper. Politely but explicitly, Jallud expressed his trust in Manca's words and proposals but, he said, it is indispensable that the problems to be resolved be linked not to the good will of an individual but to the collective commitment of the Rome government.

Jallud raised only one political problem with the Italian minister--that of war damages. But he did let it be understood that Libya is demanding primarily a moral acknowledgement rather than economic compensation. Apart from that, there is a complete openness and indeed a basic preference with respect to Italy, as long as the economic relations are of overall cooperation, and not purely commercial: supplies must be accompanied by technology transfers and an undertaking with respect to research and development (for instance with the Italian National Hydrocarbons Agency [ENI] in the oil sphere or with the National Nuclear Energy Committee in the nuclear energy field). Joint companies can also be formed, not only in Libya but also in Italy, for marine transport (90 percent of transport to Africa is by sea), for fishing and for joint initiatives with respect to other countries, especially in the Third World.

In short, from this--obviously the most important--as from his other conversations, Manca gained confirmation of Libya's willingness to give priority to relations with Italy, starting with oil. It is true, Minister Muhammad az-Zaq'ar said, that in 1980 supplies fell, but only as a result of decreased production, and the cut affected all clients. The supplies should soon return to and even exceed the 13 million tons of 1979 (15 percent of our requirements). The same applies to liquid gas, supplies of which were interrupted last year only because of work on the liquefaction plant, the minister said. It is true, however, that a price increase must be negotiated. The tendency among gas-producing countries is to bring its price into line with oil. The Libyan minister is aiming for the time being at an agreement like that already reached with Spain for a price equivalent to about 82.5 percent of the crude oil price. Ratti of the ENI, who attended the meeting (ENI is a highly rated company among the Libyans, who granted it 50 percent of the Italian-Libyan joint concern, whereas in other cases they always keep a majority holding), replied by citing the more advantageous agreements for much larger supplies which Italy has signed with Algeria, the USSR and the Netherlands, and consequently the need not to break the balance among suppliers. Be that as it may, Manca said, negotiations will resume right away.

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COUNTRY SECTION

ITALY

ITALY, BULGARIA TO SET UP JOINT STOCK COMPANY

LD231511 Turin LA STAMPA in Italian 22 Jan 81 p 9

[Unattributed report: "Volani Establishes Joint Company With Bulgaria"]

[Text] Rome--Volani of Rovereto, Trento, will be the first Western concern to form a joint stock company with Bulgaria. This is one of the results of the visit by Bulgarian Foreign Trade Minister Khristov, who yesterday signed a 10-year cooperation agreement between the General Federation of Italian Industry and the Bulgarian Industrial and Economic Association.

The agreement will be ratified in the next few days by Khristov and Italian Foreign Minister Manca; it envisages the offer of a \$50 million credit by the Italian Government to facilitate exports to Bulgaria.

This initiative should bring major orders not only to Volani (which produces prefabricated construction components) but also to Italimpianti (for enlarging a steel works) and to the manufacturing industries' participation and finance board (in the tourist field).

The possibility of new agreements was also discussed with Industrial Reconstruction Institute [IRI] chairman Pietro Sette. The topics discussed included plans for steel works to be built in Bulgaria, imports and exports, production by license in the mechanical, electronic and foodstuffs fields, and professional training. The meeting was attended by representatives of the IRI holding companies most directly concerned.

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COUNTRY SECTION

PORTUGAL

PROSPECTS FOR DEMOCRATIC ALLIANCE PROGRAMS UNDER EANES

Madrid CAMBIO 16 in Spanish 1 Dec 80 pp 94-96

[Interview with the late Prime Minister Francisco Sa Carneiro of the Democratic Alliance, by Juan Tomas de Salas in Lisbon on the eve of Portugal's presidential elections; date not given]

[Excerpt] Juan Tomas de Salas: The first question from the Spanish viewpoint is why do you support a military man as candidate for the presidency?

Sa Carneiro: One of the most important tasks of the president of Portugal in the next few years will be to help the military return to their barracks. This is the end of the transition period with the revision of our constitution, and calls for a president who is totally democratic. A military man with the characteristics of culture, intelligence, and experience of Gen Antonio Soares Carneiro impresses us as one who can accomplish this task because he has military and civilian features as well. He was not chosen because he is a military man but because with these characteristics he also happens to be a military man. As you know, the government has no authority whatever over the armed forces. This situation comes to an end with the amendment of the constitution. As an entity, as an institution, the armed forces are outside politics and do not have the intention of fulfilling a political role let us say. But this is not the case with the political-military group of the Council of the Revolution. Accordingly, General Soares Carneiro, as a democratic rather than revolutionary military man and with his great experience, appears to us to be a better candidate than any civilian at this time.

