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West Europe Report

(FOUO 25/82)



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WEST EUROPE REPORT

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

FUTURE UNION LEADERSHIP CHANGES VIEWED

Hamburg CAPITAL in German Mar 82 pp 93-94

[Article by Barbara Schardt: "Four-Year Plan"]

[Text] German trade unions owe their international reputation to the continuity of their leadership. Now the German Trade Union Federation faces decisive leadership changes through the middle of the 1980's.

When the delegates of the German Trade Union Federation congratulate their newly elected executive council in Berlin this May, a new epoch will be starting for the powerful labor organization. They will not only have a new chairman, executive board member Alois Pfeiffer of the Horticulture, Agriculture and Forestry Union, but also five new council members in the nine-member body.

More than that: after Pfeiffer's four-year tenure he will have to retire and the entire DGB will no longer be the same. Because by that time it will not only be just the council which will have a new man at its head but the real movers and makers, the heads of the individual trade unions, will all have different names. This will be particularly the case within the industrial unions, whose Metal Workers Union ranks as the world's largest single labor organization, where leadership will change within Pfeiffer's time in office. Approximately half of all DGB organized members, 3,816,294 members in three unions, will be electing new heads.

The long-tenured council members will be headed for retirement one after another:

--this fall Rudolf Sperner, chairman of the Construction, Quarrying and Construction Material Workers Union (533,054 members, 6.8 percent of the DGB total) will retire after 16 years in office.

--Eugen Loderer, head of the Metalworkers Union (2,622,267 members, 33.3 percent of the DGB) can look back on 11 years in office when he retires in the fall of 1983.

Last November the chairman of the Chemistry, Paper and Ceramics Workers Union (660,973 members, 8.4 percent of the DGB), Karl Hauenschield, began

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his last year in office. His tenure will end in September 1984. When the successors of these three men are appointed, the executive council of the German Trade Union Federation, consisting of nine members of the national executive committee and the chairmen of the 17 individual trade unions, will be made up of two-thirds newcomers who will have been five years or less in office.

"Far-reaching change" was the term applied by the Institute for the German Economy in its publication GEWERKSCHAFTSREPORT to the impending change in view of the undeniable stature of the retirees. Whether this will actually be the case is questionable. The trade unions have traditionally been very careful in the selection of their leadership; changes taking place among the rank and file do not reach top echelons that quickly. For that reason there is little fear that radical class warriors will be making any long march through the institutions after the new appointments to the DGB executive council or for the three individual trade unions. On the contrary, in the case of both the Metal Workers and the Chemical Workers, clear-headed successors are even now in sight.

That Franz Steinkuehler's name would be brought up in the leadership debate within the Metal Workers Union is now part of the drill. The Stuttgart regional leader is little inclined to make any statements about his prospects, however, "He keeps his mouth shut and smiles when he's asked about them," his press secretary remarked laconically. This breezy provincial also denies any coolness between him and his chairman Loderer. What is a fact: the Metal Workers Union chief has only recently given the dynamic southerner the brush-off. Loderer does not see his successor in Steinkuehler but in Hans Mayr as an interim solution in the national executive council. Mayr now heads the union's planning, personnel and press sections.

The prophets regard it as a sure thing that the congress in October 1983 will give Mayr its votes. Yet that would put Steinkuehler out of the running only temporarily; Mayr, born in 1921, can only hold the office for one legislative period or three years.

Chemical Workers Union leader Hauenschild, like Loderer, also seems to be putting his estate in order. Hardly half a year after Hauenschild's reelection, it is still a sure thing into whose hands he would like to deliver his office--the favorite is Hermann Rappe. At the moment Rappe, who is also a member of the SPD fraction in the Bundestag and chairman of the committee on labor and social security, functions as deputy chairman, responsible for the departments of education, vocational education, research and youth. His election (in September 1984) would assure a longer-term solution because Rappe, then 55 years old, would be able to hold the reins through at least two terms.

Rudolf Sperner of the Construction Workers Union is in no less a hurry to nominate his successor than are his colleagues. Although the election is scheduled for this fall, he has not yet set the candidate carousel spinning. Guessers give the edge to his deputy Juergen Joens.

