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26 February 1981

... FBIS 40TH YEAR 1941-81 ...

West Europe Report

(FOUO 11/81)

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26 February 1981

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On behalf of all of us in FBIS I wish to express appreciation to our readers who have guided our efforts throughout the years.

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WEST EUROPE REPORT

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

SOVIETS ACCUSED OF TRAINING, EQUIPPING TERRORISTS

Paris PARIS MATCH in French 30 Jan 81 pp 62-63, 78

[Article by Robert Moss: "Terrorists Remote-Controlled by Moscow--Red Brigade Leaders Trained in Soviet Camps"]

[Text] Soviet Russia maintains and finances terrorism in Europe and particularly in Italy. The Italians are becoming increasingly sure of that. Recent documents confirm that opinion. This confirmation above all comes from the voluminous files of the CIA on the secret activities of the USSR, dated 6 February and submitted to the United States Senate Investigating Committee on Espionage. It states that the USSR spends about 90 billion centimes per year to support terrorist movements outside its sphere. Very recently, a senior officer of the intelligence services in Rome, Constantino Belluscio, declared in an interview that "At least four of the top leaders of the Red Brigades and a couple of dozen of their supporters were trained in Chechoslovak camps." The Italian intelligence service for a long time has been giving the defense minister the names of certain Italian terrorists who had spent some time in Czechoslovakia (most often at the center in Karlovy Vary, controlled by the KGB [State Security Committee]). The same report described contacts between the extreme left-wing Italians and KGB agents assigned to the Soviet Embassy in Rome and demanded the expulsion of 22 accredited diplomats. In spite of the fact that the defense minister at the time, Franco Restivo, and Foreign Affairs Minister Aldo Moro had given their approval, Prime Minister Giulio Andreotti turned the request down (which did not prevent Aldo Moro, after becoming Prime Minister, to be kidnapped and then executed by the Red Brigades in 1978).

The secret CIA report of 6 February estimates at several thousand the number of recruits who came from Europe, the Arab countries, Africa, or Latin America to receive training in guerrilla warfare, sabotage, assassination, and street fighting in the Soviet bloc. These courses are given particularly at the military academy in Simferopol.

Contact with Terrorists via Satellite

Most of the weapons used by the European terrorists come from the Soviet bloc. The submachinegun which killed Aldo Moro was a Skorpion made in Czechoslovakia. The FPLP has been using Russian-made honing AA missiles (the SAM-7) in connection with a series of attacks against civilian aircraft in Italy which failed. The guerrilla fighters of the ZAPU of Joshua Nkomo likewise made good use of SAM-7

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missiles to down two civilian aircraft last year. In 1978, Spanish security officers discovered that a Basque nationalist group, the ETA [Basque Fatherland and Liberty Group], had new special ammunition, made for the Czechoslovak Army, which until then had never been used outside the Soviet bloc. Numerous middlemen play an active role in the national arms traffic and one of the most eminent is Col Muammar Al-Qadhafi, the versatile chief of state of Libya who, in 1976, concluded with the Soviet Union what undoubtedly was the biggest arms deal in history. According to the London Conflict Analysis Institute, Libya served as secret channel for shipping Soviet weapons going to the IRA, the Baader-Meinhof group in West Germany, the Italian Red Brigades, the Red Army in Japan, the Arm of the Arab Revolution (the group of Carlos), as well as revolutionaries in Turkey, Yemen, Chile, the Philippines, and other countries.

The countries of the Soviet bloc also directly delivered arms to terrorist organizations. Zehdi Terzi revealed that the PLO received arms and explosives from the USSR without any middlemen. The Soviet arms inventory in the possession of the PLO right now includes T-34 and T-54 tanks and medium artillery. According to information a Western source, PLO leader Yasser 'Arafat signed an agreement during his visit to Moscow in March 1979 to keep up a direct flow of weapons with the Soviet Union.

In October 1971, the Dutch authorities seized a big shipment of arms destined for the IRA, sent through the Czech Omnipol agency. Last year, the Greek police discovered a large quantity of arms and explosives, including Kalashnikov assault rifles, assault grenades and bazookas of Soviet make, plus remote-controlled detonators and hundreds of kilograms of plastic, hidden in a mansion on the outskirts of Athens. Investigators were able to establish that this armament was part of a bigger shipment that was smuggled from Bulgaria by truck and destined for the extreme left-wing Turkish terrorists.

Secret Support from Cuba

The Soviet Union delegates a large portion of the delicate task of maintaining contact with the terrorist groups to its satellites. Most of the Eastern European intelligence services, such as the MFS (East German State Security Ministry), operate entirely under Soviet direction; others may not be always as tightly controlled but likewise are very valuable; chief among them are Cuba, the Arab countries of the "Rejection Front" and the omnipresent PLO.

A CIA report dated 2 May 1979, released by the press last year, in detail exposes the secret support given by Cuba to the Sandinista National Liberation Front in Nicaragua (which played an important role in bringing down the government of former president Anastasio Somoza Debayle in July 1979), as well as other similar movements in El Salvador, Guatemala and Honduras. This support includes weapons, training, military advisors, and secret agents in the field.

PLO Activities Beyond Frontiers

The close relations existing today between Moscow and the PLO go back to the summer of 1974, the date of an official visit by Yasser Arafat to Moscow. Now, regular contact between the USSR and the PLO leaders is handled through the Soviet Embassy

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in Beirut which serves as a cover for the biggest KGB in the Middle East. (Out of the 88 Soviet diplomats accredited in Beirut, 37 were identified by Western intelligence services as being KGB officers.)

The key man in contacts between the Soviet Union and the PLO is Aleksandr Soldatov, the Soviet ambassador who arrived in Lebanon in September 1974 after having carried out a secret mission in Cuba, which was to bring Castro back in line after he had made independence noises.

Thanks to the close collaboration provided by Yasser Arafat, Soldatov was able to establish a solid "Soviet lobby" inside the PLO; the latter has broken up into rival factions, some of which sympathize more with the Muslim Brotherhood, the conservative monarchies of the Persian Gulf or with the Chinese, rather than with the Soviet Union. Deserters from the PLO and important prisoners, interrogated by the Israelis revealed that, right now, Arafat and Soldatov meet about once a week and Arafat consults the Soviet ambassador before authorizing any terrorist operation or major political move. Western diplomats, who have been keeping close track of Soldatov's activities in Beirut found that, within a span of 6 weeks, at the start of the year, the two men met at length at least seven times. According to information from intelligence services, during one of those meetings, on 15 March, Arafat presented a briefing on the results of the visit of Abu Yihad, chief of espionage in the PLO, to Kuwait, Aden, and Yemen. These same sources asserted that Abu Yihad had studied the possibilities of extending the PLO's underground activities to the Palestinian communities in the region of the Gulf. The PLO cells in Saudi Arabia and in the Gulf emirates depend on the operations services in Beirut, directed by Abu Yihad. According to information from a Western source, the secret meeting on 15 March between Arafat and Soldatov concerned a project for boosting the policy of destabilizing the conservative Arab monarchies in the Gulf. Vladimir N. Sakharov, a Middle East specialist, a refugee from the KGB in 1971, revealed that the USSR had stepped up its participation in subversive operations on the Arabian Peninsula. When he was at Sanaa, in Yemen, Sakharov served as interpreter during meetings between KGB officers and "the leaders of revolutionary groups operating on the Arabian Peninsula and in the emigrates along the Persian Gulf." He asserted that some of the terrorists, who participated in the occupation of the Grand Mosque of Mecca last November--an operation carried out very professionally, shaking national and international confidence in Saudi royalty--were members of the People's Front of the Arabian Peninsula, an organization sponsored by the Soviet Union. Information coming from Western Europe revealed that some of the insurgents at Mecca (whose battle plan called for a series of mutinies at Medina, Taif, and Riyadh) have been trained by Cuban and East German instructors in a center close to Lahej in South Yemen, where the People's Front for the Liberation of Palestine often picked its recruits. The interest which the USSR devotes to the PLO, as the revolutionary vanguard in the Gulf region, is further enhanced by the fact that it has so far not succeeded in forming an effective Saudi communist party; the party created in 1975 has remained semi-dormant.

The PLO right now has very close relationships with some of the leaders of the Iranian revolution who came to power with the ayatollah Ruhollah Khomeyni on. One of the most surprising delegates to the Fatah conference in Damascus toward the end of May was Arbas-Agha Zahani, whose cover name is Abu Sharif.

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West Does Not Seem Interested

The relationship between Abu Sharif and Arafat, Abu Yihad, and other PLO leaders goes back to the early Seventies when he was getting guerrilla training in the Fatah camp in Lebanon. After the fall of the shah, Abu Sharif was charged with organizing a new secret police and replacing the shah's famous SAVAK [Intelligence and Security Agency]. A special brigade of the PLO, whose members received secret agent training in the Soviet Union, was dispatched to Tehran to help spot the "counterrevolutionaries." Abu Sharif repaid his personal debt to the PLO by helping to collect--among other things with the help of one of the grandsons of the Ayatollah--a large Iranian contribution to the Palestinian war chest and by sending more than 200 Iranian "volunteers" to fight side by side with the PLO in the south of Lebanon.

After the start of the war between Iraq and Iran in September, the PLO sided with Iran, which introduces the possibility that the Palestinians might cause trouble in certain Arab countries, especially in Jordan which sided with Iraq. (There are about 1,127,000 Palestinians in Jordan and 180,000 in Saudi Arabia.)

For the Soviet Union, the usefulness of the PLO goes far beyond the borders of the Middle East. In the training centers of the Fatah and the FPLP in Lebanon, in Syria, in South Yemen and in Libya--where one can find numerous instructors from the Soviet bloc--Western revolutionaries arrive regularly and they come both from Holland and from Australia.

According to information from a reliable Arab source, the non-Arab recruits in the Hauriya camp (south of Damascus) includes four members from the Red Army Faction of West Germany, six members of the Italian Red Brigades, three Spaniards associated with the Basque ETA, four members of the Red Army of Japan, 32 Filipinos and miscellaneous Asians, 180 Africans, 170 Iranians, 28 Argentinians (most of them belonging to the guerrilla organization called Peronista Montonero movement), 12 Brazilians, including several members of the Extreme Left-Wing People's Revolutionary Movement--and 130 Turks, including members of the People's Liberation Army.

Relations between the FPLP and the underground revolutionary groups in Italy go beyond the simple use of Italian transit facilities and logistic support for Palestinian operations.

On 7 November 1979, the Italian police stopped a vehicle for speeding on a highway along the Adriatic coast. The police officers found that the vehicle's occupants were members of the Red Brigade and were transporting two SAM-7 missiles. These missiles had come from the FPLP which had smuggled them on board a small boat with a Syrian crew, the "Sidon." The Italian intelligence services think that the SAM-7 missiles were to be used in political attacks in Italy although the FPLP had declared that the weapons were to be transported elsewhere. That would tally with the conclusions of investigators in the FRG who think that the assassins of Italian Prime Minister Aldo Moro were in contact with the Palestinians.

An overall picture of Soviet support for international terrorism is necessarily incomplete and will remain so unless Ambassador Aleksandr Soldatov or some other

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agent of equal importance decides to defect to the West and tell his story. Few Western governments seem sufficiently interested in the problem of terrorism supported by the Soviet Union to include it on their foreign policy agendas. The reasons for this reluctance are debatable. For those who persist in believing--in spite of the events in Afghanistan--that the Soviet leaders are in favor of "detente," this is perhaps a natural psychological reluctance in having to face the facts which are so contrary to their hopes. For those who are convinced that recognition of the PLO and the creation of a Palestinian state are the conditions necessary for the maintenance of peace in the Middle East and reasonable petroleum prices, this is perhaps a desire similar to ignoring every evidence that could shake their conviction. But, regardless of the partisan or ideological tendencies, any realistic debate on the line of conduct which the West should adopt toward the Soviet Union must absolutely take into account the militant support for terrorism.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

COMMERCIAL ECONOMIC, TECHNOLOGICAL IMPACT OF SPACE RESEARCH

Paris FUTURIBLES in French no 38, Nov 80 pp 67-86

[Article by Patrice Brendle, Patrick Cohendet and Regis Larue de Tournemine, Bureau of Theoretical and Applied Economics, Louis Pasteur University, Strasbourg: "Economic Impact of European Space Projects"]

[Excerpts] Over the past 20 years the European countries have invested in space projects close to 50 billion francs. Since the direct application of space is now well-known (telecommunications, teledetection, etc.), we have the right to question the effects of space research on the economic fabric. The study conducted by the Bureau of Theoretical and Applied Economics of Strasbourg University on the impact of the projects of the European Space Agency tries to answer this question. In addition to the obtained results the study provides the opportunity of analyzing the origins of an original innovation process financed with public funds.

The European countries gave their industry an original impetus with their decision to engage in the implementation of space projects. The European space programs show, in effect, the following characteristics through their various objectives, whether political, strategic, economic or military:

So far they have been entirely financed out of public funds;

They have implied the need for a comprehensive industrial organization which combines the efforts of European companies which had previously never collaborated on this level;

They are resorting to advanced technological applications requiring the steady support of applied and basic research;

They mobilize a particularly skilled manpower.

It is thus that such characteristics give space projects the nature of original public aid to industrial innovation. A look at what was happening 20 years ago in terms of the initial space achievements in Europe enables us today to judge the economic results of the public effort in the area of space.

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A recent study conducted by the Bureau of Theoretical and Applied Economics of Louis Pasteur University in Strasbourg has specifically attempted to assess these economic results. The study was limited to the program of the European Space Agency, but to the extent to which they account for a large share of the European space effort. The results could be considered a first approximation extended to the projects of the national agencies.

The study is based on investigations conducted at 130 companies involved in space projects. The surveyed officials of each company were asked to identify the various effects which space work had triggered (expansion of scientific and technical knowledge, technological improvements, training, etc.) and to link, to the extent of the possible, each noted effect with its economic consequences (creation of added value in the case of the development of new products, increased productivity as the result of know-how improvements, etc.).

Beyond the resulting figures which show that the economic results of space expenditures have been substantial, the study provided the opportunity to observe the type of mechanisms through which a public research program could disseminate its effects throughout the economic fabric. The purpose of the present article is, precisely, to describe such mechanisms. The latter show the wealth and complexity of the innovation process stemming from space research. In order to understand them better it seemed to us, to begin with, that it was important clearly to define the starting point of the process: the technological development and the industrial organization of a space project.

Technology and Organization of a Space Project

Strictly speaking, space is not a true industrial sector. Extensively relying on the experience of military activities, space projects appear rather like a "technological crossroads" which requires the synthesis of advanced technologies in a great variety of sectors. This feature, combined with the concern for the implementation of the projects within the stipulated time and cost limits, requires a strict industrial organization. These two features of the space effort-- technological requirements and organization--are the two starting points of the innovation process resulting from space research. Following is the study of each such characteristic.

Technology

The implementation of any space program presumes the use of an extreme variety of technologies: structures, mechanisms, telecommunications, instrumentation, data storage and handling, attitude and stabilization control, heat control, optics, energy conditioning and storage, structural materials, solar generators and propulsion. As we shall see, the technological developments used to advance space technology quite frequently converge with the various economic requirements of strictly spatial applications: this convergence is at the origin of a transfer of technologies from the space area to other sectors of economic activity.

There are three types of most frequently required characteristics of space "products," namely:

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High reliability: To the extent to which, for the time being, "maintenance" work in outer space is impossible, each separate component (electronics, optical, mechanical, etc.), and each system and subsystem must provide a virtually absolute guarantee of proper functioning over a five-year minimum period. This reliability requirement helps to improve the quality of the products and to introduce in the enterprises specific "guaranteed quality" procedures.

Lightness: The building of a satellite presumes an optimum overall weight which demands the characteristics of lightness not only on the structural level but also on the payload. This presumes the development and utilization of new materials for the structures (carbon fiber mixtures, Kevlar, etc.) and the miniaturization of payload components (electronic, optical).

High performance: This requirement, on the performance level, is manifested in the variety of required technologies. Thus, in the "data storage and handling," the mass of information to be handled aboard the satellite and on the ground is frequently considerable and the required performance is important in terms of the system of information handling (informatics) and information transfer (telecommunications). In the same manner, in the case of "energy storage and conditioning," the performance of space batteries is being steadily improved with the help of specific research and development programs and are oriented toward meeting the requirements of future space programs.

These three technological characteristics of spatial products: reliability, lightness and high performance, frequently lead to new requirements governing nonspace applications and constitute a base for the transfer of technology from space to other industrial activities. We must specify that the required specifications are such that space products are very costly. The extent of transfers of technology outside space, therefore, is conditioned by the search for a compromise between the "advanced specifications" for space projects and "price limitations" governing nonspace markets.