JTS: Well then, why General Soares Carneiro and not Gen Antonio dos Santos Ramalho Eanes?

SC: Naturally, I am against Ramalho Eanes' candidacy because he is the adversary of the Democratic Alliance [AD]. On the day following the formation of the AD he had already espoused that position. We established the AD on 25 July 1979 and the next day, on 26 July 1979, General Eanes called me and called the leaders of the [other] political parties and outlined his political plan, namely, an agreement between the Socialist Party [PSP] and the Social Democratic Party [PSD] for the support of the president of Portugal. That would have been the end of the AD--that is, if Eanes had managed to bring it about.

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Eanes is a man who has constantly strived to generate crises in the parties. As I said last year, he provoked a serious crisis in my party [the PSD], in the parliamentary group, and some of these deputies changed parties in the assembly in 1979 because this political project of the Socialist Front was a political project of Eanes more than of Mario Soares.

Eanes is a revolutionary military man who played a positive role after 25 November 1975 as regards the armed forces. But in politics he constantly tried with his political-military group which represents the military in politics to retain in another form the Council of the Revolution and to entertain with the Portuguese Communist Party [PCP] a relationship which is ambiguous to say the least.

I believe that the PCP supports Eanes for two fundamental reasons: The first is that Eanes is the enemy of the AD and the latter is the alternative which helped to reduce the importance of the PCP. The second is because Eanes has maintained a position against a conservative revision of the constitution while the socialist economic model regarding the public sector is what suits the PCP.

Furthermore Eanes, with this impossible plan of bringing about an agreement between the PSP and PSD, has become an unstable factor. His impossible plan means instability and for this reason it is pleasing to the PCP.

During the 3 years of Eanes' term, before the advent of the AD, there were five governments. Eanes has created political instability in government. He took advantage of this instability to increase his power and intervention in politics.

JTS: But after the elections Eanes took a backward step, declared himself to be almost liberal, and enraged Mario Soares, did he not?

SC: Yes, he did this because it is one of Eanes' personality traits and because his advisers said, "Well then, the AD won the elections with a large majority; let us seize this opportunity a bit and see whether we can capture the electoral following of the AD." And Eanes, who before the elections supported Mario Soares, changed in short order, and it is not a very positive move for a head of state, following an election, to change so rapidly, so opportunistically.

JTS: Why not Francisco Sa Carneiro for president? Why a military man?

SC: This is one of the other aspects of the matter. I believe that a political leader must be actively involved. A political leader is incompatible with the post of president of Portugal. The presidency involves national representation, a representation of state, but it does not include a role of political leadership, it does not call for active intervention by the president. I like politics too much to be president of the country. I believe that it does not behoove the Portuguese president to like politics so much.

JTS: But the public opinion polls concede the victory to General Eanes, don't they?

SC: However, we do not have experience with how trustworthy public opinion polls are in presidential elections. It is the first time that polls of this type have been taken. Let us see what happens. I believe that if Eanes should win we would return to a period of instability, a period similar to what we witnessed in 1975. We

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would have political instability because the leaders of the AD, Freitas do Amaral and myself, have already stated that we would not be part of the government. Social instability because the PCP would feel strengthened, would feel its power increased and thus there would be tremendous social tensions that could lead to the dissolution of parliament and the calling of new elections. Economic instability because this recovery that we are experiencing could not continue with constitutional struggles between the president, who is a declared enemy of the AD, and our government. Thus, a situation of great confusion would occur that would destroy in our country all our chances of economic recovery for the next few years.

JTS: And if Eanes should win, what would happen to Soares?

SC: A confused situation would result so that it would not be known what power the government would have or who would be the opposition.

JTS: But with the victory of General Eanes only the PCP would be ahead. That is certain.

SC: It is sure that with Eanes' victory the PCP would be strengthened.

JTS: Is it possible that between now and the elections Mario Soares may break his silence and support Soares Carneiro?

SC: I don't believe so. Mario Soares has his tactics, which he has already explained. He has already declared his position. Then, he kept silent. He did not expect a significant part of the socialist electorate to vote for Eanes, some perhaps for Otelo, some for Soares Carneiro, while finally another part might abstain. This is a confused situation which seems to me to be very bad for political stability and the future of the PSP. That is what Eanes has achieved with his candidacy. With the posture that he adopted after the [general] elections, he provoked a very serious crisis in the PSP.