Faced with this recasting, it will be the job of the Printing and Paper Workers Union, the Mining and Energy Workers Union and the Public Service and

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Transport Workers Union to maintain continuity in the DGB. Although elections among these unions are scheduled by 1986, no changes are expected. Adolf Schmidt can look forward to another four years from 1984 on to the leadership of the union with the highest success rate in organizing workers in its sector, the Mining and Energy Workers Union. Public Service and Transport Workers chief Heinz Klunker will run again if his health permits. In the small but militant printers union, which will elect a new executive in 1983, Leonhard Mahlein will probably remain for another term.

While the printers executive council member, Detlef Hensche, is said to have ambitions for the position of council chairman, it is thought doubtful that this left-wing figure will run again in 1986. The reason is that Hensche is a university graduate and lawyer, and academicians have scant prospects among the class-conscious printers. Such types, they say, lack the savvy that comes with experience of the trade.

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ECONOMIC

FRANCE

STRESS ON DOMESTIC MARKET SEEN TO WORRY TRADING PARTNERS

Foreign Trade Balance

Paris VALEURS ACTUELLES in French 8 Feb 82 p 58

[Article by Alain Margaron under the heading "Financial Highlights" and the subheading "Trade": "The Circular Flow of the Deficit: The Overvaluation of the Franc Still Weighs on Our Foreign Trade and Our Competitiveness"]

[Text] In spite of the good reports of several bank bulletins regarding French foreign trade results, Michel Jobert is uneasy: "The external deficit will reach at least 75 billion francs these next 2 years. And if we succeed in holding to that figure we will be lucky. We are going to have to be very careful if we are to stay clear of the 100-billion-franc mark."

Overall, the 1981 results are fairly satisfactory. The enormous trade deficit France has had for 2 years (60 billion) has stabilized in current francs, in spite of the dollar's rise, which increases our oil bill, and in spite of the economic stagnation which exacerbates competition.

However, the minister of foreign trade notes: "This improvement must not obscure some worrisome signs: the sagging trend over the course of the year, and the increase in the deficit with industrial nations."

He is being politically honest, recognizing that it is the excellent results registered from February to June 1981 which made it possible to come out satisfactorily at year's end.

The new government's recovery plan has led to a great increase in imports: up 3 percent in volume in November and then again in December. For obvious reasons of price, consumers have given preference to Japanese, German, and Dutch products. For household durable goods, the import level went in 1 year from 50 percent to 56 percent of the domestic market. Sales of German cars have greatly increased, while our automobile exports to Germany went down by nearly half for the first 9 months of the past year.

All the figures for foreign trade in 1981 show that exchange rate developments are playing a deciding role. The franc has strongly depreciated versus the dollar but it has remained at too high a rate versus the Deutschmark, the guilder, and the yen.

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French industry has been gaining market shares in the dollar area. Our traditional deficit with the United States has been slightly reduced, to 23 billion francs. We have managed to sign sizable equipment contracts in "Fourth World" countries without oil (32 billion francs) and in OPEC countries (34 billion francs), but very few in industrial countries (15 billion).

Our overall deficit with the EEC has quintupled in 2 years. With Germany it has gone from 11 billion francs in 1979 to 23 billion francs in 1981, and with the Netherlands from 5.2 to 13.4 billion.

The small October devaluation within the EMS has not been sufficient to prevent the deterioration of external accounts.

In spite of the soaring dollar, which for purely financial reasons weighs more heavily on the Deutschemark than it does on the French franc, it is still possible for us to permit our currency to find its proper rate within the EMS by lowering our interest rates. But the size of our overseas borrowing needs—needs that are proportional to the trade and budgetary deficits—will soon not allow that anymore.

In its latest economic study on France, the OECD seems to take for granted a new slide in our currency. It is in disagreement on this point with Mr Jobert, who attributes the decline in our exports "to a deterioration in nonmonetary factors of competitiveness: the kind of goods sold, the quality of after-sales service, the establishment of trade networks."

The minister's program flows from that observation: support exports, a reorganization of certain branches of industry, and control of imports.

However, it is difficult to support French exports more than they have been supported the past few years. Export credits, still partially unsupported, are less costly than domestic credits along with having adverse effects: neglect of the domestic market, and too much stress on Third World markets.