The Industrialization Organization

A complete study of the economic effects induced by space programs would lead to the important conclusion that these major programs have economic effects which are not restricted to technological innovation alone. The importance of these programs is revealed by a far more comprehensive influence in terms of the industrial structuring of an entire set of involved companies. Indeed, in order to meet the specifications of European space programs, the European companies must set up a complex organization whose purpose is to optimize their industrial collaboration on an international level. The implementation of space programs, consequently, requires a great mastery of international management techniques for complex projects, planning, rationalization and coordination methods (the PERT method, definition of tasks in terms of systems analysis), quality guarantees, etc. The functioning of such kinds of organizations implies a high level of exchange of information among involved companies. This information exchange takes place within the consortiums which have been organized on the basis of the European programs. The structure of a consortium enables the main contractor to coordinate tasks within a stipulated deadline. Each project requires a consortium consisting of about 50 companies: head contractor, main contractors, subcontractors, and punctual

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suppliers. The main contractor manages the overall project. He is in charge of the conceptualization of the system, the integration of the various elements, the tests, and quality control. His responsibility extends also to the sum total of technologies used to implement the space program. The main contractor is in touch with the members of the consortium. His position presumes the updating of the knowledge of space personnel paralleling the development of space technologies.

The contractors and subcontractors are responsible for specific systems or subsystems of the space program (satellite design, solar generators, solar cells, batteries, electronic equipment in the satellite or on the ground, and thermal conditioning). Therefore, generally speaking, these companies are more specialized in a specific area (electronics, optics, mechanics). Their research and development strategy is to specialize in specific technologies. They are assisted through study and research contracts which parallel the specific space program. The suppliers are selected on the basis of their competence and know-how in very specialized areas.

Therefore, each individual space program is based on a specific organization with clearly defined technical responsibilities. The coordination of such responsibilities is achieved on the overall level by the main contractor and, on the level of systems and subsystems, by main contractors and subcontractors. The historical development of the European space programs over the past 15 years shows a twin movement of specialization and extension of the technical range of competence of the individual companies. Such a "structuring" of the European space industry, therefore, is the result of a double causality:

The policy of companies which focus their own research and development efforts within the framework of their long-term strategy in order to achieve a technological advance in their chosen area. The objective of the companies, therefore, is to strengthen their position in tendering bids;

The choice of contracting companies by the European Space Agency or by national agencies in the course of the bidding procedures.

Such characteristics of space programs suggest that their economic impact is that of an original method for providing public assistance to industrial innovation which can improve the competitiveness of European industry throughout the world and influence its structural development.

The interviews conducted in European industrial enterprises to determine the importance of this economic impact and trace its influence on and dissemination within the European industrial structures have enabled us to note a number of cases which illustrate the creation of economic results based on space programs. The description of these specific cases made a synthesis necessary. This was carried out on the basis of a differentiation among four main categories of induced economic results: technological advantages (product innovations and diversification processes), advantages benefitting organization and methods (innovations in industrial procedures, organization and management), commercial advantages (increased sales without determining technological innovations), and advantages accruing to enterprise personnel. This classification, which combines all the constituent

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functions of the enterprises, will be the structure of the overall results hereby described.

Technological Effects

Here is an example which would provide a better illustration of the way in which space technology requirements resulted in the development of new products: in order to meet the requirements of a space telescope, one of the companies had to develop a camera which would make it possible to reproduce celestial charts with a very long exposure time. The enterprise developed a system for the reconstruction of the image with the help of a computer linked with the camera. The computer records the number of photons for each point of the picture. The reconstitution of the thus obtained picture is extremely accurate. The operational principle is similar to that of the human eye. However, the reconstitution is obtained analytically by coupling the camera with the computer. The structure of the photographic area is entirely reconstituted by the system which makes it possible to note any occurring structural change by comparing the different conditions of the observed photographed area. This new product can be applied in the following areas:

Automated diagnosis of urban traffic and urban traffic control;

Surveillance of premises;

Control of mobile operations in the course of industrial processes directly and in real time through image analysis.

Considering such a variety of industrial applications, this example illustrates the new products engendered by the space effort.

The sum total of new products (to which we must add the improved quality of goods and diversification processes) covers a very broad range of sectors which have benefited from the "by-products" of space research: motor vehicles with kinetic energy-storing facilities, robotics with optical control procedures, telecontrols with facilities for data transfer and storage, the petroleum industry with carbon fiber pipes, the leisure-time industry with synthetic fibers for skis or tennis racquets, etc.

The wealth of such examples, however, should be interpreted cautiously: actually, even though space has triggered a progress in a number of technological areas, the economic significance of noted technological effects, measured in terms of added value, remains limited: so far it can be more or less compared to the amount of money invested in space research. The reason for this is that the products derived from the space industry remain sophisticated and, with rare exceptions, usable in a still restricted market. Very few cases may be found in which applications based on space techniques have influenced regular consumer goods.

A number of products have even remained on the level of simple projects, so that it would be more accurate to say that space has nourished a real "reservoir of technological ideas" which is a gain for the future rather than a question of technological changes in the industrial fabric resulting from space research. The essential reason for this phenomenon is the specific nature of space products

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whose price remains too high for more extensive marketing, even though a rather substantial share of technological effects has already exceeded the framework of space application.

Conversely, what seems striking among the observed technological results is the close convergence between the characteristics of products resulting from space research and the characteristics demanded today of society: energy conservation, conservation of materials, lightness, reliability, etc. These conversions, naturally, can be explained to a large extent by the technological requirements of the space projects we emphasized. This phenomenon, however, reveals its full significance if we accept that the major part of space technologies is based on two essential functions which are currently the focal point of social concern: mastery of information and mastery of energy.

Examples of Transfers of Space Technology to Other Activity Sectors

The several examples given here, established in the course of the investigation conducted by the Bureau of Theoretical and Applied Economics of Strasbourg University in European space industry give an idea of the wealth of applications of space techniques, already achieved or planned for the balance of the economy.

Sector benefiting from technological transfer

	Space Origin	Nature of Innovation
Automobile	Satellite stabilization Welding of satellite materials Space electronics Materials of satellites and launchers	Inertial wheels for the conservation of vehicular energy consumption Technique for the welding of automobile parts through bombardment with ion beams Data table indicating the point of vehicle breakdown Possible manufacturing of brake shoes made of carbon fiber
Robotics	Space optics electronics	Automatic control systems for industrial production
Maritime Navigation	Propulsion Space electronics Propulsion	Submarine propulsion Visual display equipment Intership communications Submarine ballast release system
Aerial Navigation	Space electronics Ariane Satellite materials	Aircraft electronic gears Possible use, in a few years, of liquid ergols (used in the Ariane rocket) for airplane propulsion Use of carbon fiber in airplane manufacturing

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Sector benefiting from technological transfer	Space Origin	Nature of Innovation
New energies	Tapping solar energies Satellite materials Project management	Solar cells and photovoltaic solar power plants Wind blades made of synthetic fibers Nuclear power plant control
Informatics	Spaceinformatics Meteorological satellites	New components, computer cooling, computer coupling, "bilingual" computers Data filing system
Banks	Space optics-electronics	Systems for the automatic classification of bank notes
Fishing	Space optics-electronics	Detection of fish schools
Urban traffic	Satellite altitude control	Urban circulation control
Electric power storage	Power storage Batteries	Emergency storage with kinetic wheels Miniaturization of electric batteries (calculators)
Construction	Space optics-electronics	Detection of heat escapes through walls and roofs
Medicine	Satellite materials Space informatics Space optics-electronics	Artificial limbs Medical information for cardiological, lung, and other examinations Low-risk X-ray systems
Roads and bridges	Satellite heat control	Heating of roads and bridges with heat pipes
Telecontrol	Transmission of space data	Development of data transmission grids
Petroleum industry	Satellite materials Space electronics	Cylindrical structure made of a steel-aluminum alloy for refineries Communications among offshore platforms
Public transport	Satellite control Satellite materials	Simulation of subway automated operations Materials for railroad cars
City management	Organization of space projects	Management of large cities

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Sector benefiting from technological transfer	Space Origin	Nature of Innovation
Struggle against pollution	Space optics-electronics	Control of polluted areas in the North Sea
Security	Space informatics Space optics-electronics	Information system for control of technological risks (chemical, offshore, fires, etc) Detection of residence intruders
Leisure industries	Space materials	Synthetic fiber skis and tennis racquets
Instruments	Space instruments	Ultrasound meters measuring the level of liquids in tanks (petroleum) Data presentation system Antivibration systems
Food industry	Satellite and launcher materials	Stainless beer barrels
Television	Space electronics	Electronic components, tubes
Telephone	Satellite stabilization	Emergency power for telephone switchboards

Effect of Organization and Methods

The interviews conducted in industry proved that the space programs equally entail procedural innovations, i.e., improvements in production and organization methods. One of the characteristics of the space programs is that the procedural innovations which they induce are essentially manifested in terms of new management methods or methods governing the organization of major projects and apply relatively little to the introduction of new equipment or industrial systems. In other words, it seems that in this area procedural innovations apply more to the organizational rather than the capital factor. The explanation of this phenomenon is as follows: whereas space programs have effectively required the use of new equipment, by virtue of its specialized nature, such equipment has been mostly reused in other space programs, for which reason other industrial areas have not been the beneficiaries (in very specific cases installations specifically designed for space projects have been used in aeronautics). Conversely, the implementation of space programs requires a high mastery of problems of international project management and planning. It requires the use of very advanced rationalization and organizational methods and the use of "quality control" procedures which are frequently usable by the contracting parties in other projects. Such procedural innovations, which correspond to an increase in know-how in the fields of organization and methods, lead to productivity increases when applied to programs other than spatial (or by other departments within the same enterprise).

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The following case described by a contractor for the European Space Agency shows the development and increased productivity as the result of the space work done by a company.

In this example, the enterprise we saw had regular productivity improvements starting with its work for the European Space Agency, thanks to "know-how" in the management of programs, a know-how which it has been steadily increasing in the course of the development of the project.

A detailed study of this development has shown that such gains, after having rapidly increased, have slowed down, leveling off at about 15 percent. In fact, following the apprenticeship stage in which space methods were advantageous, they ended up by representing a limitation which tends to increase costs and, therefore, to lower positive results. We must emphasize, therefore, that whereas space activities, despite their substantial positive results, could end up, because of their excessive use, in efficiency losses, something which was taken into consideration. The space restrictions also create a conflicting relationship between the enterprises and the agency in charge of promoting research projects. Such conflict possibilities appear virtually inevitable when the problem arises of converting from the research stage (manufacturing of a prototype and of a small series) to more extensive and more standardized output.

Other Effects of Space Projects

In addition to their technological and industrial organization effects, the space programs yield other types of advantages as well: commercial advantages and advantages benefitting enterprise personnel.

Commercial Effects

The space programs provide the concerned companies with a certain number of direct and indirect commercial effects. Such advantages are translated into increased sales without decisive technological innovations.

Such advantages could be the result, first of all, of the very nature of some space programs and of their direct commercial implications. A project such as Meteosat, for example, could be of interest to a large number of countries within the zone covered by the satellite as an instrument for meteorological forecasting. The companies entrusted by the European Space Agency to develop ground stations for the users thus acquire a large potential market.

Space contracts equally yield indirect commercial results benefitting the contracting companies, for a variety of reasons: the first is that the sophistication of space programs (based on reliability, performance and other requirements) is translated by a space quality label to which industrialists working in this area can refer. Occasionally, such a label proves to be the decisive argument in making a sale. The second is the industrial structure of space research in Europe which presumes a high degree of cooperation among companies of different sectors and nationalities. The thus established contacts, based on European programs, frequently lead the involved enterprises to establish close ties which, occasionally, result in the implementation of joint projects outside the space context

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(or within the framework of national or bilateral space programs). Finally, the third reason is the fact that some European companies have been able to cooperate in the implementation of European programs, which has enabled them to participate in national and international space programs (as is the case with the Nordsat satellite, Intelsat or Comsat), offering them, by this token, new market opportunities.

A particularly positive aspect of the commercial impact of space programs is their importance in terms of exports and import substitutions. In some cases the contracting companies have been able to utilize the reference and space qualifications acquired through the European programs significantly to increase their sales in countries where opening a market is difficult (such as the United States) or assume a dominant position on some markets of developing countries.

For the same reasons the European markets usually reserved to American or Japanese companies (in areas such as the information industry or precise electronics, for example) have been successfully attacked by European companies. This double positive effect on the commercial balance of the European countries (increased exports and reduced imports), added to the effect of technological achievements, proves the positive result of space "activities" in the search for a greater technological independence of Europe.

Effects on Enterprise Personnel

According to a large number of surveyed industrialists, the advantages resulting from space activities are largely transmitted through the personnel of the involved enterprises. The space department is considered an area in which the personnel increases its knowledge: such advantages are translated, in terms of the enterprises, into the increased know-of the personnel and the development of highly technical crews. Improvements in personnel know-how leads either to increased added value, as a result of increased sales, or cost reductions as the result of higher efficiency.

Furthermore, one of the immediate and important advantages of space programs is that of preserving within some contracting enterprises a "critical mass" of highly skilled engineers. This "critical mass" insures them strong research and development activities and enables them to attack complex markets under good competitive and credibility conditions, and to consider diversifications. By virtue of their nature, however, this kind of effects is closely linked to the amount of European national programs. Therefore, the fluctuation of such activities directly affect employment in participating enterprises; any possibility that such programs may be slowed down (as was the case starting with 1975, for example) faces them with the problems of retaining their full space teams in the expectation of future eventual contracts. Let us add that whereas in some cases the very high skills of space teams offers unquestionable advantages, in other cases it could act as a handicap. This is particularly true when an enterprise converts from the stage of prototypes or small series production (characterizing space activities) to more extensive production where commercial considerations predominate.

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Quantification of Economic Effects

In order to obtain a numerical estimate of the economic impact of space projects, the Bureau of Theoretical and Applied Economics of Louis Pasteur University in Strasbourg asked the European industrialists who took part in the projects of the European Space Agency (ESA) to quantify the various economic effects they had noted in their respective enterprises. To this effect they were asked to compare the factual situation in their enterprise at the time of the survey against a hypothetical situation considered as the level of activity and a configuration of the most likely costs had the enterprise not been under contract with the ESA. The gap between the two situations was expressed in terms of added value variations. This quantification criterion requires the following remarks:

By its very nature it allows us to take into consideration only the positive or negative effects of ESA contracts which have already been economically concretized;

It enables us to avoid the breakdown between price and quantity which is illusory if we wish to determine the qualitative changes which have resulted from research and development projects (assessment of supply and demand curves for new products which, as we know, involve difficulties);

The determination, through the added value, is cumulative and allows an overall evaluation based on a large number of partial data.

Before we present the results of the study it would be suitable to determine the relative value of the extent of the quantitative conclusions we reached. For, it was the very existence of indirect economic effects of ESA contracts that we had to establish, more than their quantitative volume. The essential result of the study meets this requirement: economic advantages unsuspected by the public were identified and it was possible to relate them in hierarchical order. Let us emphasize in this connection that this hierarchical order should be considered a minimum estimate of the factual economic results benefitting the recipients of ESA contracts. Actually, even though the European industrialists showed remarkable cooperation, a certain amount of data inevitably escaped the investigations for a variety of reasons (reticence on the part of the industrialists to divulge some strategic information, observance of the secrecy related to some military markets, memory slips, and so on).

Overall Results

The study was essentially retrospective or prospective in the short-term and linked ESA expenditures incurred between 1964 and 1977 with their effect on the 1964-1982 period (this choice implies the renunciation of the long-term effects of ESA programs which would require a different methodology). The overall results were as follows:

Between 1964 and 1977 the ESA made its contractors a total of 1,390,000,000 European accounting units (MUC). The net total economic results generated by such contracts was 4,014,000,000 MUC. The overall induced economic results which could be expressed in figures were thus superior by a factor of three to the overall amount of expenditures. This last result could be considered the synthetic indicator of overall results. It means that an expenditure of 100 units on the part

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of the ESA average induced results of 300 units to the benefit of ESA contractors and their suppliers in the course of the period under consideration. Whatever the synthetic power of this indicator may be, we should not interpret it as an instrument of usable economic policy in terms of predictions concerning other research programs. This statement will be backed by the deeper study of results.

The consideration of the two curves in the graph [not shown] proves the existence of a reaction delay between space expenditures and resulting economic effects. The detailed study of the resulting effects is required in order to determine the correlation between the temporal development of the two curves [not shown].

The following graphs [not given] show the development of the various noted economic effects: technological, organizational, commercial, and manpower. These graphs show that the impact of a major program such as the one formulated by the ESA is manifested in a differentiated way in terms of importance and characteristics and in accordance with the type of related effects. Thus, the technological advantages appear after a substantial reaction delay averaging about 6 years and follow an exponential development, whereas the commercial advantages show up more quickly and their evolution is closely dependent on the volume and rhythm of space contracts. The effects on the organization and the methods grow slowly and appear to level off starting with the 1980s. The effects on manpower (quantitatively the most important in the period under study) seem quite dependent on space expenditures. The slowdown of space expenditures as of 1975, therefore, lowered the effect on the manpower, for the European enterprises were faced, at that time, with the problem of maintaining their production crews.