Eanes is a man who provokes crises in parties because he has a vision of politics which is the politics of personal power of the military group of Melo Antunes and Vitor Alves and of all his friends who rejected the social democrats in 1975.

Question: And if Gen Antonio Soares Carneiro wins, what will be his political program?

Answer: The policy that we have pursued these last 10 months in the interest of harmony and understanding between the president of Portugal and the government. This policy that we have followed is not conservative and there will be no conservative policy in Portugal if Soares Carneiro wins. Rather, it is the most advanced social policy since the years of the revolution when it comes to specific results. We Portuguese have experienced this since the years of the revolution. As for concrete results, we Portuguese have felt them in this short time span.

We seek a peaceful revision of the constitution; we would strive to reach an agreement with the socialists, and if we fail to do so we would hold a democratic referendum. I believe that the next 4 or 5 years would not only be a period of political stability and social peace but also of development much greater than that possible in the developed countries of Europe. This means that the difference between Portugal and countries such as Spain, Ireland, or Greece would diminish.

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JTS: Would you have to change the constitution, which is programmatic, totally?

SC: It would have to be changed sufficiently, not as regards individual rights, which are very well regulated, and not as regards the political system, even though it is necessary to guarantee government stability supported by a majority, but with respect to the economic system.

JTS: Would there be denationalizations?

SC: There would not be denationalizations. We were the only political force which outlined a program for amending the constitution before the elections to allow ordinary law to determine whether to denationalize or not. Now the prohibition [against denationalizations] is included in the constitution but we advocate that ordinary law approved in parliament should decide whether there should be denationalizations or not.

JTS: What is happening with the press?

SC: The press would have its freedom guaranteed.

JTS: And what about the nationalization of newspapers?

SC: That is not so much a problem of the constitution, but rather one of political and legislative dimensions. I believe--and this is also the position of the AD program--that there should not be any state-owned press. The state must guarantee what in regards to the press would be an essential public service such as television provides, for example, and guarantee conditions of independence and high standards because it is also a very important cultural medium. But as regards newspapers, the state does not need to own proprietary organs of the press. This rarely happens in any democratic country.

JTS: Mr Prime Minister, seen from Spain what has happened here in Portugal starting on 25 April [1974] is very interesting. From a kind of "Operation Potemkin" the country moved into a situation where the electorate voted for the AD according to European liberal practice. How do you explain that?

SC: I believe that two trends overlapped in the revolution, one a democratic trend and one an avant-garde and Marxist-Leninist trend. The latter was dominant until 1975. Later, the democratic trend prevailed. The avant-garde and Marxist trend is focused today in the Council of the Revolution, in Eanes' political-military group. But in 1975 the people rejected that entire avant-garde tendency. Later they put their faith in a socialist government but the lack of stability and a certain inefficiency in government resulted in the fact that the Portuguese became aware that under socialism they were not eating either, that they were constantly eating less, and that their standard of living was worse all the time. Thus, when this Platform Agreement of AD was signed for the first time, people believed in it because it said that there would be a guarantee of stability and lawful order, as these last 10 months have evidenced. Wages have increased; purchasing power has risen by some 4 percentage points at least. Inflation has been checked in a spectacular manner and social pensions increased greatly, which was completely fair. And all this without an electoral policy but rather in a context of very rigorous economic policy, of public austerity--a policy which must continue in the next few years. Now, besides enjoying tranquillity, life begins to improve a little and the vote naturally

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has followed the trend of the policy which has created better living conditions for the people. In the last analysis, this is the meaning of politics--that the people may live better, and since they have started to live a little better the revolution was forsaken and socialism was forsaken and the majority voted for the AD. I believe that it is as simple as that.

JTS: How is it that there is no terrorism here in Portugal?

SC: It would be very difficult to initiate a terrorist plot in such a small setting, in an economy and a society which are eminently rural, with very small industrialized areas. Terrorism would be totally rejected and I believe that those responsible would be considered people of the left and that it would have very adverse consequences for the PCP. It is clear that an effort is being made to determine the connection existing between international terrorism and international communism. Before the revolution, it was known that it was one or another branch of the communist party that planted bombs, but none of them ever resorted to personal terrorism because I believe that they knew that any such action would lead to a very difficult situation for the PCP.