Banks—the ones established outside our borders, broadly speaking—give an exaggerated amount of credit to make it possible for their industrial customers to land contracts in those countries. An example is project development for construction and public works where we are registering a very great surplus. The banks finance not only the amounts which will be paid to French companies under the heading of fees but also the onsite construction work.

A deputy directorate of DREE (Foreign Economic Relations Directorate) will be tasked with combatting dumping, aids and subsidies, and business diversion. Exports of textiles and chemical products from the East via the two Germanys are particularly targeted. It is to be feared that this homeopathic medicine may not be on the appropriate scale of the illness to be treated.

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According to the OECD, "the (French) government will be strongly tempted to take protectionist measures, because its demand recovery program is probably going to cause it disappointments."

The repeated declarations in favor of a domestic market reconquest are starting to frighten many of our trading partners, sometimes justly so. The government has already intervened to limit leather imports because that industry is labor-intensive.

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Methods To Regain Market

Paris VALEURS ACTUELLES in French 8 Feb 82 p 61

[Article by Jacques Ferry under the heading "Financial Highlights" and the subheading "Commentaries": "Regaining the Domestic Market: An Ambiguous Formula"]

[Text] Regaining the domestic market had already figures prominently among the objectives of the previous governments. Lately it is being talked about again: the Interim Plan and the work of the national symposium on research have expanded on it at great length. But the formula is ambiguous.

In actuality, there are two processes for promoting this same objective. One originates from concerns which are economic right from the start: bringing the trade balance back into equilibrium. The other is inspired by more generally political concerns regarding national independence. Even though these sets of concerns eventually come together, they imply choices of trade policy and industrial policy which of course are not identical and depend on whether those choices derive their inspiration from socialist conceptions or liberal conceptions.

To tell the truth, the difference is less clear-cut than it seems, apart from the fact that (and this reservation is a considerable one) in order to bring down the trade deficit, the present government seems more inclined than the previous ones to give in to protectionist temptations. Its analysis of the situation is less of an overall analysis and is more limited, less conscious of the basic trends which affect the international division of labor. Hence its less selective and more autarkic industrial policy, placing the immediate imperatives of employment before those of competition, and also its trade policy, oriented less toward general trade expansion, which in itself induces growth, than toward a number of sectoral objectives. And it is not certain that all of these latter objectives are attainable at an acceptable cost.

The previous governments favored advanced technology industries. This one claims to be restructuring the whole of French industry by organizing each sector on the basis of complete pathways, integrating all stages of production and processing, and even distribution, right up to the final consumer. This is a normative view of the economy which, regardless of the inflexibilities of and increase in the constraints of state control which it assumes, would in extreme circumstances be suitable to a defined area infinitely vaster than that of our nation. But that defined area does not exist; industrial Europe has yet to be born.

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That does not mean that one must resign oneself to seeing the domestic market disappear and therefore resign oneself to seeing a certain number of the more particularly threatened industries just plain disappear. But before one thinks about implementing specific means, the competitive capability of the industrial system in general must be restored. Fewer burdens, fewer administrative constraints, and less government intervention in the management of firms, but more effective aid to research—these constitute so many prerequisites for that restoration.

Selection Criteria

Assuming that these requirements are satisfied, one still has to specify the sectors where special aid is required. Authoritative selection criteria are not provided by the idea of national independence, any more than they are by the idea of bringing the trade balance back into equilibrium. Independence is not judged only by considering levels of foreign penetration in this or that sector on the domestic market. In the context of time, independence is relative, if only because of rapid and often unforeseeable technological changes; in space it is relative because of constantly changing geopolitical situations. In this regard, the example of oil is remarkably illustrative.

In the trade area, so is the example of the Airbus 320, which will be equipped with an American engine. Without a doubt this is not for reasons of that engine's technological superiority over a French or Franco-British engine, but simply because that choice is imperative at this time if we want to guarantee the airplane's commercial success in the U.S. market. What is the best industrial pathway in this specific case? The most desirable one in theory, which is completely domestic? Or the pathway which provides the maximum net profit for the trade balance?

One could give many examples. In today's globalized economy there is no genuinely autonomous industrial policy. The expansion of international trade is a given element of that. The effort to achieve equilibrium, which must be extended to the dimensions of the balance of payments on current account, cannot be made by adding up sectoral balances or by forming large integrated public sector monopolies. Trade policy is a strategy made up of reciprocity, deterrence, and cooperation.