The information acquired from European industry leads to the conclusion that space research is a major impact on the economic fabric. The importance of the results which were noted, however, does not seem to justify the space expenditures which have been made by the European countries, for, on the one hand, space research involves a large number of criteria other than economic profitability; on the other, the problem of the "cost of opportunity" (a comparison with other possibilities for social investment) has not been considered in the present study. Conversely, the very special nature of the innovation process based on space research is worth underlining: by mixing the most advanced technologies in various industrial areas, space research played the role of a real "catalizer" of industrial innovation. The impulse thus given to the economic system is characterized by the close convergence among space requirements and some of the most topical concerns of society (conservation of energy, mastery of information problems, conservation of resources, etc.). The present coincidence between the development of space and economic problems had been anticipated, some 15 years ago, by the economist Kenneth Boulding. Announcing the end of an economic system based on the notion of unlimited resources, the latter had predicted the advance of a qualitatively different economic age dominated by problems close to those raised by the running of a "spaceship:" "The closed economy of the future could be described as the 'economy of the astronaut,' in which earth is no more than a simple spaceship lacking an unlimited supply of matters needed for extraction or pollution and, consequently, within which man must find his own phase within the ecological cycle, able to insure his continuing reproduction in a material form even if he cannot do without external energy supplies."

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Boulding's premonition seems a plausible explanation of the facts which may be noted today: the numerous technological developments, industrial organization methods, and personnel competences which, originally, were oriented toward space applications are now contributing to the solution of economic problems facing the earth....

FOOTNOTES

1. See "Economic Effects Stemming from Contracts Issued by the European Space Agency," by P. Brendle, P. Cohendet and R. Larue de Tournemine. Study directed by J. P. Fitoussi and read at the April 1980 Colloquium on, "Economic Effects of Space and Other Advanced Technology," in Strasbourg, at the Council of Europe.
2. Figures shown at the end of this article.
3. For the past 20 years the amount invested in all space projects in Europe has been assessed at about 50 billion 1980 francs.
4. In addition to technological requirements specifically geared to space projects, the other developments which, as the result of space projects, have led to technological innovations, according to the industrialists, are the following:

The convergence, more or less close between the orientation of the financing of space research and technological investment programs of enterprises within the framework of their own marketing targets;

The broadening of technological competences of the enterprises resulting from the conceptualization of major systems which combine elements based on different technologies (electronics, optics, thermal structure and control, etc.);

Information and knowledge exchanges among engineers of contracting companies;

Fortuitous discoveries on the level of basic or applied research.
5. The positive effect on the balance of trade of the European countries from space projects may be interpreted through a "foreign trade multiplication coefficient" assessed as 1.5 per study prototype.
6. A prototype submitted by 128 European enterprises, accounting for over 85 percent of the expenditures incurred by the European Space Agency, was carefully selected. The study was limited exclusively to the contractors with the agency and, more specifically, to the overall indirect economic effects identified by the latter as a result of their work for the agency, for whereas the economic effects of a major research program could be disseminated throughout the entire economic structure, it is obviously on the level of the direct contractors with the ESA that the short-term effects originate and their economic concretizing can be established.

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7. This expression was used by N. Mignot in the article "The Place of Space in the Industrial Group," presented at the International Colloquium in Strasbourg on "Advanced Technologies," in April 1980.
8. K. Boulding, "The Economics of the Coming Spaceship Earth," in "Environmental Quality in a Growing Economy," edited by H. Jarret, J. Hopkins Press, 1964.

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COUNTRY SECTION

FRANCE

PCF, PSF, LEFTISTS: POWER BALANCE, STRATEGY IN 1981 ELECTION

Paris COMMENTAIRE in French No 12 Winter 1980-81 pp 545-550

[Article by Pierre Kende: "Disorderly Retreat of the French Left"]

[Text] [Author's postscript added at the end of the article] This article was written long before the gift which Mitterrand made of himself to the Socialist Party, putting an end to Michel Rocard's try. The latter's failure proves in all respects the interpretation of the French left I have suggested.

Allow a democrat from Eastern Europe to express most frankly what bothers him on the subject of the French left. This is not a question of getting something off my chest but of expressing my concerns which are substantial, considering the extent to which this left is leaving behind anything which could make political sense, or simply sense, at the beginning of the 1980's.

Naturally, the concern of someone who is a friend of France is not limited to the left. French society is being gnawed at by a number of ills, quite familiar to us, ills which no spiritual family seems to be concerned with excessively. A low birth rate, weakening of ties of solidarity and civic feeling, clumsiness and irresponsibility of administrative authorities, asphyxiation of initiative-minded economic forces, need we go on? The persistence of such ills is affecting France in its most original and most attractive areas. The observer asks himself whether it is possible that, in the long run, the substance may become affected.

However, all these ills are worsened and, in a way, made immutable by a particularly French feature which is the blocking of the political system. Here again responsibilities are split: it would be unfair to charge them all to the left. For example, there is the tremendous blocking force represented by the Gaullist party. It is as though, following its 1974 failure, the latter has had no more urgent concern than that of undermining the legitimacy of the powers that be (ever since it has not ruled them). There is also the PCF [French Communist Party] which, with the strength of its strategic positions, hinders the left in regaining its stand as a governing force and which thus blocks any possibility of alternating. This double blocking perturbs the normal functioning of democratic institutions and leads to the accumulation of frustrations and hatreds. It also explains the sterility of French political life. A number of necessary reforms could become possible if a coalition of actors -- a coalition which changes according to the case -- were not to play at the policy of the worst. The policy of going one better in nationalism is another

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consequence of this situation. It has reached a stupefying degree in terms of its aberrations, the anti-European ones in particular (why is it that France does not love Europe which loves it?). Above all, it is effectively separated from the threats which France must indeed face.

Let me repeat that responsibilities in all these areas are quite widely shared. Why then mention them in a discussion of the left? Because it is the situation of the left that is in the center of the blocking.

The Domination of The PCF

Looking from the outside, one cannot but think that the situation is dominated by the PCF. This is not a question of mathematics but of organization and ideological influence. If the left is idling (meaning the non-communist left), it is because it is unable to set itself free from the domination of the communist party. Better organized in terms of militancy, and more stubborn than its rivals and more sure of itself, it is the PCF that leads the game, even though it may appear to be playing second fiddle. Sometimes it makes use of the fact that it is more radical, more plebeian, and more revolutionary than the others; sometimes it uses its ability to take a daring turn without being embarrassed by principles which, however, it vigilantly demands of its partners. These facts are well known and may be easily noted today in the campaign which the communists are waging with such zeal against the PS [Socialist Party] in which, once again, the socialists accept with a feeling of resignation the onslaughts of ill faith of their former allies. This domination, whose ideological reasons will be analyzed later, would not have been so serious had the PCF been sincerely involved in the play of democratic institutions (as was assumed, only a short while ago, by the socialists). This, however, is far from being the case. By this token, the play is heavily listing to the left. What, according to the socialists, is an unfair, irritating, and, perhaps, even tragic marking time is a success, when considered from the communist viewpoint. A success? Yes, if the purpose is to prevent the remainder of the left to seize the power and to explore the field of possible reforms. Yes, if it is a question of protecting intact the possibilities of the PCF of imposing one day its own policy, i. e., to turn France into yet another site of Leninist experimentation. Thus considered, the marking of time is the price paid by the non-communist left in order that nothing may spoil the chances of the communist party. France, in its totality, is contributing to the success of this undertaking through the (relative) paralysis of its institutions.

The PCF play would be doomed to failure had it not been favored by a certain number of severe contradictions within the socialist left. Ideologically, the latter is more and more hindered by the fact that it does not have a separate war to wage. A combat which would be specific in its case (socialism) is not entirely its own, given the ambiguity of the term (does not France describe as "socialist" the countries of the Soviet bloc?). Furthermore, this fight turns around a target which is becoming less and less credible in the eyes of French and European public opinion. Battles which could mobilize a large segment of the public (the feminist and ecological movements, the defense of category or regional interest, etc.) are even less so the fights of the socialists, for such causes are not specifically "leftist." Politically, the socialist fight is paralyzed either because it is systematically countered by the communist party or because, in the eyes of public opinion, it is besmirched by the frightful risk of being taken over by the communists, should they succeed. Naturally, this risk is related to the ratios of forces, particularly in

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workers' trade unions. Yet, there is nothing in particular to indicate that this ratio could be changed in the short or medium term. Under such circumstances, anything gained by the left on the local level, in enterprises or cultural institutions, risks being taken over by the PCF, particularly during periods of "unity."

Socialist Alienation

It has become clear since 1969, the year of the missed revolution and, even more so, since 1977, which marked the end of the Eurocommunist period, that the equation presented by the French left cannot be resolved. It cannot accede to power without communist support. Nor could it through an alliance with them. The 1969 tumble was an illustration of the first part of the theorem. Mitterrand's second adventure (1972-1978) provided an irrefutable proof of the second point. All the rest is just words.

In itself, the second proof is no misfortune for France or for the socialists whose joint victory would have subordinated them to the communists irremediably. In effect, in the case of the PCF, the unity policy has one meaning only: that of tying socialists to commitments which would be subsequently impossible to abandon. From this viewpoint the 1977 break, i. e., the weariness of the communist headquarters (one swallow does not make the spring!), offered a unique opportunity both to France and the socialists. The final "no" voiced by Mitterrand had a pathetic quality to it, for he was compromising a game in which the PS had invested five years of efforts and refined ambiguity. The fact is that, at the very last minute, the socialists realized that the price of victory would have become exorbitant.

Conversely, what affects everyone most seriously is the first part of this statement. The left, at least as it is today, cannot become the majority without communist support. In this France is different from the rest of democratic Europe, Italy excepted. What is even more worrisome is that ever since their Epinay transformation, the socialists have behaved as though they wanted to perpetuate their dependence on the PCF. They seem to be experiencing a sense of malaise faced with the autonomy which their party regained, quite involuntarily, in the face of the 1981 presidential elections. It is as though their only hope for the future is to reestablish the alliance (to "impose it," as they say, displaying an astounding naivete). Everything they do seems to be dictated by the concern for not compromising this future, the only future they allow themselves. Hence the reintroduction of a certain self-censorship as a tribute paid almost automatically to the ex- and future ally and ideological master. (Of the entire institutional left the CFTD [French Democratic Confederation of Labor] alone has decided to abandon this practice). There is a striking contrast between what the socialist leaders say in public and what they say in private. They have become so used to this double-talk that they do not even realize the fact that they have become its captives. "What would the communists say?" concerns them more than the truth itself.

Reflexes of The People on The Left

To a certain extent such reflexes are understandable. The truth of the current situation is difficult to endure. All it offers is impasses. A guaranteed victory of the non-communist left would presuppose that the latter would become dominant, not only numerically but in terms of membership, etc. Since this condition cannot be met by virtue of the reasons already mentioned, the only conceivable possibility

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would be a short-term ambiguous victory of the left based on an alliance with the PCF and on the ideological positions imposed by the latter. Or else, it would face the discouraging prospect of a so-called "autonomous" strategy which would imply the double discomfort of prolonged opposition and a battle with the former ally with no possibility of retreat. This is all right for the opposition but if such a strategy were to have a meaning, it would have to find a new and fresh vocabulary which would not be confused with that of the communists. That is what conflicts with the reflexes of the "people on the left" to whom the opponent, the true opponent, can only be on the right. All questions of indoctrination aside, there is here a logical point. If one hesitates to consider communism an opponent as or more dangerous than "the right," it can seem to the "people on the left" to be only a reserve ally. It is difficult to fight someone without acknowledging him as the enemy. Yet, fighting in such terms (i. e., turning full swing back to the doctrine of Vincent Auriol, Ramadier, or Guy Mollet) is an idea which the "people on the left" of today would find it hard to adopt. By this token, the autonomy strategy becomes trapped from the inside. Actually, as everyone knows, it would be unable to resist for more than ten seconds a new offer for unity on the part of the PCF, as long as it is accompanied by the necessary dose of smiles and verbal concessions.

Therefore, no truly independent strategy is possible. Even in the case of socialist leaders who are its convinced supporters, such a strategy would be valuable only were it to lead to a reunion with the lost brothers, this time, however, only on the basis of a decisive superiority. This is yet one more error. Nothing leads us to believe that the positions of the PCF could be weakened simply by following the old leftist tracks. Has the time not come to consider the lessons of the failure of Mitterrand's strategy? The cards have been dealt in such a way that any numerical progress of the non-communist left is paid for with ideological gains going to the Leninist current and to its ramifications. Considering the current conditioning of the "people on the left," which begins in school, a battle which would be specifically "leftist" can only strengthen the ideological hold of the communists.

The question is, therefore, to determine whether or not the French left is sentenced to perish or if it has other possibilities based on a regrouping of French political forces. This is a question which, actually, brings us to the question of the general crisis of the French political system, for everything seems to indicate that such a regrouping could not be limited to the left alone.

Before giving an answer (entirely hypothetical, of course) to this question, we should specify which is the precise meaning here of the term "left" if not the ritual one of "laic republican" concerned "as much with freedoms as with socialism," and whose vocation is to be the responsible, moderate, and imaginative ally of the communists? In effect, could (in France) one be "on the left," outside of this image? Wasn't the great weakness of the innovative currents which prevailed from 1956 to 1980 that they were unable, among other things, to renovate the image of the left? The consequence was that almost all of them, some of them reluctantly, ended up by rejoining the socialist ritual, without which they would have found themselves pushed toward the right. The point is that the French left, particularly among the educators, is dominated by a conformism which rejects experience and avoids any discussion of the Enlighteners' ideological legacy. This conformism is based on the nostalgia for a purity which should not be disturbed by any contingency. One proclaims oneself proudly a supporter of "socialism in freedom," and should anyone express doubt as to the probability or the viability of this formula,

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all one has to do is to classify him as belonging "to the right," and that would be all.

The Left as a Prisoner of Its Past

Therefore, would it not be wiser and politically more productive, bearing past experience in mind, to free the left from the dogmas which are making its life so difficult and to try to define it in terms of its ambitions rather than a doctrine? To defend the interests of the weak, to limit the power of the strong, and to fight for a more equal distribution; would those not be leftist ambitions regardless of the measures selected for their implementation? I know that this is not all, that allergies remain on the subject of mercantile activities which separates the people on the left from those on the right. Nevertheless, a program based on the need of the weak is not an absurdity as confirmed by the durable success of the German social-democratic movement. There is also the further advantage of not considering a priori inconceivable the necessary regrouping of political forces which oppose conservatism liberalism as much as communist despotism.

The trouble is, however, that such a regrouping is obstructed by the communists. For nearly 60 years the preferred PCF tactic toward the socialists has been to accuse them of treason whenever they try to define a new way for themselves. Actually, its logic is excellent, for suffering from a deep complex by virtue of their poor following among the workers, the socialists are desperately trying to give themselves an image of revolutionary purity (as far back as Guy Mollet!). Actually, this is a powerful reason for imprisoning them in the leftist ghetto.

Practically, the greatest success achieved by the communists is that of having blocked the socialists in a defensive position. The PCF does not deem it necessary to explain a communism which lead to the disaster of the peoples of Indochina, the genocides of Tibet and Erythrea, the nightmare of Mao's "cultural" revolution, or the massacres of Afghanistan; it is not up to the PCF to disengage itself from the tremendous mess of the Soviet system, or of a socialism which is unable even properly to feed the nations which it has subjected to its dogmatic dictatorship; it is the PS which must constantly prove its revolutionary will and apologize for its past, as though there were a common measure applicable to the tribulations of a person like Guy Mollet and the millions of skeletons locked in the closets of the international communist movement!

On a different level, the French left is continuing to live on the legacy of the 1930's. In its subconscious Zola's "J'accuse" [I Accuse] and Dimitrov's appeal to the anti-fascist front enjoy a virtually identical moral status. Nothing infringes on the respectability of this front which, however, the communists desecrated as early as 1939 (at the time of the German-Soviet pact) and which they buried forever as of 1946 with the systematic elimination of their Christian, liberal, socialist, and other former allies in Eastern Europe. All this is being kept under wraps. Conversely, mention is made of an anti-communist-fascist connection as though we were still in the 1930's, and as though the criticism of Bolshevism would bring about complicity with Franco and Mussolini and as though communism should be rejected only from the right! The people on the left have the astounding ability to abandon the defense of freedoms in the East in the name of an anti-anti-communist cliché!

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What makes this confusion even more irksome to a European democrat from the East is that it agrees with the self-justifying speeches of the Soviet systems. Generally speaking, the French tone of voice concerning the USSR smacks of censorship. Take as an example the long oratory precautions which our politicians, whatever their affiliation, adopt before voicing even the slightest criticism of the USSR. Questioning the Communist cause as such is not even considered, as the very word communism has been banished from the French vocabulary. On the subject of the Gulag, the convention is either to denounce an anomaly which is "unworthy of socialism" or to shout about the "fascist degeneracy" before appealing to the sense of responsibility of the people in the Kremlin, their understanding, or their clemency . . . (I may be mildly exaggerating). The key word in this entire speech is "fascism." One would rather vituperate than admit that a "revolutionary" "people's" regime could act thusly, as a function of its proper nature.

The confusion which prevails in the Pantheon of the French left is certainly not a stranger to such linguistic contortions. Have the ancestors of freedom ever been separated from the prophets of revolutionary violence? Quite to the contrary, they are represented as the two sources of a single democracy on the march. Bolshevism has no difficulty in inserting itself within them and is being blamed for no more than accidental faults. Hence the delirious way with which the good news of Eurocommunism was welcomed, as it was finally proclaimed by the archangels Enrico, Santiago, and Giorgio. Conversely, woe to the "new philosophers:" not because their thesis is brief (could one be insulted for so little?), but because they suggest a link between contemporary Evil and the legacy of the Enlighteners.