JTS: How do you explain the fact that Portugal and Spain have ignored each other for so long, even now, after so many years when both were under dictatorships which lived behind closed doors, after discovering democracy practically at the same time, having similar governments and being prepared to meet each other in the Common Market?

SC: I believe that this is a paradoxical situation but one which represents a certain latent lack of trust between the two countries. Some very tenuous progress, very tentative, has already occurred, but I believe that with the new Portuguese situation, following the election of Soares Carneiro, the conditions for closer cooperation between Portugal and Spain will be created. There is no reason whatever on the Portuguese side for the present situation to exist. Perhaps there is some lack of confidence by Spain, a certain lack of interest in this neighboring country that is so small and so little developed.

But we shall outline a joint plan of action to improve highways and communications. I believe that the principal problem is a problem of physical, political, economic, cultural, and commercial communications. When we develop this type of communications we shall be face to face rather than back to back, and it will be very easy for us to have a dialog and act together.

JTS: I believe that there are now many Spanish tourists in Portugal, are there not?

SC: Yes, there are many Spanish tourists in Portugal and this is because life in Portugal is cheaper and because we have a system of subsidized prices which favors everybody equally, foreign tourists or Portuguese, who all benefit from subsidies. For this reason Spanish tourists are attracted and they are very well received in Portugal.

JTS: At least we are getting to know each other.

SC: Of course!

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COUNTRY SECTION

SPAIN

HOPELESSNESS, CONFUSION SAID TO MARK LATEST ETA OFFENSIVE

Madrid CAMBIO 16 in Spanish 1 Dec 80 pp 22, 23, 24, 26, 27

[Excerpt] The three branches of ETA [Basque Fatherland and Liberty Group] (the military, politicomilitary and so-called autonomous commandos) have begun a general offensive which, according to police sources, may become worse in the next few weeks.

After thoroughly studying the situation and evaluating the contents of the latest manifestos from the three ETA branches, these sources seem inclined to believe that before the end of the year a new qualitative and quantitative development may occur in Basque guerrilla terrorism which might even take the form of an attack on military installations with the seizure of a small village for a few hours and in urban guerrilla activity per se.

According to information at hand, there is every indication that the terrorist organization might force the issue in seeking to negotiate even though the Guernica Statute is quite explicit and, especially, to obtain amnesty for its prisoners and a change in the Navarre situation. In this manner, the ETA offensive, which would be an offensive of desperation and would give rise to a vicious circle of genuine madness, would pursue two objectives: either make negotiations mandatory or produce a situation which would result in the declaration of a state of emergency or some kind of military interventions which is not desired by the military, nor, in the opinion of all the experts, is it a solution.

Although, historically, ETA's strategy, with its intermittent escalations perfectly planned by the organization's staff headquartered in southern France, has always been accompanied by short periods of truce, the latest offensive of the Basque terrorists can be qualified as one of the most virulent and prolonged of all those which have occurred in recent years. For 8 weeks there has been no semblance of truce and all records have been broken up to now: one death every 3 days.

Moreover, in the past 8 weeks the Basque terrorist organization has begun to resort to its typical style of extreme gangsterism and brigandage common to armed organizations on the decline.

For instance, a single example is sufficient. ETA (military), which on 23 September 1979 assassinated Lorenzo Gonzalez Valle, military governor of la Plaza,

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in San Sebastian and boasted in an official communique of not having touched a hair on the head of his wife or of the 2,000 persons who were on La Concha beach at the time, 14 months later, on 3 November, machinegunned a Zarauz bar killing 4 rural policemen and seriously wounding 6 Basque citizens.

According to the minister of interior, this blind terrorism, typical of an organization which is acting in desperation, is due to the lack of popular support and political influence which the terrorist organization has been increasingly experiencing.

"Whereas 2 years ago ETA was able to get 3,000 persons to take part in a demonstration," ministry sources point out, "now the organization does not get even 150, as shown last summer at the amnesty march organized by ETA in Martutene."

Interior Minister Juan Jose Roson believes that the new ETA offensive is an act of desperation being carried out by the three branches of this organization which have gradually lost almost all their political influence during the last few weeks. Basque party leaders of various ideologies believe in a preestablished plan aimed at thoroughly destabilizing the democratic and autonomous process in the Basque provinces.

This theme is unashamedly supported by Basque socialist leader Txiqui Benegas, secretary general of the PSE-PSOE [Spanish Socialist Party-Spanish Socialist Workers Party], who stresses that the sole objective of the terrorist organization is "to attack democracy and bring about a state of emergency in the Basque country."