That is the reason so-called domestic market reconquest actions must be carried out with a great deal of caution. If they are linked too directly to the solution of employment or regional problems, they run the risk in the final analysis of backfiring on their promoters. This is either because they contravene the GATT agreements or European Community undertakings, thereby causing retaliatory measures of greater scope, or because step by step they tend to become standard practice in the form of unproductive protectionism, which drags in its wake a gradual establishment of state control over the economy.

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It is true that not all our partners honor the free trade code. It is true that certain French industries that are suffering more seriously than others from the distortions of competition need short-lived assistance. But it is even more true that it is the whole body of French industry which needs mobility and room. Market economies cannot be cut up into slices. Let us be careful, while allowing for exceptions, not to reason out an issue in terms of protection which should be analyzed in terms of competitiveness.

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ECONOMIC

NETHERLANDS

CONFIDENTIAL GOVERNMENT PLAN TO CUT SPENDING

Amsterdam VRIJ NEDERLAND in Dutch 13 Mar 82 p 2

[Text] One of Van Agt's ministers said last week: "Some of my colleagues will have a hard time if the cabinet should fall. Then everyone who has been calling constantly for more alterations will have to tell where they can be found. And they cannot do that."

That conclusion can also be drawn from a--highly confidential--report that a work group composed of civil servants placed before the cabinet's pentagon, the five ministers who were trying to set up the Spring Note this week (Van Agt, Van Der Stee, Den Uyl, Terlouw and Van Thijn). The name of the report is prosaic: "Report of the Work Group to Inventory Savings," but the contents are no less explosive for that reason. The mission of the WIB [Workgroup to Inventory Savings], not to be confused with other frivolous Hague acronyms like NIP [Society for Industrial Projects] and VIP [Progress Committee for Industrial Policy], was to find 2 to 3 billion guilders savings which can still be carried out this year in the areas of social security and support, public health, and in the civil servants' salaries. If, besides that, 1 to 2 billion can be gathered in the other departments, you come nicely into the neighborhood of the 4.5 billion Van Agt and Van Der Stee want. What makes the WIB Report so explosive: those 2 to 3 billion can be found, but only by completely destroying the coalition agreement.

The civil servants--from the Ministries of General Affairs, Domestic Affairs, Economic Affairs, Social Affairs and Employment, Public Health and particularly many from Finance--did not try to hide that for a moment: "In carrying out the measures inventoried, to the amount specified, it will not be possible to hold the negative effects on the incomes of the groups involved (benefit entitlees, civil servants, trend followers) to the limits set forth in the coalition agreement: 1 to 4. (That means that those receiving the minimum income would lose 1 percent of their buying power, while those receiving higher incomes would lose up to 4 percent--the editors.) The negative effects can go appreciably beyond that."

Such warnings were repeated on page after page. This much saving can be done in one year, but not without uncoupling the benefits from wages, not without reducing the minimum wage relative to higher wages, not without interrupting the trend policy for civil servants [the Dutch equivalent of COLA, where

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civil servants' salaries are adjusted according to a trend established by business salaries), and not without higher unemployment. Even if you are willing to put up with the disadvantages in the interest of a good thing--the recovery of business profits--the difficulties are still great, for, so say the civil servants, "the total of the procedures to be carried out makes the realization of a possible policy package in a time frame such that significant effects can be felt in 1982 extremely difficult." the WIB mentions a number of practical impediments: laws are needed, executive regulations, recommendations from the SER [Social and Economic Council], recommendations from the Health Insurance Fund Council, and many more recommendations.

The study group has a solution for that, even though it is a rather unusable one: "In general, not employing the advisory groups is only possible by invoking very special circumstances. The term, 'the national interest' is used in this respect in Article 42, section 3 of the Business Organization Act." This can be done, naturally, but it is becoming rather a habit for the supporters of what used to be known as a parliamentary democracy.