The Anti-Imperialist Rhetoric

The confusion of our left climbs to its peak in the field of foreign policy while, actually, reflecting the nationalist and anti-European derailment of the majority view. One-third inspired by a leftist Gaullism and by a basic Marxism for the rest, our left has taken as its main enemy a ghost known as Imperialism (naturally, with a capital "I"), which is a ready-made enemy for it is shared with the Third World. Naturally, this ghost is American and there is an entire socialist literature whose quality is as good as Moscow's publications, in trying to prove that France today is threatened, above all, by the "multinationals." By definition, this enemy cannot be captured, as the result of which it could be accused of all our misfortunes, ranging from inflation to universal success. Even a person like Mitterrand offers ponderous dissertations about international capitalism which is strangulating us and hints that everything would be better were we to belong to another zone of influence. The question is, which one?

To the left, as to France, the consequences of this ideological sliding are catastrophic. Their result is that a self-respecting leftist party cannot choose the camp of western solidarity. At most, should the opportunity present itself and very temporarily, it could accept the "traditional French alliances," but only with a feeling of shame and the view that, at the right time, it would rejoin the "anti-imperialist" camp.

Naturally, as a politician, one does not even conceive of it. As a militant, one is given daily proof. The weakening is achieved through a type of Marxism which socially leads nowhere (look at Eastern Europe) and which politically serves only to whitewash the USSR (see Fidel Castro). Therefore, the moment we adopt it by

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subscribing to the theory of the capitalism-imperialism couple, it is no longer a question of qualifying the USSR as imperialistic in the "true" meaning of the term; at most, one could question its regrettable Russian traditions or denounce its collusion with "the other superpower." In either case the specific nature of Soviet imperialism is rejected as is, on another level, the denunciation of the "structural" violence which leads to the acceptance of revolutionary violence. From there to the justification of expansionism serving a good cause is a very small step. Equally difficult is the allergy of any political left--unlike the intellectual left--toward the dissidents in Soviet Europe (in this respect France is unlike even Italy); since their message so strongly contradicts the great hopes drawn from the best sources of ideas, they are considered spoilers or else reduced to the status of grave victims whose ideas do not matter. After all, are these people not "emigres?"

How could the French left go so far? Could we look for the reasons for its impermeability to a new experience exclusively in history or the intellectual traditions which we have mentioned throughout our analysis, adding, eventually, a character factor: the French tendency of self-sufficiency? Or else, should we assign a certain role to more specific factors such as textbooks (full of leniency, not to say admiration, toward the USSR), the leftist currents (major promoters of Marxist terminology even though they attack the institutional left), or, finally, the Soviet propaganda offices (whose existence, I know, would be indecent to mention)? In the face of this combination of truly exceptional circumstances, I must acknowledge my perplexity.

The big question, naturally, is to know how to take the left out of its current rout. It is not even necessary to be a leftist to recognize that this is a vital problem for France. It is obvious that French democracy is sick. It is clear that salvation can come neither from a tired center nor an out-of-breath Gaullism. The renovation of French democracy could come only from the left, a left rid of its anti-capitalist obsessions and of the idee fixe of a socialism committed to regulating everything. This would be a left which would accept, without complexes, taking over a democratic state. A left which, finally, would acknowledge that, things being as they are, its most dangerous opponents are the communists. A left which, instead of hurrying to climb aboard the train to Utopia, would be prepared for changes as they come and to undertake what is possible.

I know that my easy-to-formulate postulates entirely conflict with the state of mind prevailing in the left. I have absolutely no prescription which would make it possible to eliminate or even to attenuate this difficulty. Nor do I conceive of the existence of a magic formula which would possess all the virtues of the social democratic way with none of its faults. History is less inventive than it is believed to be: the limitations of the industrial society narrow the choices considerably.

However, there is one thing I do know: unless our left manages to renovate itself it is bound to experience a slow degradation which will end either in a Bolshevik victory or the ossification of a status quo less and less favorable to freedoms. Democracy would have failed because of the inability for self-renovation of the left.

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COUNTRY SECTION

FRANCE

POLL: GISCARD, MITTERRAND EVEN, BUT FORMER EXPECTED TO WIN

Paris PARIS MATCH in French 23 Jan 81 pp 52-53

[Article: "Thirteenth PARIS MATCH-Public Opinion Poll For the Presidential Elections: Giscard and Mitterrand Even But 52 Percent of the People Polled Expect the Incumbent President To Win"]

[Text] The 13th PARIS MATCH-Public opinion poll shows that, 6 months before the presidential election, as many people intend to vote for Francois Mitterrand as do for the incumbent president. Since we started these polls in October 1979, the socialist leader had never reached the 50 percent mark (Michel Rocard, on the contrary, had reached it 5 times). This confirms Mitterrand's recovery (which started last month) at the expense of Valery Giscard d'Estaing. However, when the people polled are asked, not for whom they intend to vote, but who they expect will win, the president is named as the winner (52 percent), far ahead of Mitterrand (21 percent). Among socialist sympathizers, 37 percent of those polled are predicting this result. The positions of the other candidates after the first round show little or no change. Finally, 23 percent of the voters may still change their mind on how to vote.

Who Will Be Elected? Giscard

Regardless of how you intend to vote, who do you think will be elected?

	Of 100 sympathizers				
	Together	PC	PS	RPR	UDF
Valéry Giscard d'Estaing	52	27	37	66	84
François Mitterrand	21	38	43	6	2
Jacques Chirac	2	1	1	8	1
Georges Marchais	2	16	—	—	—
Do not know	22	18	19	20	13

PC: Communist Party
PS: Socialist Party

RPR: Rally for the Republic
UDF: French Democratic Union

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First Round: Giscard And The Three Gaullist Candidates

If the first round of the presidential election were to take place today, with the following candidates, for whom would you vote in each of the following instances?

	Of 100 sympathizers					
	Dec.	Jan.	PC	PS	RPR	UDF
Valéry Giscard d'Estaing	30	28	1	3	19	85
François Mitterrand	23	24	2	78	1	—
Georges Marchais	17	16	93	2	—	—
Jacques Chirac	12	11	0	1	53	4
Michel Debré	5	6	—	3	20	5
Mario-France Garaud	4	4	—	3	5	3
l ecologist	6	6	—	7	—	2
l ext.-left cand.	2	3	4	1	—	—
l ext.-right cand.	1	1	—	—	1	1
Michel Crépeau	—	1	—	2	1	—
No answer	10	11	1	7	5	6
Would not vote	6	5	1	3	2	2

Without Debre

	Of 100 sympathizers					
	Dec.	Jan.	PC	PS	RPR	UDF
Valéry Giscard d'Estaing	31	30	1	3	24	89
François Mitterrand	24	25	2	80	1	1
Georges Marchais	17	16	93	3	—	—
Jacques Chirac	13	13	—	1	65	4
Mario-France Garaud	5	5	—	4	8	3
l ecologist	7	6	—	6	1	2
l ext.-left cand.	2	3	4	1	—	—
l ext.-right cand.	1	1	—	—	—	1
Michel Crépeau	—	1	—	2	1	—
No answer	11	13	3	8	7	6
Would not vote	5	5	1	3	2	1

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Without Chirac

	Of 100 sympathizers					
	Dec.	Jan.	PC	PS	RPR	UDF
Valéry Giscard d'Estaing	33	31	1	3	36	88
François Mitterrand	26	25	2	79	4	1
Georges Marchais	17	17	93	3	1	—
Michel Debré	9	10	—	2	47	5
Marie-France Garaud	6	6	1	4	10	3
l ecologist	6	6	—	6	1	3
l extr.-left cand.	2	3	3	—	—	—
l extr.-right cand.	1	1	—	1	—	—
Michel Crépeau	—	1	—	2	1	—
No answer	12	13	1	8	16	6
Would not vote	6	6	2	3	5	2

With Chirac As the Only Gaullist Candidate

	Of 100 sympathizers					
	Dec.	Jan.	PC	PS	RPR	UDF
Valéry Giscard d'Estaing	32	31	1	4	25	92
François Mitterrand	26	26	3	81	3	1
Georges Marchais	17	17	93	3	1	—
Jacques Chirac	13	13	—	—	69	4
l ecologist	8	8	—	9	1	3
l extr.-left cand.	3	3	3	1	—	—
l extr.-right cand.	1	1	—	—	—	—
Michel Crépeau	—	1	—	2	1	—
No answer	12	13	2	8	10	7
Would not vote	6	6	2	3	2	2

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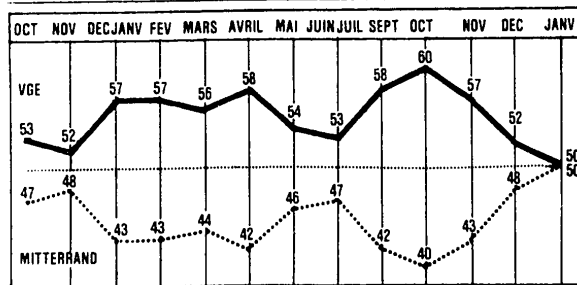
With Debre As the Only Gaullist Candidate

	Dec.	Of 100 sympathizers				
		Jan.	PC	PS	RPR	UDF
Valéry Giscard d'Estaing	34	33	1	4	41	92
François Mitterrand	27	26	2	79	3	1
Georges Marchais	17	17	93	3	1	—
Michel Debré	10	10	—	1	51	4
1 ecologist	9	9	—	10	2	3
1 extr.left cand.	2	3	4	1	—	—
1 extr.right cand.	1	1	—	—	—	—
Michel Crépeau	—	1	—	2	2	—
No answer	13	14	2	7	17	6
Would not vote	7	6	2	3	7	2

Second Round: Giscard and Mitterrand Even

If the following candidates were leading after the first round, for whom would you vote on the second round?

	Dec.	Of 100 sympathizers				
		Jan.	PC	PS	RPR	UDF
Valéry Giscard d'Estaing	52	50	5	6	91	99
François Mitterrand	48	50	95	94	9	1
No answer	10	11	16	2	10	3
Would not vote	14	14	23	6	10	4



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Mitterrand Beats Chirac

	Of 100 sympathizers					
	Dec.	Jan.	PC	PS	RPR	UDF
Jacques Chirac	42	40	5	5	89	82
François Mitterrand	58	60	95	95	11	18
No answer	14	16	17	2	9	22
Would not vote	18	16	24	5	6	15

Still 23 Percent Undecided

Is your decision final?

	Of 100 sympathizers				
	Jan.	PC	PS	RPR	UDF
Yes	65	74	77	68	67
No	23	16	19	21	19
No answer	12	10	4	11	14

Is France a Monarchy? No

Several newspapers, especially foreign newspapers, have written that, between two presidential elections, the French regime is practically a monarchy. Do you agree with this opinion or not?

	Of 100 sympathizers				
	Tog.	PC	PS	RPR	UDF
Agree fully	17	36	22	10	5
Tend to agree	22	19	34	22	14
Tend to disagree	21	16	17	24	28
Do not agree at all	22	11	16	30	36
Do not know	18	18	11	14	17

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The figures given here are the result of a poll taken on 8, 9 and 10 January 1981, of a national sample of 1,000 people representative of the French population aged 18 and over. The sample was obtained by the method of quotas. The following criteria were taken into account: sex; age, occupation of the head of household, size of the community, region (Zeat). Public S.A. wishes to draw the attention of the readers and commentators on the following points: since there are still three months before the elections, the country is not yet in the actual political and psychological situation corresponding to a presidential election. The results for the whole French people, therefore, must be interpreted in the light of this remark.

Polls Commission

In the poll concerning the presidential elections which we published in our Number 1648, typographical errors occurred in printing the figures of the table entitled "Gaullist Primaries." At the request of the Polls Commission, we are publishing the corrected table.

	Tog.	Of 100 sympathizers			
		PC	PS	RPR	UDF
Michel Debré	25	21	26	22	28
Jacques Chirac	37	31	23	61	30
Divier Guichard	3	4	7	1	5
J. Chaban-Delmas	18	30	19	8	27
Marie-France Garaud	11	7	19	4	6
Alain Peyraffite	3	—	4	2	2
Pierre Messmer	3	7	2	2	2
No answer	54	80	52	9	31

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COUNTRY SECTION

FRANCE

MITTERRAND INTERVIEW: 1981 ELECTION, ECONOMY, USSR POLICIES

Paris VALEURS ACTUELLES in French 19 Jan 81 pp 17-22

[Interview with Francois Mitterrand, socialist candidate for president, by Michel Chamard, Claude Jacquemart, Michel Gurfinkiel and Francois d'Orcival; date and place not given]

[Excerpts] Out of respect for his office, we shall speak with Giscard d'Estaing after he has declared his candidacy. We have already interviewed the president of the UDF [French Democratic Union], Jean Lecanuet (our issue of 14 July 1980) and the president of the RPR [Rally for the Republic], Jacques Chirac (our issue of 3 November).

The following is our interview with Mitterrand. We were grateful for the courtesy with which he granted it and for the frankness with which he answered our questions.

[Question] You have a 50-50 chance of being elected president in May. What is your own evaluation?

[Answer] There are two forces in France, the right and the left, which for several years have achieved a balance at about 45 percent, the rest being made up of various marginal groups. Giscard d'Estaing should be careful because only a small shift would be enough to change everything. Now then, there is perhaps a wave of rejection in the making for him. If the action of the outgoing president had justified the creation of an opinion movement going beyond the traditional political boundaries, he could, by virtue of his very office and the authority that goes with it, have found himself in the same situation as General de Gaulle in 1958, who had the backing of a great historic trust. But that movement did not come about.

The accumulation of failures (employment, prices, foreign policy, purchasing power, the crushing of low wage earners, the malaise of upper-level personnel, the difficulties of independent workers and farmers, a worsening of inequalities, to speak only about domestic policy) resulted in a general feeling of discontent preventing him from hoping to bring the French people together. He has been and remains the president of the privileged. He has made unrestrained use of the instrument conferred on him by his office. With him, the French people have gone hungry, there can be no mistake about it.

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Naturally, another element has been added: Each camp has now split. The main political families are now more involved in their civil wars than in confronting the opposite camp.

I have deplored and continue to deplore the division of the leftist parties, but the communist voters, who understood the destructive game of their party leaders, have now largely overcome their initial problems. This was confirmed by the recent partial legislative elections. The unity of the people at the grass-roots level retains its strength and vigor.

To date, these internecine struggles were less obvious, less visible on the right than on the left, despite the RPR insurrection. They will emerge in broad daylight when Jacques Chirac is a candidate. The crisis of the left remains but its effects are dissipating. The crisis on the right is just beginning.

Beyond these factors, if the socialist candidate properly expresses the thrust he represents, the adaptation of his proposals to the interests of France and the French, his chances will steadily grow.

One more thing: Giscard and Barre are one and the same, except that one has the courage to take responsibility for the catastrophic policies he is following on behalf of the other, who is having more and more trouble washing his hands of them.

[Question] If you are elected by one half of the French people against the other half, how do you intend to respect the rights of the minority?

[Answer] Those rights are engraved in our tradition, in our institutions. It is the duty of the president of the republic to bring all French people together on the country's major options, not give way to the spoils system which, as we are seeing today, delivers France over to a clan. And what a clan! The chateaus and the strongboxes!

The idea that I have an office separates me completely from the current president. He has taken over the Executive and Legislative branches; he controls the judicial machine. He holds power over audio-visual information. That is why I constantly repeat that we no longer have a republic at all, that we have tiptoed toward a monarchy. As far as I am concerned, I do not confuse executive powers and the presidency. Interpreted properly, the constitution has established the separation of powers. We are too far from that. If 7 years is too much, 14 is even worse!

[Question] You have already said that if elected, you would immediately dissolve the Assembly. But two questions must then be asked: What about the period of transition and what would you do with the new Assembly?

[Answer] Once elected, yes, one should dissolve that Assembly which has lasted much longer than has been good for France's health! What will the existing government do between the presidential and legislative elections? Constitutionally speaking, nothing forces it to resign if it has not been censured by the Assembly. I can therefore try to remain. But political wisdom and reality will require that the period of transition be handled by a government along the line of the people's movement which will have grown stronger, one providing all the guarantees of a free election campaign.

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The new president of the republic can only express his wishes in keeping with the commitments that got him elected. As for election and government agreements, they will be the business of the parties.

[Question] The newly elected Assembly will not be able to be dissolved for a year. It will therefore be imposed on you.

[Answer] "Imposed" is a big word. Every institution has its role to play. As for the future majority, there are many hypotheses covering the field of historical realities peculiar to our country. You know the line of action to which I have devoted my political life: the rallying of the people around a great national ambition. The election of a socialist president will give shape to that prospect.

But if the French people find pleasure in not being logical with themselves, their choice must be respected. That could have happened in 1978 if the left had won the legislative elections. We have here the main constitutional flaw, which to date has been used as an argument by the right in power to reject alternation.