Both postures--that of the minister of interior and that of Basque politicians--seem to coincide: ETA's action is one of desperation, and the objective is to provoke the army while aware that the armed forces cannot bring about any change in the Euskadi situation.

The long and painful path to the installation of autonomy in Euskadi has always been accompanied by a continuous string of deaths and assassinations. Aware that the final autonomous process is the last blow, ETA leaders--through a process of true madness--are trying to bring about repression, the only thing which can change the situation in their favor among people who, for the most part, have rejected them and even begun to take opposite sides.

In the opinion of experts who are closely following the evolution of Basque terrorism, it is obvious that the Basques are becoming politically isolated. The condemnation they received from the Socialist International, the declaration of the European Council in Strasbourg, the rejection by the Basque people, the possible results which might have been obtained in Paris by Spanish Foreign Affairs Minister Jose Pedro Perez Llorca and, finally, the formation of the Front for Peace, have been successive blows inflicted on the ETA commandos who are finding themselves increasingly isolated and faced with the need to act to bring about a change in the situation in their favor. Moreover, the progressive action of political platforms somewhat tied in with those of the ETA branches (Herri Batasuna with ETA, military, and Euskadiko Ezquerria with ETA, politicomilitary) has caused discrepancies and, in some instances, a split between the two nationalist complexes.

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The fact that a man like Mario Onaindia, Euskadiko Ezquerria's secretary general, has ventured in a lucid analysis of the situation appearing in the weekly newspaper, LA CALLE, to assert incisively that "the armed conflict in Euskadi is in a process of absolute disorder" is quite revealing in itself.

In the opinion of Onaindia, one of the historic ETA participants in the Burgos trial, the present situation is intolerable. "It is an intolerable situation for everyone, including the ETA, and we are at a point where ETA may attempt action as absurd as that of inciting a military coup. Things cannot go on like this ad infinitum."

These declarations and observations, which do not appear in newspapers but rather are made at internal discussions, indicate that ETA (politicomilitary) is concerned about the lack of control of political parties which are part of the system and which have begun to escape its influence. This leads inevitably to a radicalization, which is definitely what has occurred in the case of the organization's politicomilitary branch.

Until the approval of the Guernica Statute, the strategy of the politicomilitary branch was not that of assassination but of fighting for the Guernica Statute which they supported last summer even with hunger strikes in the prisons where the commandos were confined.

The change in the situation, the struggle against the UCD [Democratic Center Union] and the assassination of its leaders and, recently, the madness of attacking certain quarters like the air traffic control headquarters of Guipuzcoa and the Berga barracks in Cataluna seem to indicate a spectacular qualitative change.

According to the experts, this qualitative change was allegedly due to the withdrawal of a group of terrorists from the ranks of the ETA (politicomilitary) to join those of the ETA (military). Forced by desertions, on 28 June 1980 politicomilitary members, with the assassination Luis Hergueta Guinea, head of Michelin's engineering department in Vitoria, began a mad race to see which ETA branch could kill the most. From that time on, the attacks became more cruel, and each of the two terrorist organizations sought more carnage. The qualifications of the victims did not matter; it was unrestrained terrorism aimed at causing the greatest damage possible and seeing who could kill the most.

What will happen in the future? Experts consulted by CAMBIO 16 on this subject offer two theories:

Either ETA (politicomilitary) will join ETA (military) before the end of the year and, with the increased number of militants, take another step forward in terrorist strategy (attacks on barracks, urban guerrilla activity) or the two ETA organizations will continue to fight for leadership and subject the country to a bloodbath of incalculable proportions.

In the opinion of those who purport to be well-informed on the subject of ETA terrorism, attacks on barracks will be carried out with the aim of directly provoking the armed forces and obtaining more sophisticated long-range weapons.

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Up to now there has been a constant struggle between the military and politico-military factions to show which branch acted more effectively and spectacularly.

Whereas the military commandos have continued to kill rural policemen with a shot in the nape of the neck and have gone on to indiscriminate massacre (like that of a few weeks ago in the Guipuzcoa village of Zaraus), the politicomilitary members have been more selective in their actions, with the desire to be more spectacular: attempt to kidnap centrist deputy Gabriel Cisneros, kidnaping another centrist deputy, Javier Ruperez, a bombing campaign on the coast against tourism, an attempt to bomb Moncloa Palace, attacks on armed sites and the like.

There has been a constant struggle to show that "one action by the politico-military group is worth 20 of those carried out by the military commandos."