Undismayed by that, the work group raises radical measure after radical measure. But it is striking in the report that many of the rather obvious savings are not even mentioned, such as attacking the salaries of medical specialists. On this topic, there is only the cool mention that "negotiations with professional groups have begun." On the other hand, very many words are devoted to "reduction of the number of hospital beds" ("8,000 beds as a result of partial or total closing of hospitals"), a payment by the patient of 10 guilders for each referral to a medical specialist and an actual construction halt for hospitals. This is troublesome for Hoop Den Uyl [PvdA leader and minister of social affairs and employment], for, as the work group drily notes: "The big savings which are called for from this sector can only be realized with extensive direct negative results on the employment development earlier undertaken in this sector." So much for promoting public health.

Apart from the civil servants' salaries, the biggest figures are to be found in the category of "social security and support." Savings can be made there by reducing the highest WAO [Law on Labor Disability], WW [Unemployment Law] and WWV [Law on Unemployment Provisions] benefits (savings: 540 million guilders in 1983!), by abolishing the tax and premium deduction for old age and disability (65 million this year alone!) Other small but still profitable alterations can be made: take away the support payment for independently living 16- and 17-year olds (living with your parents can be nice, too!) and you have 25 million.

Naturally, AOW benefit recipients can keep the survivors' benefits after the death of their spouses, but shorten the period of mourning a little and you have another 50 million next year. And the work group naturally wrote with a great deal of respect concerning former members of the resistance and those who were formerly persecuted ("These measures occupy a special place, based on the special duty of solidarity with respect to this target group"), but they are still good for 34 million guilders.

The WIB report becomes curious when the big milch cow of the PvdA [Labor Party] which is also the sacred cow of the CDA [Christian Democratic Appeal], the children's allotment, is mentioned. The PvdA suggestion to make the children's allotment dependent on earned income is called wonderful, but it is simultaneously rejected for this year: "From a technical point of view, it cannot be realized before 1984," and "is very complicated." Thus the work group has recourse to such measures as lowering the children's allotment by 10 percent across the board as of 1 July 1982 (350 million) or of freezing the children's allotment at its present level through 1 July 1984 (100 million).

It is bothersome that--unlike the PvdA's plan to make the children's allotment dependent on income--the across the board lowering of the level has a precisely deleveling effect on incomes. Those receiving the lowest incomes lose the most. Or, as the workgroup put it in its own jargon: "Lowering the children's allotment or freezing it as its present level over the whole line has an increasing effect on the buying power as that buying power is less and the number of children is greater. A general lowering of the children's allotment by 10 percent structurally decreases the disposable income of, for instance, a minimum wage earner with two children by 1.4 percent." Gone, then, is the promise in the coalition agreement that those on minimum incomes would not lose more than 1 percent.

Thus, the official report contains a number of variations. We will just mention one more, because this suggestion has served CDA politicians Lubbers and De Graaph so richly as a source of inspiration: "a general reduction of the application of the indexes for the minimum wage and the social security benefits and to the salaries in the collective sector as of 1 July 1982" (yield: 500 million quilders). According to Lubbers and De Graaf, this would be a harmless one-time measure. The WIB report with which Van Agt and his ministers are now wrestling bluntly states what it comes down to: "It is evident that this possible measure in itself conflicts with the promises in the coalition agreement with respect to the trend-following policy regarding the employees in the collective sector and regarding the coupling of the social security benefits."

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

LANDTAG ELECTIONS SEEN AS CRUCIAL FOR FDP IN 1982

Hamburg CAPITAL in German Mar 82 pp 102-103

[Article by Martin Bernstorff: "Fourth Party"]

[Text] Guenther Verheugen, secretary-general of the FDP and irrepressible faith healer of the Bonn coalition, waxed metaphoric when he recently reaffirmed the liberals unflagging loyalty to the coalition, "When I look around at all the belles at the ball, I don't feel any urge to dance with a new partner."

In talking about the belles at the ball he meant, of course, the CDU/CSU--Verheugen's party is not left with all that many choices in case his urge should become a matter of necessity. It could come to pass--not in Bonn, but at the Land level--that the liberals will not be able to pick their own partner for a cabinet because the possibilities for an alternative would be reduced to one: either with the CDU or not at all. In at least three Landtag elections it can happen that they will have to put the matter to the acid test.