But let us not go further and let us not read the future in our tea leaves. The socialists are going to try to crystallize the great movement which, beyond the presidential election, will for a long time win the support of the French.

[Question] A president from the left and a majority of the right, that would be a Portuguese-type situation.

[Answer] Soemthing like it. At any rate, even before the modifications that will be necessary, the correct application of the constitution will lead to a regime different from that of Giscard d'Estaing, for he has diverted and denatured out institutions by accentuating the path taken by his predecessors. I knew that that would happen one day. It was because I foresaw such practices that I voted against the constitution in 1958. I voted against the context more than against the text.

[Question] Given the economic situation in which we shall find ourselves this year, do you not believe that we need a formula such as a government of public salvation of which Debre speaks?

[Answer] The expression "public salvation" belongs to the first French Revolution. It has changed in meaning somewhat since that time. But one cannot save France without or in spite of the French. All those who appeal for the public salvation without calling for a spirit of justice, a reduction in inequalities, national solidarity, are on the wrong track. There will be no national leap unless the majority of the French cease being in the hand of a minority, much of whose power stems from the economic structures, production relationships, the basic inequality of conditions. The right has lost the right (if indeed it ever had it!) to speak of the public salvation. It is up to Debre and others to understand this.

I would add: The right does not practice the economic strictness of which it is always talking. It never strikes its own but only the dominated social classes. It practices social strictness. The economic strictness of Giscard and Barre only affects only the social classes to which neither the outgoing president nor the prime minister nor their feudal lords belong. One cannot always ask the same people to sacrifice.

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[Question] Do you believe that nationalizations will truly bring a solution?

[Answer] It is part of the whole. It is not a question of obeying the establishment spirit or of proceeding blindly, but the nationalizations proposed by the socialists should become a reality. They are aimed at monopolies or productions that are vital to the nation. They will broaden the public sector wherever it would be fitting to follow a different economic policy -- when would it not be! -- than that of big capital.

If you are dreaming of a socialist who would not practice socialism, then count me out. Our socialism is faithful to the history of the workers' movement which is, remember it well, a liberating movement that tends toward a classless society. It bases its future on the creative mind and the liberation of intelligence and energies. In order to do so, it intends to put an end to the various forms of the exploitation of man by man. And since you speak about nationalizations as if you were evoking a spectre, I would tell you that by nationalizing a limited number of gigantic enterprises where competition has disappeared because of them, we shall help to loosen the screw that is stifling the small and medium-size enterprises that we should on the contrary be helping to overcome the crisis.

[Question] To get back to your election, it is frequently said, by Edgar Faure in particular, that in order to be elected to the Elysee Palace, one must have the neutrality of Moscow.

[Answer] I have the impression that Giscard also believes in the existence of a "Russian vote." For my part, I do not believe in it very much. As for myself, I would say to Moscow, without worrying about the consequences on the election, that which I believe to be useful to peace, that which appears to me to be good for France, on Afghanistan, on Poland, on the SS 20's. But I hope for a good agreement with the USSR on collective security in Europe. I shall not go looking for France's security in Moscow or in Washington, but in ourselves. That language will be understood, I assure you.

In the most recent partial elections, I was not surprised by the good reports of communist voters. I never doubted them. But on the day when I said about Giscard and Marchais that they were "as thick as thieves," everyone understood what that meant.

[Question] In your opinion, when Giscard d'Estaing placed flowers on Lenin's tomb, it was just a matter of being obliging?

[Answer] That gesture did not shock me. It is part of the acts of courtesy of a foreign chief of state to honor the symbolic heroes of the country he visits. But the image of the anticommunist Giscard, who was born with a silver spoon in his mouth, standing with bowed head before the mummy of the "head devil" is very amusing. If he could only go back between now and the month of April! He would get down on his knees this time!

[Question] You say that foreign policy is the heart of your demonstration. And you were very harsh on the Warsaw meeting and the Conference of the Eight in Venice (in June).

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[Answer] Our foreign policy is characterized by a mixture of vanity and timidity. That meeting in Venice was a comedy. Valery Giscard d'Estaing helped deceive international opinion. He wanted to impress his partners, letting them suppose that he had the assurance of a gradual withdrawal of the Soviets from Afghanistan, thanks to a telegram sent on the eve of the conference from Moscow. What a sight: the president of the republic as a little telegraph messenger!

[Question] What is your conception of our alliances?

[Answer] It is urgent that France decide between two strategies that risk being contradictory: that of dissuasion, which would have us move only when the national sanctuary is threatened, and that of alliance, which would have us come to the aid of allies whom we in turn expect to help us. No governmental statement indicates our exact policy on this point.

As for those who grow indignant over a future summit conference between the members of the Alliance, I expect they will use the same vigor in denouncing the permanent concertation of the Warsaw Pact, more than ever based on Soviet strategy. I fervently want disarmament and in the final analysis, the dissolution of blocs, of military pacts, provided that it be simultaneous. There will be no negotiation or return to detente unless there is a balance of forces.

[Question] For us, would the most fearful thing not be a new German neutralism, a new Rapallo?

[Answer] A divided Germany: Many Germans want an end to it. But the state of affairs brought about in 1945 remains a major contradiction to peace in Europe. I do not know whether one can use the term "neutralism" to describe the legitimate caution of those who know how dearly they would have to pay for another war. Germany, in between two superpowers, will only escape from this dialectic by strengthening its European vocation.

[Question] What do you think of Russian expansionism?

[Answer] I do not believe in a Soviet Union expansionistic at any price. It merely takes advantage of the failings of others. Look at Afghanistan: The Russians played their hand 2 years before their military intervention. Who resisted them? What did the West say? Soviet diplomacy probes weak points. If it comes up against a determination, it accommodates it. I am thinking of Portugal. There also, attempts were made, but the Russians do not want war. Their sacrifices were immense in the last world conflict. One must discuss, negotiate with them, but being careful not to have any weakness.

[Question] What defense should France have?

[Answer] We are for a national defense and there would no longer be any defense if we were to go back on the strategy of dissuasion. I am not sure that that choice had to be made in the beginning. But the choice was made and our defense rests on it.

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As for the balance of forces, I do not understand why I should remain silent when I see 150 Soviet SS 20 missiles which in a quarter of an hour could destroy the entire Western military apparatus in Europe from Norway to Italy, without threatening the United States, which is out of their range 5,000 kilometers away. Giscard d'Estaing is very discreet on this subject.

This does not mean that I support the installation of American Pershing missiles in Europe, which are not needed in the United States to ensure their security...and ours -- far from it! And let us not hear the subtle distinction between strategic weapons and tactical weapons. If one day those missiles and their bombs fall on our heads, the effect will be the same, whether they are strategic or tactical!

Having said that much, we must properly evaluate our own capabilities. It is not merely a matter of having a president capable of pressing the button to drop the atomic bomb, but also of having a president who is capable of setting in motion a type of diplomacy and strategy that are wise enough and strong enough so that we do not have to press the button.

Actually, the dream of Reagan and Brezhnev would be to renew Yalta on a planetary scale. That is not in our interest. I have already observed that when the two great powers come to an understanding, it is not good for us and when they do not get along, it is worse. There must be policies enabling us to break that vicious cycle.

[Question] In the Near East, France used the formula of "safe, recognized and guaranteed" borders for Israel. Guaranteed by what?

[Answer] When the current president is in the Emirates, he says nothing about Israel and what is worse, he looks at that country from a Jordanian fort. When I am in Algiers or Cairo, I explain that Israel has the right to exist, that it must have the means to do so. When I am in Israel, I urge authorities to take the Palestinian situation, the right of the Palestinians to have a homeland, into account. Peace is one.

For us socialists, there is only one rule: speak the same language to everyone. As for the "guarantees," I see them especially in the agreements that will be made by today's antagonists. That is why I approved Camp David. The international guarantee may be useful to boot but not take the the place of direct negotiations.

[Question] One word on Poland. Marxism-Leninism presumes cohesion between the Communist Party and the working class. Has that cohesion been lost?

[Answer] The Polish example is ample proof of the original error of Marxism-Leninism. Socialism wins freedom. If it stifles it, let us not call it socialism. That is the lesson of the workers' revolt in Poland.

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COUNTRY SECTION

FRANCE

SENATE APPROVES 1981 DEFENSE BUDGET

Paris AIR & COSMOS in French 13 Dec 80 pp 11-12

[Text] The Senate devoted two long sessions on 2 and 3 December 1980 to the discussion of defense plans for 1981.

Among the many reporters who participated at the beginning of the session, Albert Vollquin, information chairman of the committee on foreign affairs, defense and armed forces, analyzed the appropriations of the "Air Section," insisting particularly on supplementary expenditures for fuel.

"The budget for the Air Force," reminded the reporters, "amounts to 22,188 million francs, 10,398 million under Title 3 and 11,790 million under Title 5. The total amount of program authorizations is 19,175 million francs, including 17,800 million under Title 5, which represents an increase of 19.65 percent in a defense budget which has increased by 17.88 percent. Nevertheless, this share represents only 21.84 percent instead of the 22.6 percent predicted. Besides, this relative increase is due to the growth of the "operational fuels" category, specified Mr. Vollquin, "which is increasing by 80.64 percent. Remove the allotment for fuels and you will obtain an increase of only 15.6 percent. The rise observed appears due to the contributing increases. This portion increased from 12 percent in 1973, with a volume of 995,000 cubic meters, to 18.8 percent in 1981, with a volume of 840,000 cubic meters."

"A supplementary appropriation of 600 million francs," continued Mr. Vollquin, "is necessary to satisfy requirements: 310 million francs have been allotted to the Air Force budget, 100 million francs to the joint section and 200 million francs to special appropriations (see issue 837 of "Air and Cosmos")."

Enumerating the list of aircraft ordered by the Air Force in the budget for 1981, the reporter confirmed that the last nine Alpha Jet orders would be approved in 1981, thus ending a program, which has initially been planned for 200 airplanes, with only 175 aircraft, possessing characteristics recognized by the French Air Force as well as by the United States Navy."

Aircraft Carriers

Max Lejeune, information chairman of the same committee, but under the heading of the "Navy" section, issued the following comments on the decision made last

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summer in the defense council regarding the supply of aircraft carriers for the nation's navy:

"The decision made last 23 September 1980 in the defense council to finally acquire two aircraft carriers weighing 32,000 and 35,000 tons in place of three platform ships weighing from 20,000 to 22,000 tons, which would only have been able to carry unconventional aircraft, seems interesting to us from several points of view.

"It will permit taking advantage of the present aircraft park consisting of new air equipment which has just been placed in service.

"It endows the naval air groups with a very high conventional and nuclear capability.

"It provides for the future by avoiding the premature launching in the still uncertain direction of the unconventional aircraft, while still retaining the possibility of modifying the design of the second platform (which was not supposed to be ordered before 1989) in case the technological breakthrough of the short or vertical takeoff airplane took place sooner than is now planned."

The Air Component of Deterrent Force

Jean Lecanuet, chairman of the foreign affairs committee, brought up the subject of "the problem of the air component of our deterrent force. I believe that our Air Force needs a low level invasion aircraft having a longer radius of action than it now possesses.... Doesn't the Air Force require a new vehicle to complement the rest of the deterrent force? Should not the French aeronautical industry acquire this new vehicle?"

Success of the M4 Program

Jacques Genton, information chairman of the same committee, but under the joint section, brought up at length the subject of the "maintenance of French nuclear capability" and quoted from an extract of the French Atomic Energy Commission's activity report, published last summer and summarizing, among other matters, the activity of the military applications division. The portion of this extract dealing with the M4 will be appreciated all the more since the minister was to reveal the next day during his speech that the first firing of the M4, which took place 2 weeks before, had been successful. We quote below from the AEC's statement: "The weapons now in service (bombs for Mirage 4 aircraft, warheads for the S2 missiles on the deck of the Albion, tactical warheads that equip the Pluto ground-to-ground missiles and bombs for the Mirage 3 and Jaguar aircraft) have been maintained at a very high level of readiness.

"The last lot of semi-megaton warheads for missile-launching nuclear submarines was retired from service while a supplementary lot of megaton warheads was delivered simultaneously. The latter now equip the MSBS of all the missile-launching nuclear submarines in service. At the same time, preparation of equipment of missiles for the Albion deck with similar megaton warheads has been carried on.

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"The M4, a multiple warhead strategic ballistic missile which will enter service in 1985, constitutes a very important stage for France. With regard to all of its aspects (mass, volume, hardening) it represents a considerable jump with respect to the preceding generation. The year 1979 was marked by a set of very satisfactory results: The nuclear formula was validated with performance characteristics superior to those which had been requested. The flight tests were performed successfully. The high level set for hardening was attained. From now on, we can be certain that the M4 missile will furnish our strategic nuclear force with a deterrence capability that is greater than ever despite the foreseeable advance of defensive systems.

"At the same time, development of the warhead for the ASMP missile proceeded satisfactorily in accordance with the planned schedule, which was designed so as not to interfere with manufacture of the first lot of M4 missiles.

"Upon request of the French Government, studies have begun on the successor to the M4 missile and on the replacement of present tactical weapons. The results obtained with the M4 and ASMP missiles have permitted devoting appreciable backing to these studies and several nuclear experiments have opened the way to the design of new generations of weapons for the last decade of this century."

What the Minister Had to Say

a. Regarding Nuclear Programs are increasing by 16.2 percent in program authorizations and by 15.19 percent in payment credits and their ratio is maintained at 30 percent of the Title 5 equipment budget in payment credits and a little more than 25 percent in Program authorizations. These credits shall be assigned to the pursuit of modernization of the strategic oceanic force so that the M4 missile may be placed in operational service by 1985 on board the sixth missile launching nuclear submarine, the "Inflexible." The technology required for the construction of these M4 systems are now available in France. The results of experiments have shown that the objectives that we had set for ourselves have been very exactly achieved. I am thinking of the particularly significant experiment which was conducted less than 2 weeks ago at the Landes Test Center and which confirmed our predictions. This situation admits France to the club of the three nations which possess multiple warhead missiles." (See issue 837 of "AIR and COSMOS."

b. Regarding the Mirage 2000

On this subject, the minister made the following statement: "Two weeks ago, I called a full day meeting with the presidents of Dassault-Breguet, Thomson, EMD and the National Society for Research and Construction of Aircraft Engines (SNECMA). I can assure the Senate that the information regarding the release date for the weapon system furnished by the chairmen will be adhered to. Arrangements have been made to this end and better coordination will be achieved."

c. Regarding Helicopters for the National Police Force:

"A modernization program was begun last year. Gradual replacement of Lark 2 by Squirrel aircraft should furnish the national police force with helicopters

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having better performance characteristics. A Squirrel helicopter was delivered to the national police force and two more were ordered last year. During 1981, an additional aircraft will be ordered and two will be delivered. Later on, orders will be made on a regular basis at a rate not less than that of this year."

d. Regarding Component Systems of the Strategic Nuclear Force

The defense minister emphasized that it was out of the question to base the French deterrent capability entirely on the navy component system alone, as has been done by the British, since a technological breakthrough in the area of submarine detection is a possibility which it would not be wise to exclude from consideration for the future. Consequently, we must plan for one or perhaps two other component systems providing the necessary backup in the areas of survival and penetration. For the time being, only the decision to undertake the preparation of a mobile air-to-air ballistic missile system has been made. We will discuss the entire matter during the spring of 1982." With regard to the medium range air-to-ground weapon, the defense minister said that it is planned for 1985 for the purpose of equipping the Mirage 2000 and some Mirage 4 units of the Air Force as well as the Super Banner of naval aviation but that it is also capable of being employed for strategic missions.

e. Regarding the High Level Radiation Weapon

The defense minister stated that no decision to produce this weapon had been made and mentioned that "any decision to employ this weapon would be based on political rather than military considerations."

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COUNTRY SECTION

FRANCE

INTELLECTUALS DISSENT WITHIN PCF SEEN GROWING

Paris LE NOUVEL OBSERVATEUR in French 12 Jan 81 pp 17-18

[Article by Irene Allier: "Communist Party Leaders Stand Accused"]

[Text] For several of the communist intellectuals, the Vitry bulldozer has crushed the very last hope.

"So long as this was still an ideological disagreement, one could still hope, one could expect the situation to change. But the whole thing became insupportable when they went into action." Antoine Spire is not happy; he is the former managing editor of Editions sociales who has just left the Communist Party. He has been in disagreement for the past 3 years on everything or almost everything with his party's leaders. But, after all, the Communist Party was still his family. When he saw the officials of the Val-de-Marne federation and the militants of Vitry cut off the water, the gas, and the electricity to the building in which 300 Malian workers had just been put up, when he saw the steamshovel operated by communists trying to stop them from entering, he suddenly realized that he was an orphan.

"Vitry is the straw that broke the camel's back. There may be the best reasons in the world behind this whole thing but it is not tolerable." For Raymond Jean, a novelist and teacher, the camel's back had been broken a long time ago. But it was the Vitry affair which made him decide. Just like Georges Mounin, an eminent linguist at the Aix-en-Provence school. Both of them left the party. Along with the poet Eugene Guillevic who did not pick up his membership card after Afghanistan, along with writer Robert Merle, the lady novelist Helene Parmelin, who resigned several weeks ago, they had to draft a kind of manifesto over the last weekend to respond to Georges Marchais who had accused them in a body, during the 60th anniversary of the Communist Party, of "forgetting the ABCs of the class struggle under the pressure of the adversary." Observed Guillevic: "The pressure of the adversary I resisted already in 1942 when it was a little bit stronger than today and when you were risking your skin. But we are now pulling out under pressure from our conscience."