Now, with all sense of moderation and orientation lost and isolated from the people, they are undertaking a new offensive.

In turn, the military commandos, guided from the south of France by ETA's key men, Apala and Tchomin, have not substantially changed their strategy.

"ETA (military)," a former director of the organization told CAMBIO 16, "is following the same activist plan as in the time of Franco. They have not changed qualitatively or quantitatively. They are continuing to kill rural and regular police and are operating in the same manner as before, for they have not known how or been able to mount the steps of every revolutionary struggle, arming people who are no longer listening to them and are beginning to hate them.

"Nor have they been able to increase their war potential with adequate armaments. Now they are engaging in an act of madness and, especially, in genuine 'bluff.'"

In the writer's opinion, the activist position has now become a profession, a way of life for many leaders who have difficulty fitting in with normal and civilized society. They know nothing except to flee, to handle a machinegun, to continue to flee and to become intoxicated with action for the sake of action.

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COUNTRY SECTION

SWITZERLAND

PUBLICATION OF GOLD FIGURES TO CEASE

LD271221 London FINANCIAL TIMES in English 27 Jan 81 p 2

[Report by David Marsh: "Gold for Swiss Market Falls 36 Per Cent"]

[Text] Physical supplies of gold on to the Swiss bullion market last year fell by 36 per cent--to 629 tonnes--compared with supplies for 1979, according to a valedictory series of gold trade statistics issued by the Swiss Customs Office.

The decline, particularly reflected a sharp drop in direct deliveries by the Soviet Union, the world's second largest producer, which reduced supplies to 40 tonnes, from 214 tonnes in 1979.

The customs office confirmed yesterday that it will stop publishing detailed figures on gold movements from this month. It claimed that a breakdown of imports and exports according to countries "can be misleading or endanger general economic interests."

Recent publicity given to the Swiss figures, after years of being thought secret, are known to have discomfited the Swiss banks and irritated the Soviet Union, which has used Zurich as its main sales outlet to the West in recent years.

The Swiss National Bank advised the customs office towards the end of 1980 to stop publishing the breakdowns.

The drop in supplies last year also reflected reduced direct deliveries from the main producer, South Africa. These fell to 95 tonnes from 117 tonnes in 1979, with the December inflow--at only 4 tonnes--one of the lowest monthly figures of 1980.

A big drop in indirect South African supplies via London was also indicated by a decline in imports from the UK to 131 tonnes last year from 313 tonnes in 1979. The import/export figures are only an imprecise indicator of transactions, as a large number of sales and purchases of gold are made without the bullion ever moving.

Some gold imports are also stored in bonded warehouses at Zurich airport, and thus do not show up in the figures.

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The lower Russian imports figure does not give the full picture of actual sales. As Moscow can move gold both before and after selling the metal, about 20 tonnes of its deliveries in 1979, for example, are thought not to have been sold until last year.

On the exports side, the volume of gold taken out of Switzerland dropped by 15 percent last year, to 552 tonnes.

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COUNTRY SECTION

UNITED KINGDOM

GIBRALTAR ISSUE DEBATED IN HOUSE OF LORDS

LD291327 London. THE TIMES in English 29 Jan 81 p 9

[Unattributed report of 28 January House of Lords debate: "Britain's Trade With Spain Increasing in Spite of Dispute Over Gibraltar"]

[Text] If the British-Spanish agreements on Gibraltar remained unfulfilled it could become a serious issue in the current negotiations between Spain and the EEC Commission, Lord Bethell said during a debate on Gibraltar.

He said it could make it even more difficult for Britain to support Spain's application for entry to the community. This was at a time when Britain was perhaps the most enthusiastic EEC member pressing for Spain's accession.

The agreement signed in April, 1980, was as much in the interests of Spain as the United Kingdom, the Atlantic Alliance and the EEC.

Since then there had been no progress and restrictions still existed which prevented people of Gibraltar from communicating with their relatives and friends across the border with Spain.

Lord Goronwy-Roberts for the opposition, said he did not regard Gibraltar and Spanish accession to the EEC as being linked.

While we wish to do everything to smooth the entry of Spain into the community (he said) we cannot envisage even the possibility of our agreeing to a constitutional change in the status of Gibraltar without the full and free acquiescence of the people of that state.

Lord Gladwyn said that if Spain joined the EEC, and there was every reason to support it would, the whole future of Gibraltar, this hot potato between Britain and the Spanish Government, must be considered from the European point of view.