Until Wednesday, 7 January, one could still believe that--making the best of a bad situation--the Communist Party leadership was somehow trying to stifle an attempt by the rank and file which it considered rather unfortunate. L'HUMANITE of 3 January of course did demand a demonstration but spoke of "regrettable incidents," "deplorable acts" which had accompanied it.

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Spokesman

But, following the rather laborious response from Georges Marchais to Si Hamza Boubakeur, the rector of the Paris mosque, who had asked him to condemn the operation, one must observe that the Communist Party confirmed the whisperings in townships with a strong immigrant population segment. And it was also discovered that it had made itself the spokesman of the most spontaneous racist reflexes. "I tell you quite frankly: yes, the truth of the matter makes me approve, without reservation, the reply given by my friend Paul Mercieca, mayor of Vitry, to the racist aggression by the Giscardian mayor of Saint-Maur," wrote Georges Marchais. (This involved the transfer of the Malians from an old building in Saint-Maur to a restored building in Vitry which the city government had planned to refurbish for the benefit of young Vitry citizens.) "More generally, I approve his refusal to allow the already large number of immigrant workers to be increased in his community."

Well, here we are. Georges Marchais furthermore explained himself in clear language: "When the concentration becomes very heavy--which has nothing to do with the rather unscientific and racist idea of the so-called 'tolerance threshold' which we never talk about anyway--then the housing crisis becomes real serious. The low-cost housing programs are a cruel failure and many French families cannot even get in. The social welfare costs necessary for immigrant families living in misery are becoming insupportable for the budget of communities populated with blue-collar workers and white-collar employees. The schools are unable to handle the situation and children of both immigrants and French citizens are falling behind in their schooling."

"That is possible," replies a communist from a worker suburb. "But that does not explain or excuse the presence of the bulldozer, nor what happened among the leadership of the communists who cut the water, the gas, and the electricity off to that building in Vitry."

The fact is that the presence of heavy concentrations of immigrants in the communities with a high low-cost housing density index--in other words, mostly communist and socialist--poses problems which nobody denies. But the concentration--which the Communist Party rather incorrectly refers to as a ghetto--is tied to the very phenomenon of immigration. All immigrants, regardless of where they come from, where they settle, gather in the form of communities to preserve their way of life, perhaps their culture, but in any case to survive. Did anybody talk about a ghetto when heavy concentrations of repatriated north African settlers were formed in Toulouse, in Marseille or when there were heavy concentrations of White Russians in the region of Sainte-Genevieve-des-Bois, or when there were heavy concentrations of Jews on Rosiers Street or at Montmartre?

Unacceptable Operation

To tell the truth--and the Communist Party cannot ignore that--the problems posed by immigrant workers are much less of an ethnic origin and much more of an economic origin. These are problems which spring from any kind of subproletariat on the social, health, and school levels, in other words, on the leve of delinquency. The

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French do not need their immigrants to see, in their own suburbs, the fallout of poverty, lack of adaptation, and segregation by money.

So, why does the Communist Party accept the risk of finding itself in the dock? Why, under the acceptable pretext of a fairer distribution of burdens in the communities, does it go along with such an unacceptable operation which involves imposing an unacceptable quota upon its townships, possibly by force, such as at Vitry? "This is a low-level political operation," confessed a disheartened militant. "The Communist Party is losing momentum in these sectors. It simply goes along with the voters and it has nothing to lose." So, the Communist Party simply makes do with what it has. While the Communist Party daily L'HUMANITE pursues its campaign against the "forceful move by the mayor of Saint-Maur," its weekly magazine REVOLUTION keeps harping on the old issue of insecurity. "We do not want to wake up tomorrow in a France where there are as many little Harlems as there are little Chicagos," summarizes Guy Hermier, member, Political Bureau.

Stoleru and Peyrefitte did not say it any better or any worse. They, too, had everything to gain in electoral terms. The Communist Party however did have one thing to lose: respect. And that is a fact.

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COUNTRY SECTION

FRANCE

NATION'S OVERSEAS ARMS SALES CONTINUE TO GROW

Paris VALEURS ACTUELLES in French 12 Jan 81 pp 26-29

[Article by Francois d'Orcival: "Weapons to the Highest Bidder"]

[Text] French arms exports have quadrupled in 10 years. They are equal to one quarter of the oil bill. But this is a precarious sector.

The compliment appeared on the front page of the WALL STREET JOURNAL: "No one any longer disputes the success encountered by French sales of helicopters, missiles and fighter planes abroad. France is the third largest exporter of arms in the world, after the United States and the Soviet Union, and its share on the foreign market has only increased." (Fact: the United States and the USSR represent 75 percent of the market, France 12 percent.)

To whom is the compliment addressed? To the 280,000 persons working for the armament industries, 65 billion turnover, nearly 30 billion of it for export. And to two men in particular, General Engineer Jean Martre, general delegate for armament for almost 4 years, and his international affairs director, Gerard Hibon. The first orders, the second exports.

Very, very clever salesmen, says an American military attache.

Their technology is constantly improving, a representative of the Lockheed firm acknowledges in the same daily.

Lasting success or precarious success? "These exports depend on an international situation on which we don't have much of a grip," notes Jacques Cressard, the RPR [Rally for the Republic] deputy from Ille-et-Vilaine and military credits reporter for the Finance Committee. In any case, success is necessary: these exports are paying one fourth of the oil bill (a little over 100 billion francs), they diminish in proportion to the deficit.

In 10 years, the value of these exports expressed in constant francs has quadrupled. But during the same time, our foreign trade was doubling. In other words, the share of the arms trade in these exports has only doubled.

Since 1970 the government trade has been in the hands of three men. The first, Hugues de L'Estoile, a Paris Polytechnic graduate and aeronautical engineer, was appointed director of international affairs at 38. He was to be talked about for 4

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years, especially in Arabia and the Emirates. He doubled sales. He is now international director at Dassault. A military man, General Engineer Paul Assens, succeeded him, from 1974 to 1977, at the same level, while also trying to double his starting figure.

It was a diplomat from France overseas who took over from him: Gerard Higon, who is now 54, the man of the contract signed last 14 October with Saudi Arabia for nearly 16 billion francs' worth of orders for ships, missiles and helicopters. A contract to which he will have devoted 25 missions in 2 years.

With him are 100 men, lodged on the fifth floor of a modern building built between the old buildings of the Defense Ministry, in offices that are discreetly luxurious and functional. Superior officers studying their markets as if they were theaters of operations, armament engineers acting at one and the same time as technicians and commercial agents and civilian administrators, in order to watch over contracts in progress and to come. Clausewitz said that the profession closest to the art of war was commerce. Here, they merge.

This team clarifies and launches operations on which the representatives of every industry, every business firm, public or private, will then concentrate. All of them using the services of a demonstrator and an after-sales service of great weight: the French Army, which in its turns forms the foreign "customers."

The military complained. Their army was being transformed into a show-window for the armament industry; was that its role? Arms exports, on the contrary, from the beginning (the Armament Delegation was created in 1961) had a military justification:

To be able to build the nuclear force, recalls an armament engineer, an ultra-modern industry capable of manufacturing high-technology materials was required.

Ultra-modern industry means credits for study and development. This commits large sums. And it is necessary to know that between the United States and France, for example, the ratio of these study credits is 6 to 1. But there are critical thresholds:

A study bureau of 1,200 to 1,500 engineers and technicians is enough for the designing of an arms plane. But it cannot be done with 300, says the same engineer. A delay of 3 to 4 years behind American technology is tolerable, but no more than that.

Thus exports have made it possible to make research and investment profitable, to extend the series. In a classic sales contract, the seller extends credit to the customer; in a military export contract, especially with the oil states, it is just the opposite: the customer finances his own purchase.

But to this are added more political reasons: support for employment (100,000 persons are working for arms export activities), foreign trade balance, France's diplomatic influence.

Result: the armaments industry, more than any other, has sought to design products in terms of the world market and no longer just for the domestic market. "Export" quality has become a major criterion for our armaments. Too much so.

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Thus, abandoning the twin-engine Mirage in 1977 (which the Air Force had written into its plans) was justified in one sentence: this plane would not be exported because it was too expensive. (Since then Mr Dassault has sought to produce this Mirage 4000 with Arabia.)

"The aeronautical industry in itself (105,000 salaried workers) accounts for 59 percent of our military exports," Jacques Cressard comments. At Aerospatiale, 52 percent of 1979 sales went for export (80 percent of the helicopters and 70 percent of the engines); at Dassault, this share is 70 percent; at SNECMA [expansion unknown], the builder of airplane engines, it is 50 percent; at Thomson-CSF [General Radio Company], 70 percent of the military turnover (nearly 6 billion) is exported; the proportion is the same at Matra (1.8 billion of military sales); for Panhard it is 100 percent.

In the public, nationalized or private sector, everything is government foreign trade. A dozen general auditors from the armies participate as government representatives on the boards of directors of the companies working for armament. Their mission: to inform the administration. In the United States, export contracts are subject to the approval of Congress, in France to that of the administration. Some French leaders complain that they have to endure an additional delay of six months in relation to their foreign rivals in establishing a contract, because of administrative restraints.

A British competitor of Mr Hibon's teams, quoted by the WALL STREET JOURNAL, asserts, "If I were to give just one reason why the French aeronautical industry has taken such a position in the Middle East, I would say that it owes it to the government's action in its favor. That makes all the difference.

But that is no guarantee. Arms exportation remains a fragile profession. The reasons are political and technical.

The ranges of materiel are changing. Two examples, the AMX 30 tank and the Mirage. Our industry has manufactured so many of them: about 2,000 in 15 years. We have exported half of the AMX and three quarters of the Mirages. Now, both are hardly selling any more. Only two of these planes this year: to the Swiss Air Force (replacing damaged equipment). The customers are waiting for the successors to the AMX and the Mirages.

One tank, reports an armament engineer, consists of armor plating, a chassis, an engine, a gearbox and a firing system. The French are excellent for the firing system, as good as any for the chassis and the armor plating. But too expensive for the engine and behind the rest in the gearbox.

The best tanks are German. So the French have sought an agreement with them to build a combat tank jointly. The agreement in principle is already more than a year old and no real start on execution has occurred. German industrialists, aware that they have a good product, would rather manufacture and sell their Leopard alone. The French are wondering if they are going to take their own project out of their boxes. In the meantime, time is going by and the markets are escaping. Order-taking is already down.

The next member of the Mirage family has been christened the Mirage 2000. Several prototypes are flying. But a plane, besides its airframe and its jet engine, is a

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weapons system: carrier-based electronics, fire-control radar. The weapons system of the 2000 is not perfected. It will be in two years, at best. What will be sold in the interval? Gen Mitterrand, the president of SNIAS [expansion unknown], speaks modestly (see below) of sales "settling down."

New competitors are arriving: the Germans, not only for their armored vehicles, but now for their submarines (in Latin America); the Brazilians or the Israelis for armored vehicles or planes, the Japanese or the Koreans for military electronics.

Finally, and especially, the customers are capricious. There is the danger of too big a customer where political revolution is the equivalent of filing for bankruptcy: Iran, for the United States. An identical risk with Iraq for France (which has delivered to Iraq, or is still to deliver, AMX tanks, Mirages, helicopters and missiles). But here, the war with Iran has added a new risk.

The publicity for the Mirage had been provided by the Israeli Air Force during its battles against Arab Migs in 1967. In the case of Iraq, the present war may have the opposite effect--counter-publicity. For that country has urgently asked France for equipment (to replace destroyed equipment) that our industry does not have the capacity to supply.

For example, the Iraqis have spoken of 200 Crotale anti-aircraft missile batteries. An expert comment, "It is as if you had asked SNIAS to bring 25 Concorde off its assembly lines." (In all, the French Army itself has only received 16 Crotale batteries in 3 years.)

The French factories cannot build more than 500 armored vehicles of all categories (from the small armored car to the heavy tank) per year, one fourth of which the Iranians and the Iraqis are in the process of consuming. These capacity limits apply throughout the industry. Gen Mitterrand said it: flexibility is American and Russian, because of their size.

To surmount these handicaps, Gerard Hibon has concentrated his forces on a weak sector of our exports: naval armament. France is counting heavily on the new needs created by the extension of the economic zones to 200 miles from the coasts. Of the 16 billion in the Saudian contract, 14 will go to ships. The year 1980 has been christened the "blue year."

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COUNTRY SECTION

FRANCE

SITUATION SEEN POSITIVE BY AEROSPATIALE BOARD

Paris AIR & COSMOS in French 13 Dec 80 p 9

[Text] In a statement issued during its meeting of 3 December, the Aerospace Industry Central Committee observed that the financial status of the national corporation, which appears to be undergoing economic recovery, evidences an upward trend and, for the first time, has permitted top management to present a substantial midterm program which would also be applicable over the long term.

Expansion of the Line of Products and Cooperation

The Aerospace Industry Central Committee (AICC) considers that, in order to avoid experiencing periodic depressions, it is absolutely necessary to broaden the range of products and to devote itself to penetration of the international market. In order to protect the future of the workers as well as that of the corporation, such an objective absolutely calls for broadening of European cooperation to meet the aggressiveness of American competitors. Furthermore, it is absolutely necessary that the corporation affirm its own personality by way of one of its products which requires a research and development effort by the corporation. (The AS 35 project would be a suitable one). Furthermore, it is important that investments be made in the industrial area as well as with regard to the facilities employed for the rapid preparation of complementary programs. These programs should also be reflected in an improvement of working conditions.

Contracting and Hiring Policy

The AICC reminds us that it would be dangerous to the future of the company and of its employees to put into practice an excessive policy of subcontracting. In fact, if the subcontracting policy reached such extremes, the company would eventually find itself deprived of a portion of its production facilities which it would be difficult to compensate for in case there was a failure in the program that required transferring foreign production to France. The results of such a situation would be to endanger employment security. The AICC considers that application of new techniques and new technologies constitute means that permit lowering production costs which, by becoming more competitive, improve marketing possibilities. Consequently, the AICC rejects the concept of profitability attributable to subcontracting and curtailment of the advantages obtained by means of the contractual procedure. The future, which depends on the mastery and employment of new techniques and technologies requires hiring of personnel by the company. Therefore, in view of the need to restore manpower, it is desirable

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that the steps which permitted curtailment of personnel may be reversed, thus demonstrating the will of the company to solve the present unemployment situation. The steps taken to convert a few closed-end contracts into open-end contracts are clearly inadequate. The committee considers that only open-end contracts are capable of motivating new hirings. Consequently, the AICC strongly reaffirms its request that all the employees of the corporation have the same contracts by converting the closed-end type to the open-end type.

Situation of Affiliates

The AICC has particularly attracted the attention of top management to the present situation of a few affiliates of the corporation and has called for an urgent examination of this situation as well as of quick solutions to protect their future.

Coordination

Moreover, the AICC requests the board of directors to furnish it with all information of an economic and social nature. In fact, it observes that the commitments made at the highest levels by government officials and the board of directors have been completely thwarted and it attracts attention of the board of directors to the fact that any attempt to withhold information so as to ignore the representative trade unions would produce unfortunate reactions. In fact, the conditions of the dialogue would be modified, which would not fail to produce deterioration of the social climate.

The AICC is aware of the efforts which are requested of the personnel of the corporation and these efforts are accepted and realized. Therefore, it will be necessary that the board of directors recognize the fact that, at the time that all of the divisions of the corporation have entered an active period of industrialization, it will become absolutely necessary that it be able to satisfy all the demands of the employees that will be formulated during the next negotiations of the incoming key and non-key personnel in accordance with the corporations agreement of 21 October 1970.

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COUNTRY SECTION

ITALY

PCI'S NATTA INTERVIEWED ON POLITICAL SITUATION

Milan CORRIERE DELLA SERA in Italian 30 Dec 80 pp 1, 2

[Interview with PCI Alessandro Natta, by Alberto Sensini, of CORRIERE DELLA SERA; date and place not given: "Natta" The Communists Are Again Proposing Themselves As a Force in the Government"]

[Text] Rome--Alessandro Natta, for many years leader of the communist deputies and now a representative of the most authoritative ones in the secretariat, is "on duty" at the Botteghe Oscure. In the big building, quiet and tidy as a clinic, Natta "covers" the office and keeps in telephone contact with other party leaders, in accordance with the custom of the PCI, which never demobilizes its apparatus, not even during holidays.

[Question] We asked him eight questions regarding the Italian political situation, continuing with our series of interviews with Italian leaders. One month after the 27 November proposal of the leadership--generally called the Salerno turning point--how do you judge the negative reactions of the other parties? we asked Natta.