Lord Boyd-Carpenter said no British Government could hand over 25,000 loyal Gibraltarians to any foreign or other regime which they themselves were not prepared willingly to accept.

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Lord Greenwood of Rossendale said Lord Carrington and Sir Ian Gilmour were to some extent the prisoners of policy evolved by previous administrations. In the circumstances, they did well in the Lisbon talks, but they should plan no concessions. All they needed to do was to say clearly and repeatedly that Britain was there and would stay there until the people of Gibraltar asked her to leave.

Lord Selsdon said the greatest service to Gibraltar would be to help it to develop and build economic independence. The removal of the blockade and the opening of the frontier would perhaps be the greatest single thing to benefit Gibraltar's economy.

Lord Carrington, secretary of state for foreign and commonwealth affairs, said the growth of the Gibraltar economy, quite apart from developments on the social and political sides, demonstrated the barrenness of the policies of restricting the country economically and politically.

Under the Lisbon agreement anything could be discussed in the negotiations, but the preamble stated that the British Government would never enter into negotiations under which the people of Gibraltar would pass under the sovereignty of another state against freely and democratically expressed wishes. Nothing could be clearer than that.

The main hold-up in recent months had been over the clarification of the agreement. The lord privy seal (Sir Ian Gilmour) visited Madrid earlier this month. British trade with Spain had been increasing rapidly and exports totalled 1,300 million pounds last year, an increase of more than 19 per cent on the previous year. The two countries had much in common and many shared interests.

At Madrid the commitment of both governments to the Lisbon agreement was reaffirmed and Sir Ian Gilmour stressed the hope that it might be implemented without further delay, making the point that this was as much in the interests of Spain, as Britain and Gibraltar.

Although they had run into difficulties with implementation of the agreement, it was not dead and there had been no breakdown. Britain was ready to implement it in the terms they signed it. The agreement should be implemented long before Spanish accession to the EEC.

The debate concluded.

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COUNTRY SECTION

UNITED KINGDOM

FALL IN GOLD PRICES ATTRIBUTED TO FAR EAST SALES

LD261633 London FINANCIAL TIMES in English 26 Jan 81 p 28

[Report by David Marsh: "Far East Behind the Fall in Gold Prices"]

[Text] A big increase in gold flows from the Far East on to Western bullion markets last year, reversing the wave of buying from the area in 1979, has emerged as one of the prime factors behind the sharp fall in the gold price in the last 12 months.

Heavy selling of Far East investment hoards last year coincided with a sharp fall in demand for jewelry after the new year price surge, which brought the metal to a peak of \$850 per ounce, last January. It has since fallen to about \$550.

The result was that Hong Kong and Singapore became new suppliers to the London and Zurich bullion markets last year, for the first time in at least a decade.

The swing between the 1979 net gold inflows from Europe and last year's net outflows was probably close to 200 tonnes, according to Hong Kong and Singapore statistics.

This large-scale dishoarding from the Far East, where gold owners are notoriously sensitive to price changes more than offset the reduced supplies last year from the two main producers, South Africa and the Soviet Union. It was also accompanied by similar heavy selling from private investors from the Middle East.

Figures from the Singapore Department of Statistics show that total Singapore gold exports rose to 59.7 tonnes worth about 510 million pounds in the first 10 months of 1980--against imports of 13.8 tonnes (worth about 110 million pounds).

This was a dramatic turnaround from exports of 19.1 tonnes and imports of 65.5 tonnes during the gold-buying boom of 1979.

Hong Kong's gold imports in the first half of 1980 dropped to 20.4 tonnes from 104.6 tonnes during the whole of 1979, according to official Hong Kong statistics. Exports between January and June totalled 6.8 tonnes against 9.2 tonnes in 1979.

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COUNTRY SECTION

UNITED KINGDOM

ARMS BUYING SCANDAL REVEALED

LD191635 London THE OBSERVER in English 18 Jan 81 p 1

[Report by Peter Durisch and Peter Deely: "Diplomat Exposed in Arms Deal Scandal"]

[Text] Documents can be bought in London which enable extremist groups to obtain arms by short-circuiting international controls.

THE OBSERVER has bought such a document. We could have been representing the IRA, the Red Brigades or any other terrorist faction. We could have been suppliers for opposing elements in Lebanon or in Central America. The man who sold us the paper did not ask.

Last week THE OBSERVER showed the 'bent' certificate to senior Scotland Yard officers and informed the foreign office.

Our certificate was a bogus request for 10 fully automatic NATO rifles, and 50 Browning military pistols. It was sold to us by Mr Mashu Khulila, military attache at the Zambian High Commission, for 1,000 pounds. We assume that his government knew nothing about the transaction.

The documents, known as end-user certificates, can be bought for cash and other favours at some Third World embassies in London. At the illicit end of the arms industry, London--with its large diplomatic community--is recognised as a likely place to get such papers. Our aim was to expose this racket.

That governments are aware of these malpractices is beyond question. We have learned that British officials who issue export licences for arms have refused 'several' applications because intelligence sources indicated that the weapons were destined for the IRA.

In the past year the British Government has issued two arms export licences for guns only to find that the documentation did not indicate the true identity of the buyer.

Attempts like these to bypass the British controls have occurred in spite of very tough regulations. In some European countries, where vetting of applications for arms export is much less stringent, possession of an end-user certificate can make buying arms possible.

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Most arms deals are the result of government-to-government negotiations at a high level, often ministerial. The scope for abuse there is limited.

It is in the field of the smaller transactions that opportunities exist to exploit the system. The value of an end-user certificate is that in some circumstances it is the main document required to obtain an export licence.

That is also a weakness of the system. With a bogus end-user it is possible to visit some countries (we were told Belgium, Italy, Spain and Portugal in particular) and buy and export the weapons.

Once in shipment the goods can be diverted to their intended destination.

With our bogus document we visited both Brussels and Lisbon, convincing dealers that we were agents for a foreign government.

In the Belgian capital we were quoted a price of about 35,000 pounds for the consignment, supplying the rifles from London and the pistols from Brussels. In the office of this very reputable dealer we were accepted as genuine buyers and allowed to handle other weapons held in stock.

In Lisbon a dealer started to tell us how 'bent' documents could be used to get military hardware. We later received a telex message from the Portuguese company.

The price of a corrupt official varies: we have learned that the going rate is about 10 percent of the commercial value of the order.

For larger shipments the pay-offs are enormous, reflecting the venality of some officials and governments. We came across one case where a head of state of a Third World nation asked \$1,500,000 to produce paperwork showing that the weapons were for him and not for the true buyer.

The extent of the racket in bogus papers in London was revealed to us by Major Robert Turp, an experienced and reputable British private arms dealer.

'I would say that there are several dozen end-users obtained every year in London in this way,' he said. 'I believe I could do it now in any one of about 10 embassies, but I would not jeopardise my business in that way.'

Major Bevan Keen, sales director of Sterling Armaments, which manufactures sub-machine-guns at Dagenham, told us that in all his years in the trade he had seen 'a dozen or more end-users which gave me cause for suspicion. But it is for the government, not us, to investigate them if they feel it is necessary.'

We showed him our certificate, with all references to Zambia deleted. He commented: 'That is a perfectly accepted end-user. My company would see no reason not to forward it in support of an export licence application.'

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The scale of this clandestine industry was revealed by our inquiries in Washington. United States Government arms control officials told us that they received 40-50 applications to buy arms each year in which the paperwork turned out to be bogus.

In many of those cases the documents are signed by overseas government officials, but their governments know nothing of the orders.

Until now the misuse of documentation such as end-user certificates has largely been concealed from the public because of its potential for political embarrassment.

To many arms dealers, as it was emphasised to us, any publicity is anathema.

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COUNTRY SECTION

UNITED KINGDOM

BRIEFS

SUBMARINE SCRAPPED—A fifth submarine for the Trident strategic nuclear force has become a hidden casualty of pressure on the defence budget. Though no public announcement will be made before 1983, it has become clear in Whitehall that the "fifth boat option," as it is called, is dead in all but name. The extra cost it would incur, between 675m and 750m pounds on top of the 4,500m to 5,000m pounds earmarked for the procurement of a four-boat Trident submarine squadron, means that nothing short of an unexpectedly vigorous upturn in the economy would enable the government to go ahead and build it. The United States Government will not need to be told formally for another two years that the Thatcher administration has dropped its option on a fifth boat and will not therefore be requiring the additional missiles, launchers, navigation and fire control systems that would have been provided by American manufacturers. Abandonment of a fifth vessel for the Trident force, which is intended to replace the Polaris submarine squadron in the early 1990s and to carry the British nuclear deterrent into the 2020s, will have both political and strategic consequences. The "fifth boat lobby" has been quite strong inside the defence community, though it now seems resigned to losing. [Text] [Peter Hennessy] [LD281229 London THE TIMES in English 28 Jan 81 p 1]

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