[Answer] "The conduct of the government and of the majority concerning the dramatic interlacing of problems, up to the most recent contradictory and serious decision on Asinara, confirms a serious lack, a preoccupying crisis, in the political leadership of the country. Therefore when we proposed a democratic alternative we were responding to a real need; we were complying with a national duty and responsibility. Ours was an appeal that was addressed to the country, and I believe that it has already been notably listened to, and that it may provoke interest and growing adherence. It is true that some political forces have attempted to shun a serious examination of our proposal or to exorcize it with some convenient interpretation. But it is always more difficult to maintain that there is no possibility of change, that the political and parliamentary bases for an administration are lacking, that it no longer hinges on the DC [Christian Democratic Party], that if "centrality," the DC power system, is called in question, there is a risk of precipitating another dissolution of the parliamentary houses, or worse, a governmental crisis and a crisis with respect to democratic institutions. This does not hold up, since the Honorable Forlani has to again appeal for national cohesion; in short, to ask the PCI to forgo telling the bitter truth about scandals, the earthquake, inconsistencies, disputes, signs of weakness in the fight against terrorism, and to

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accomplish its opposition task.

The embarrassed and contradictory reactions do not discourage or stop us. Moreover, a discussion has been started; other proposals--even if less valid and realistic--have been formulated. All of this is an indication that the need for new political guidance is obvious; that there are possibilities for the development of our initiative and for our fight."

[Question] The DC of the preamble agreed with Andreotti and the internal leftists. How do you appraise this new fact?

[Answer] "The line of the 'preamble' arrived in brief stages, at a critical point, also for the open and clean fight that the PCI conducted against an attempt at moderate stabilization, which was in contrast with the need for reform and for the revival of our society. But it does not seem that the agreement among the various trends of the DC has represented a significant change in direction, the beginning of a surmounting of the moral and political crisis that has been constricting the DC party for some time. It is sufficient to think of the painful attempt to reduce the "moral question" to a sort of obscure conspiracy, of instrumental aggression, when the DC leaders know quite well that in question are a concept and a practice regarding authority that have strangled the democratic regime and damaged public life and the functioning of the state."

"Thus there is the unresolved contradiction between the stressed impossibility of any cooperation with the PCI and insistence on a policy of solidarity, which the DC erroneously has scuttled; between the acknowledgment of the "alternative" character of the PCI, of the legitimacy of our recent proposal, and the statement that an alternative would be dangerous to democracy and freedom. It is not possible to emerge from the general lines that the DC identifies in the state, that does not permit alliances if not through cooptations of a subordinate type, that does not see beyond the horizon of 'centrality,' itself. But this is precisely the prime cause of the political instability and uncertainty of this past decade, of the sclerosis of the leadership groups, of the eclipse of the democratic and popular characteristics of the DC, itself. There is room for hope, and we certainly will not wait around, but will act in a resolute and coherent manner to keep the DC from castling in defense of a system and of a method of power that is no longer able to rule and of disqualified groups and individuals. But even now our severe judgment does not confuse good with bad. We believe that in the DC, too, there are democratic forces that are aware of the seriousness of the situation. They must understand that, along with the lot of the nation, the lot of their party is also at stake."

[Question] In 1980 there was an abundant outcropping of institutional proposals on the part of the PCI, too. What is your appraisal in this regard?

[Answer] It must be emphasized that the Italian crisis has political origins, causes, and responsibilities. It would be a serious error to conceive of it as a

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pre-eminently institutional fact, and there are tendencies of this type. It is necessary, then, to warn against a search for remedies in a change of the constitutional model, in constraints at the level of electoral laws, or in clever mechanisms to 'simplify' the system of the parties, to guarantee the stability of the executive. I have often said, and I am still of this opinion, that it is not a question of rebuilding the republic or of rewriting the constitution. But the elements of a crisis, at the level of institutions, are quite obvious, and we repeat the proposals that have already been advanced regarding a serious and courageous reform. It is not necessary to repeat that we are in favor not only of revising the rules of the chamber of deputies, but also of a different statement of the functions of the two branches of parliament, even including the hypothesis of monocameralism; conceiving the government as a unitary organ, based on well defined programs, with the ability to decide, apart from the criteria of the considered divisions and the reasoning of the various trends. Our commitment in behalf of our proposal and initiative will be developed along these great themes and on those of the reform of public administration, of the achievement of the autonomist system."

[Question] There is a strong tendency to resolve the moral question with technical-legislative innovations regarding the financing of parties, the preference vote, the patrimonial registry office. What does the PCI think of this?

[Answer] The moral question, as I have mentioned, suggests that there is a political crucial point, and in order to truly restore public life, the functioning of mechanisms, the economic and financial centers of the state, the custom and the conduct of the governing parties, it is necessary to resolve it. This does not mean that specific moral measures, more thorough control of party finances and of the income and property of politicians should not be adopted. We are in agreement on this. I see that you again bring up the matter of preferences; in connection, it seems, with the deterioration of the trends. These are misfortunes which our party has not experienced, and is not experiencing, but we of course are not against dealing with this kind of problem, too. We always start from the consideration that democracy cannot exist without the parties. The parties of course cannot be the only expression of commitment and political life; parties are confronted with the need of a revival of their relationship with society and with the institutions, but it is necessary to reject and to combat vague and confused attacks against 'partyism,' the 'party system.' There are historical data in the Italian political reality which it is not possible to leave out of consideration. There are distinctions and differences among the parties that cannot be ignored and underestimated. The PCI intends to be itself and wants to be judged for what it is, for its policy."

[Question] Do you or do you not favor juridical regulation of parties? If you do, how can that regulation be reconciled with the principles of democratic centralism?

[Answer] "It really does not seem that democratic centralism can constitute an obstacle to the definition of rules regarding the democratic behavior of parties.

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Just the opposite. Nevertheless I do not see how there can be any juridical regulation. For example, regulation through law of the propriety of enrolment? The democratization of decisions? This would require outside control, but it would also exert a limitation on autonomy and, in short, a change in the nature and function of the parties. There are statutes which, as far as I know, are generally inspired by a democratic establishment. Respect for rules is a matter of a political fight within individual parties and between parties, in the face of public opinion."

[Question] Public opinion is against "special justice" for politicians. Are you available when it comes to eliminating the system of immunities and the examining magistrate?

[Answer] "We communists, too, are against any 'special treatment' which up to now has protected the men of the governing parties. For example, in the case of warrants, we have for some time consistently followed the criterion of granting them when it is a question, in the case of parliamentarians, of charges involving common crimes. As for the examining magistrate, we have already presented a proposal that reduces his action only to cases involving an attempt against the constitution and that transfers the trial of any other eventual ministerial crime to an ordinary court."

[Question] How do you judge the action of the Forlani government? And the d'Urso case?

[Answer] "The judgment is clearly critical. In the light of the evidence of facts, certainly also of unexpected and catastrophic ones, it does not seem possible to find either clear ideas, or opportune and vigorous decisions, or firm and coherent leadership. Furthermore this severe appraisal is not only ours. It seems that it also appears in comments on the press conference of the Honorable Forlani. I do not think that it is a question of chance, or that one can impute to obscure maneuvers, to polemical irritations, or to misfortunes the fact that 2 months after its formation the present ministry appears to be a weak union that is not at all cohesive, that is unable to control events and to administer the country at a time of uncertainty and seriousness. Nor can one really think that governability, governmental stability, can be defended and guaranteed by paying burdensome prices, like that paid in answer to the recent demands made in connection with the kidnapping of d'Urso. The error lies in the uncertainty and ambiguity of the line of conduct; in the lack, or the postponement, of a reply that would immediately stop blackmail on the part of the BR [Red Brigades], that is, made under the pressure of Craxi's unilateral initiative. It is very difficult to justify this act as an autonomous and already foreseen decision which, because of these times and methods, risks--as is occurring--giving a second wind to destructive and terrorist groups."

[Question] Last question: which is better--the 10 referendums or early elections?

[Answer] "We have always believed that the referendum strategy of the radicals is wrong: not the recourse to the democratic instrument of a referendum, but the

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idea or reviving society and the state with 8 or 10 referendums at a time. We therefore have neither provided support nor guarantees for this initiative. We are convinced, for example, that the abortion law is valid and positive and that it was an error to promote referendums in order to distort it one way or another. We think that it would be better to finally and earnestly make a serious commitment to realize an energy plan, rather than to involve the question of nuclear power plants in an electoral contest. But we of course do not intend to encourage avoidance of referendums. Besides, it is an initiative that the elections would not annul, but would only postpone. It is better to face it. We are against early elections. We nevertheless cannot let ourselves be intimidated by those who threaten them."

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COUNTRY SECTION

ITALY

NEW PCI INTELLECTUAL PUBLICATION ANNOUNCED

Milan CORRIERE DELLA SERA in Italian 28 Dec 80 p 2

[Text] Rome--In about 1 month the first issue of LABORATORIO POLITICO [POLITICAL LABORATORY] will be published. This is a new monthly periodical that will be published by Einaudi. It will be edited by a group of PCI intellectuals, like Aris Accomero, Alberto Asor Rosa, Angelo Bolaffi, Massimo Cacciari, Rita Di Leo, Giacomo Marramao, Stefano Rodota, Umberto Romagnoli, Carlo Donolo, Gian Enrico Rusconi.

Mario Tronti explained that "this initiative certainly does not mean that we intend to withdraw from politics. We are not returning to studies; there is no flight, no ebb. It is an attempt to win back a more mature political level. And LABORATORIO POLITICO will be a real structure for research, the result of a collective intelligence that should begin to function."

"Furthermore, I hasten to say," added Tronti, "that the new periodical will not be the work of dissidence with respect to the PCI. On the contrary, the preoccupation of the leadership group of the party that we are moving away from the life of the party and from the cultural and political discussion introduced in PCI publications in reality does not exist."

Throughout 1981, each issue of the periodical will be devoted to only one topic. The subject of the first will be "Governments and Governors: Kind, Staff, Techniques, Structures"; of the second, "Plan and Program: Leftist Parties in the Government or Not," while the third will be devoted to trade unionism. It is anticipated that after the first year, there will be an English language edition, with contributions from foreign intellectuals, such as Suzanne Berger, James O'Connor, Michael Priore, Claus Offe, and Sidney Tarrow.

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COUNTRY SECTION

SWEDEN

WAGE EARNER FUND PROPOSALS TO BE BITTER ISSUE IN 1982 VOTE

Stockholm VECKANS AFFARER in Swedish 11 Dec 80 pp 34-37

[Article by Ake Lanquist: "The 10 Years of the Wage Earner Funds: The Explosive Question that Will Be an Election Bomb in 1982"]

[Text] After 10 years in the wage earner fund question--he himself wrote the First LO [National Federation of Labor Unions] motion in 1971--the chairman Allan Larsson will sit with an analysis proposal without a majority. The Liberal Party's right-about-face robbed the LO and the Social Democrats of majority influence and gathered the parties of the center around the demand of the economy and the Moderates for voluntary saving. The result: 6 different proposals, which have already split the government and will become a hot question in the 1982 election.

"The men of the center and the economy have come closer to one another. They speak a common language. If one closes one's eyes and listens it is difficult to say whether it is Bert Levin Erland Waldenstrom who is speaking. The political situation is completely changed."

This was said by one of the 12 members (13, including chairman Allan Larsson) of the wage earner fund committee to VECKANS AFFARER. The statement shows the gist of the change of scene that has taken place in the matter of the wage earner fund. The Liberal Party--always the key party--has made a right-about-face in its attitude toward the fund.

The entire analysis of wage earner funds (official name: Analysis of Wage Earners and Capital Growth) is an outcome of the Haga agreement in 1974 between the then Social Democratic government and the Liberal Party. In January 1975, Finance Minister Gunnar Strang wrote the directive after consultation with the Liberal Party.

At first, the Liberal Party took a line on the matter close to that of the wage earner organizations, the LO and the TCO [Central Organization of Salaried Employees]. The Liberal Party working group under Carl Tham advocated financing via profit sharing and a wage tax. There were to be many funds (fund pluralism), and attempts were to be made for an appropriate individual connection. Over the longer term there was the possibility of a political settlement between the Social Democrats and the Liberal Party, supported by the LO and the TCO.

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This was not an attractive prospect for the economy. On that side, the strategy was developed of not entering into a confrontation but being constructive and presenting alternatives, the so-called Waldenstrom report.

The Liberal Party has been exposed to hard pressure from "lobbyists" from the economy. An acrimonious debate has also been carried on internally in the party. As a consequence the Liberal Party has changed its position in the wage earner fund matter. The idea of profit sharing has been abandoned. Shares in the fund are to be individually owned, but not disposable prior to a saving term of 5 years. The savings remain obligatory. This obligation is the most important difference from the proposal by spokesmen for the economy (though from the point of view of the individual a collective agreement can also be seen as an obligation.)

The Liberal Party's Strange Position before the Election

The Liberal Party has been able to make the Center go along with this obligation in the middle-of-the-road proposal that was patched together in the late summer and early fall. The Center had earlier advocated voluntary saving. However, the main point is that the middle parties stand closer to the economy spokesmen than to the TCO and LO wage earner organizations.

Two contributing factors may have caused the Liberal Party to change its position:

Its position as one of three governing nonsocialist parties. The Moderates, primarily, have criticized the Liberal Party for "faltering" in the question of wage earner funds, and for not adequately having defended the market economy.

Severe internal criticism following the nuclear energy referendum. Many Liberal Party members thought the intimate cooperation with the Social Democrats might hurt the party. It was necessary to indicate a distance, to keep the line of demarcation clear toward the Left. Taking a position close to that of the Social Democrats in the wage earner fund question in the 1982 election could be destructive to the nonsocialist coalition's chances of winning the election.

An interesting theory explains the Liberal Party's about-face: Earlier, the Liberal Party has often noted how close to the TCO the party stands on the wage earner fund question. That time is now past. The new Liberal Party line may be the consequence of a speculation to the effect that the TCO leadership could be "run over" by the TCO congress, to be held in the summer of 1982 (just prior to the election). In that case, the Liberal Party stand will coincide with that of the TCO members, but not with that of the TCO leadership.

If this "running over" does not take place, the Liberal Party will find itself in a strange position before the election (in which the wage earner fund question will be a big one): The party will back a fund proposal that neither the TCO nor the LO wants. A member of the committee comments: "The Liberal Party can hardly gain more voters among 'the Managers' than among the wage earners in the 1982 election."

After 6 years of discussion, the committee has, as the most important result of its work, produced a political constellation: the Liberal Party and the Center have gone together on a joint proposal. The 10 proposals of 10 June have become 6, as the committee nears the finish line. The most important thing, however, is that this

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middle-of-the-road constellation has taken a position close to that of the leaders of the economy.

This has led to the wage earner fund group of the economic leaders now thinking that the job has been done. "Since the members of the committee this summer presented six different proposals, which, it seems, cannot be further amalgamated, one can probably assert that the race has been run as far as the analysis is concerned," wrote Erland Waldenstrom, the Industry Association's representative on the committee, in the Association's journal SI-NYTT.

Others in the industry group express the matter even more unreservedly: "The committee has been passed by. What now remains is a play to the gallery. The important job is being done in contacts made outside the committee. The target is 1981, prior to the report. The purpose is reaching an agreement in the interest of the whole country. This work has begun."

That this work has been begun is something the committee members say they know nothing about. "Is an attempt being made to patch something together outside of the committee: That sounds incredible," said a member. "Private negotiations are under way, to be sure--but no attempts to twist together a solution, as far as I know," said another member.

From the point of view of business and industry, the acute threat of wage earner funds represented by the Social Democratic-Liberal Party constellation has been cleared away. Instead of new collective and "socialist" roads to renewed industrial growth, business and industry counts on being able to resolve the economic crisis and gain economic stability in the classical--or rather neoclassical (before Keynes)--way. What business and industry scent in the midst of the economic crisis is a solution to the capital formation problem in a voluntary way via collective agreements (and an end to the support policy).

"The LO and the TCO Attitude without Misgivings"

A member of the wage earner fund committee utters a word of warning, however: "A solution via collective agreements requires an interested counterpart. The LO and the TCO are not. This is an attitude with no misgivings."

Even though the race may be said to have been run for the wage earner fund committee, the report will be completed, at the end of January at the earliest. "The new time schedule runs out at the end of January," says the Committee chairman, Allan Larsson. At that time the report will be finally adjusted and published.

On the political level the matter was decided in that the middle parties presented their joint proposal. Thereby the constellations were given and the positions clear. This, however, did not prevent dramatic events in the committee.

In business and industry irritation had grown for a long time over what was described as lack of neutrality in the committee's material. In the criticism it was charged that the background material favored funds of the LO/SAP type. But for tactical reasons the representatives of business and industry did not show their dissatisfaction in the committee. The constructive line was carried forward. Business and industry representatives stood firm on their alternatives to LO/SAP proposals.

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It was when the proposal by the middle parties received the distinction of becoming an alternative (demand: at least two members or sides to be behind a model) that business and industry reacted. In a letter of 3 October to committee chairman Allan Larsson, the 3 business and industry members (Erland Waldenstrom of the Industrial Association, Hans Werthen, SAF, and Robert Alderin, SHIO Family Enterprises) stated that theirs was not to be presented as one of the committee's models for wage earner funds.

The main reason given was that the division into categories of what the letter referred to as "contributions by parties to the matter" seemed both arbitrary and unfair. "It is even more risky that such a grouping is likely to cause misunderstanding of the real content of the standpoints of the various sides," states the letter.

"Risk of Misunderstanding Great"

"The risk of misunderstanding increased when the Center and the Liberal Party presented their model. Few have the opportunity to delve into the matter, and the risk of misunderstanding is therefore great," says Robert Alderin. On the business and industry side it is claimed that experiences after 3 October show that the action was correct. What was avoided was this: if business and industry had presented their own alternative it could have been interpreted as acceptance of the wage earner fund idea, and that the rest was only a matter of technicalities (meaning the form of these funds).

In fact, however, business and industry stands by its proposal of 10 June. That group now speaks of the proposal as "our reservation." This means that business and industry now put themselves in a reservation position together with the Moderates. This amounts to a declaration of distinction in relation to SACO [Swedish Confederation of Professional Associations], SR [National Federation of Government Employees] and TCO [Central Organization of Salaried Employees] which will present special statements (meaning that they present no reservations). "It is not yet definitely clear whether or not we shall write a reservation or a special statement," says TCO representative Karl-Erik Nilsson.

The next dramatic eruption in the committee came when Bert Levin of the Liberal Party "revolted" against the background description. In his opinion it was formulated in a way that led to the LO/SAP proposal "on rails." This Bert Levin could not accept. The committee secretariat has for weeks been engaged in rewriting the background material in Chapter 6, which deals with the basic principles of wage earner fund systems--financing, organization and placement [of funds] policy. The purport of the rewriting is apparent from the following comment by a member of one of the subcommittees: "Now the background is adjusted to suit even Liberals. It will be a schizophrenic drawing of the background material, but it will make it possible for both sides (the middle and LO/SAP) to present their proposals against the new background."

The rewriting caused the internal time schedule to break down. Instead of 19 December, the new final date is now the end of February or early March. However, several members question whether the final report will be ready even then. On the other hand, the committee will stick to the time schedule given in the directive, according to which the final report shall be ready in good time before the 1982

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election. In practice, this means that the work must be completed in good time before the LO and SAP congresses in 1981. The TCO and SA-CR congresses will not be held until 1982.

Business and Industry: "The Committee Has Been Left Astern"

The position in the final phase is apparent from the model descriptions (see below). Comments follow:

LO/SAP. Kjell-Olof Feldt concerning the status of the proposal: "The 1978 congress wanted a detailed proposal. A working group was set up with me as chairman. In January it will present a report to the party and LO organizations. Thereafter the party board and the national secretariat will present a final evaluation to the congresses. The report is thus a link in this work. Nothing can be said today about the final proposal."

The Middle Parties: Their proposal contains an obligatory feature: wage earners are to save an amount set by the Riksdag. Thereby they separate themselves from the third nonsocialist coalition party, the Moderates, who advocate a voluntary stock saving. The government parties proceed along two distinctly different lines.

The TCO: Still advocates a diffuse proposal. Karl-Erik Nilsson: "The question of whether we are to have individual funds must be held open until our congress meets. My statement should not be interpreted as my binding the TCO. It is possible, however, to administer the funds collectively, with an element of individual right of disposition." This would involve the TCO differentiating between the power and the money, meaning that influence is exercised collectively, while the money can be disposed over individually.

SACO/SR: The new member Jan Broms (former head of the Industrial Association's economic-political section) is more active in the committee work than any of his predecessors. He will present his own proposal, different from TCO/SR's current proposal. Jan Brom's proposal is not yet ready: "I shall emphasize one point--if a lot of money is collected in the funds, it should not be invested solely in the stock market. The administrator should be able to put it into bonds and other things at firm rates of interest."

Business and Industry: Now actively working to patch together a solution during the period following the committee report, the committee being regarded as "left astern."

The Moderates: The Moderates have all the time the committee has been at work laid down a drumfire of arguments for why the funds are not needed. Lars Tobisson and the Moderates reject obligatory savings based on wages and obligatory profit sharing. The Moderates wish to expand tax fund savings. The line of the Moderates is that of solving the problems of the directive in other ways than through wage earner funds. The basic view of the Moderates is that the funds will be a check upon willingness to invest, and in their existence, even in the preparation stage, run counter to their purpose.

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New Cloud in the Government's Cloudy Skies

Some time in January or February the wage earner fund committee will present its final report. It will include six proposals: two alternatives to the committee models (LO/SAP and the middle), two statements (TCO and SACO/SR) and two reservations (business and industry and the Moderates). None of the proposals is backed by a majority. The LO/SAP proposal is supported by four members (possibly also by chairman Allan Larsson, but he is formally the committee's impartial chairman), the middle proposal by three and the business and industry reservation by three members.

This is a very unusual result. What value can be assigned to it? Robert Alderin: "One can possibly draw the following conclusion: there is a majority opposed to profit sharing and collective funds. This majority consists of the nonsocialist parties, business and industry, and the SA-CO/SR." Kjell-Olof Feldt: "Not easy to say. Normally, we have a majority proposal. Here none was produced."

When the report is placed on Finance Minister Gosta Bohman's desk a new cloud of unrest will appear on the government's far-from-cloudless sky. The government will have to take a position on how the committee work is to be continued. The Liberal Party and the Moderates stand behind one of the report's main alternatives. In their opinion wage earner funds are needed, while in the opinion of Gosta Bohman, formally responsible for the report, and his party, the funds are not needed.

Thus the government is split on this question as well.

Since the Start in 1976, only 3 of 13 Members Remain

The members of the wage earner fund committee have come and gone. Since then finance minister Gunnar Strang set up the committee in January 1975, no less than 30 persons have participated in the work, secretaries and experts not included. The first members were Hjalmar Mehrs, chairman, Maj-Lis Landberg (social democrat), Rudolf Meidner (LO), Karl-Erik Nilsson (TCO), Kjell Nilsson (SD), Rolf Ramgard (C), Erland Waldenstrom (Industrial Association), Rolf Wirten (Liberal), and Karl-Erik Onnesjo (SAF).

In the course of the years the following personnel changes have taken place:

1976: Rolf Wirten quits in February. Carl Tham comes in for the Liberal Party.

1977: The new nonsocialist government expands the committee by four members. In July Stig Stefansson (SHIO) and Bertil af Ugglas (M) come in. Later in July Bertil af Ugglas (deceased) is replaced by Ulf Adelson. In October Osborne Bartley (SACO/SR) and Per-OLOF EDIN (Metal Workers Union) enter the committee. The committee now has 13 members.

1978: Ulf Adelson leaves the committee and is replaced by Anders Wijkman. The nonsocialist coalition resigns; the Liberal minority government takes over. In November Carl Tham leaves the committee (to become coordination and energy minister); he is replaced by Hans Bergstrom. In December Anders Wijkman leaves the committee (to become head of the Red Cross). He is replaced by then Riksdag member Staffan Burenstam Linder.

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1979: In January, Kjell Nilsson leaves the committee and is replaced by Kjell-Olof Feldt. In February Osborne Bartley resigns. Hans Sandebring is the new SACO/SR member. In the summer two important matters occur in the committee: Rudolf Meidner retires; a very symbolic name leaves the committee. LO secretary Rune Molin is the replacement.

Later in the summer Hjalmar Mehs resigns as chairman following a long illness. The Liberal Party government appoints Allan Larsson new chairman; chief editor of the journal VI, and the man who in 1971 wrote the Metal Workers' Union's first motion in the wage earner fund question.

In November a number of personnel changes take place in the committee. Staffan Burenstam Linder once more becomes minister of trade and is replaced by Lars Tobisson, secretary of the Moderate party. Stig Stefansson, representative of the SHIO Family Enterprises, was replaced by Robert Alderin. SACO/SR also changed representatives, Hans Sandebring being replaced by Monica Ulfhielm (who had been a committee expert).

In December Rolf Ramgard leaves the committee to become "sports minister." Riksdag member Tage Sundkvist becomes the new Center party member. Hans Bergstrom becomes chief editor of Nerike's ALLEHANDA; Ingemar Eliasson new chief of the Liberal Party's coordination office, comes in.

1980: In January there was a noteworthy change in personnel: Hans Werthen becomes AF's representative after having gone to the press with his own proposal for stock savings. During the summer budget minister Ingemar Mundebo leaves politics to become a provincial governor. Rolf Wirten becomes budget minister and is succeeded as labor market minister by Ingemar Eliasson.

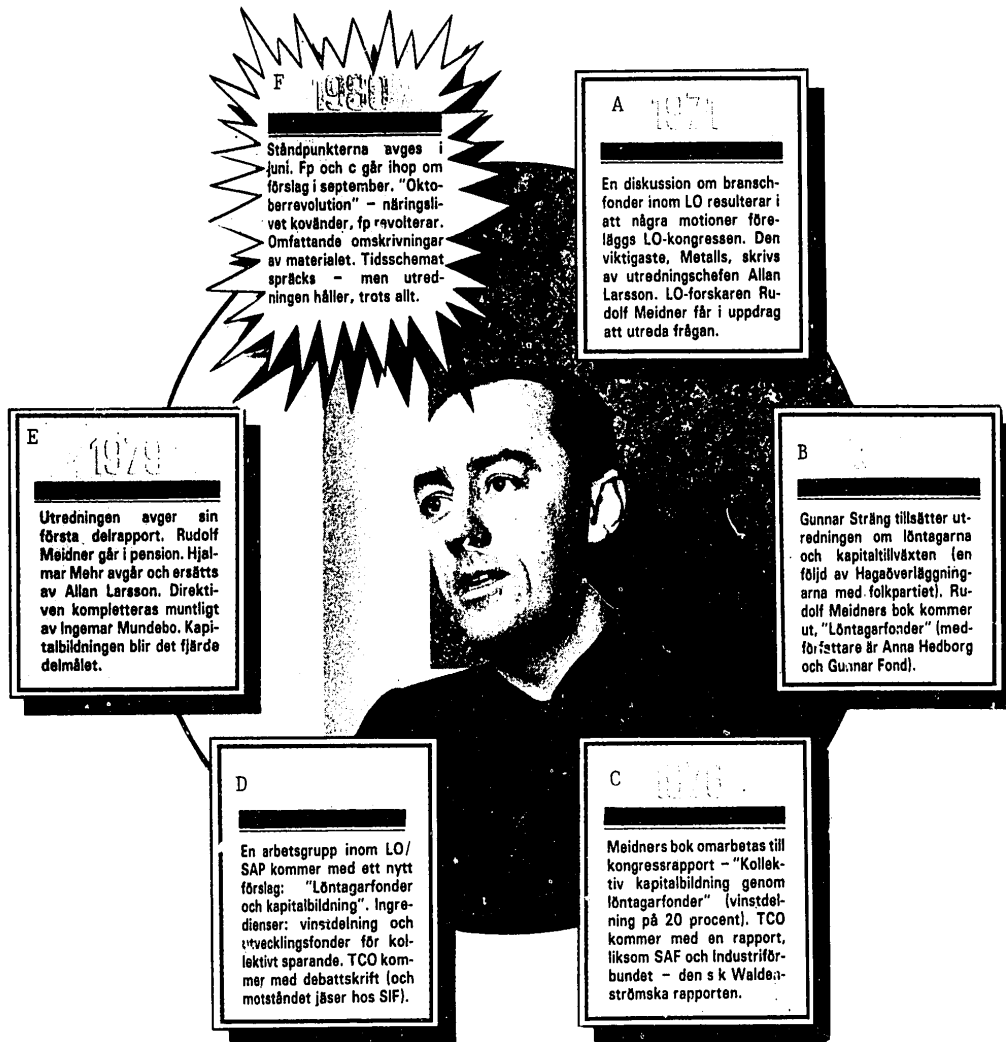
Bert Levin, the Liberal Party's new chief of the coordination office, replaces Ingemar Eliasson in the committee. In 6 months, the Liberal Party has had three different persons in the committee. Still another new name appears in October, when Monica Ulfhielm is replaced by SACO/SR's new representative Jan Broms (of the Industrial Association).

Of the committee's present 13 members only 3 have been members from the start: Maj-Lis Landberg (S), Karl-Erik Nilsson (TCO), and Erland Waldenstrom (Industrial Association).

Allan Larsson's 10 Years with the Wage Earner Funds

How the debate on Swedish wage earner funds began: In 1971, Allan Larsson, then in charge of the wage earner fund question in the Metal Workers' Union, wrote a motion for the 1971 LO congress. Ten years later he is to attempt to gather the committee report into a politically usable proposal--but the work has been delayed and the committee members are deeply split before the 1982 election.

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A. 1971. A discussion on branch funds in the LO results in some motions being presented to the LO congress. The most important, that of the Metal Workers' Union, is written by Allan Larsson. LO researcher Rudolf Meidner is assigned the task of analyzing the question.

B. 1975. Gunnar Strang appoints the committee to analyze the question of wage earners and capital growth (a consequence of the Haga deliberations with the Liberal

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Liberal Party). Rudolf Meidner's book, "Wage Earner Funds" (coauthors Anna Hedborg and Gunnar Fond) is published.

C. 1976. Meidner's book is revised to a congress report, "Collective Capital Formation through Wage Earner Funds" (20 percent profit sharing). The TCO publishes a report, as do the SAF and the Industrial Association, the so-called Waldenstrom report.













D. 1978. An LO/SAP working group presents a new proposal: "Wage Earner Funds and Capital Formation." Ingredients: profit sharing and development funds for collective savings. The TCO presents a debate paper (and resistance rises in the SIF [Swedish Industrial Association]).

E. 1979. The committee issues its first report. Rudolf Meidner retires. Hjalmar Mehr resigns and is replaced by Allan Larsson. The directive is orally supplemented by Ingemar Mundebo. Capital formation becomes the fourth part of the goal.

F. 1980. Standpoints are presented in June. The Liberal Party and the Center join in a proposal in September. "The October Revolution"--business and industry reverse position, the Liberal Party revolts. Extensive rewriting of the material. Time schedules are disrupted--but the committee stays in business despite everything.

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[Table on pp 36, 37 of source]
 One Report, but Six Proposals, Two Alternatives, Two Declarations, Two Reservations

						
Allan Larsson	Per-Olof Edin (LO), Rune Molin (LO)	fr v Kjell-Olof Feldt (s), Maj-Lis Landberg (s)		Bert Levin (fp)	Tage Sundkvist (c)	Lars Tobisson
						
Karl-Erik Nilsson	Jan Broms	Erlend Waldenström (Industriforb) Hans Werthen (SAF) Robert Alderin (SHO - Familjefrågor)				
LO/SAP--Main proposal	Middle (Liberals and Center)--Alternative proposal	TCO--Special declaration	SACO/SR--Special declaration	Industrial Association, SAF and SHIO reservation	Moderates--Reservation	
Names	Allan Larsson, Kjell-Olof Feldt (S), Maj-Lis Landberg (S), Per-Olof Edin (S), Rune Molin (LO)	Bert Levin (Liberals), Tage Sundkvist (C)	Erik Broms	Erlend Waldenström (Ind.), Hans Werthen (SAF), Robert Alderin (SHIO)	Lars Tobisson	

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Purpose	Increased wealth distribution. Increased industrial democracy. Support of solidarity in wage policy. Capital formation.	Increased saving. More risk capital (for industry). Strengthened market economy. Ownership spread.	Capital formation. Increased influence. Solidarity in wage policy. Wealth equalization.	Increased capital formation.	More risk capital. Ownership spread. Increased saving. Strengthened market economy.	Ownership spread. Increased saving. More risk capital.
Financing	Obligatory profit (10-20 percent of profits over 1-2 billion). Special ATP tax (ca 1% based on wage).	Obligatory individual saving.	Wage-based tax and surplus profit sharing (possible through agreement).	Wage tax or increased value tax.	Voluntary tax-stimulated saving or collective agreements. Opposed to profit sharing.	Rejects obligatory wage-based tax and obligatory profit sharing. Advocates agreement on enterprise profit sharing system and tax fund savings.
Payment form	Cash	Cash	Cash	Cash	Cash	Cash
Ownership	Collective	Individually owned citizens funds (saving term 5 years)	Collectively owned, with names attached	Individual shares (redeemable upon retirement)	Individually owned shares (certain terms savings)	Individual shares (saving terms 5 years, for example)
Organization	24 funds, 1 for each province	Many competing funds. Can be set up by banks cooperatives or occupations	Several cooperating with central organ, nationwide or by province	Several regional funds	Many financing institutions in enterprises, idealistic organizations, workers' organizations, etc.	Tied to enterprises, many competing savings funds started by enterprises, idealistic organizations, etc.

[Table continued next page]

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etc. Rejects overlapping funds.	Citizens and employees on equal basis, minority from founding institution.	Purchase of stocks and convertible bonds. Oriented solely at yields.
	Savers appoint management.	Flexible placement policy. Purchase of convertible bonds, loans to publishers, etc. Maximized yields.
	In wage earner funds: wage earners in management. In social funds: other groups as well.	Purchase of stocks and profitable lending.
	Wage earner dominance, certain delegated local voting right.	Purchase of stocks and profitable lending.
	Savers appoint management.	Purchase of profitable stocks.
	Managers appointed in general elections.	Purchases of stocks and bonds. Yields to the ATP system.
Management		Placing and Yields

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