As a matter of fact the FDP is already sitting on the opposition benches in a number of Land legislatures--as in Rhineland-Palatinate--although they could have been admitted to the cabinet. In this case they feel bound to the principle that they would rather allow a party having an absolute majority, as the CDU does at Mainz, to govern by itself rather than see their own ideas effected into law by their offer of cabinet participation. But any satisfaction to be found in such virtuous abstinence may soon fade away.

Berlin excluded, the liberals are now represented in seven Land legislatures. Yet they are only represented in the Land cabinets in two Laender: in Hesse, where the sole surviving "Bonn model" of an SPD/FDP coalition still governs at the Land level and in the Saarland. If the liberals do not manage at the Land elections in Lower Saxony on 21 March and in Hamburg on 6 June to return to these Land parliaments, and if they should fail to attain the 5-percent mark in Hesse or do not constitute a majority with the SPD, then the FDP would be left to participate in the government of only one Land, namely the Saarland and there in company with the CDU. How much time is left for the coalition in Bonn?

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What for decades had been a skillfully led third force has now become little more than a fourth party. A party which would no longer matter--if it were not for the circumstance so important for the FDP--that neither of the two major parties wants to form a coalition with its alternative fraction. Thus the Berlin FDP fraction, with the sanction of the party headquarters in Bonn but against the will of the local party organization, was able to at least tolerate a CDU minority government.

Much the same thing could also happen in Hamburg, though there are serious doubts as to whether the FDP will be able to gain readmittance to the Buergerschaft, the Hanseatic city-state legislature. If they do, then the next question is whether the SPD and the FDP can create a majority capable of taking office. Judging from recent opinion polls, it is likely that the CDU and the Greens together will have more seats than the social-liberals. The CDU will have no part of the Greens and vice versa. Then the only possibility of creating a governing majority would be the combination CDU/FDP.

The liberals return to Parliament is thought to be more likely in Lower Saxony than in Hamburg. At the same time opinion polls give the CDU good odds on attaining an absolute majority. If they fail to do so, then the SPD, the Greens and possibly the FDP would have more seats than would the Union, though such a three-way coalition does not seem to be in the cards. Since the SPD and the FDP by themselves would probably have no chance to form a governing majority, the FDP is left, in the event that they return to the Landtag, with the Berlin alternative: alliance with the CDU or toleration of a CDU minority cabinet.

It will be in September that the FDP will really feel the heat in Hesse. According to polls, the CDU would still command less than 50 percent of all votes if the election were to be held in Hesse today. That could mean, after all the votes were counted, more than 50 percent of the seats. The SPD and the FDP together would be able to count on some 45 percent of the votes, the Greens somewhat more than 5 percent. Assuming that the CDU narrowly fails to gain an absolute majority, the FDP will return to the Landtag but cannot constitute a government with the SPD alone: then they will once again and for the last time face the question: how do you feel about the CDU?

"A fateful year for politics" is what the FRANKFURTER ALLGEMEINE sees coming; the lesson to be drawn will be: the old alliance is finished. It no longer shows signs of life even in North Rhine-Westphalia where it all began and where the FDP had to leave the Landtag after the last elections.

The consequence does not necessarily have to be the immediate collapse of the Bonn coalition. The malaise can drag on as a result of the Union parties then comprising a two-thirds majority in the Federal upper house. This can lead, if the Christian Democrats want it that way--though the Union heads of the Land governments are certainly not going to press for this to happen automatically--to every piece of legislation being blocked.

The reason for all this Free Democratic distress is not so much the lack of common ground with the SPD. Even without this, Schmidt and Genscher would

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still be able to govern and if that didn't work, they would at least be able to continue administering. Common grounds could be rediscovered as they were needed. The "turning," however, that Minister of Economics Lambsdorff and his party chairman Genscher were talking about so ominously last fall, can, in reality, only bring about a change in power relationships. The party heads draw their power from the voters. When the votes are not there, then even a Genscher will have to do some strategic rethinking, where until now he has been able to manage with fairly superficial tactics. And all the established parties are now beginning to lose votes: the Greens have been nibbling away at all of them.

What Franz Josef Strauss had been trying in vain to do for years on the right is now suddenly a fact on the left: a new party. The chances are that it will fade away after a few years, but for the moment politicians will have to live with the fact that the old three-way functionalism no longer work. There is not one CDU leader any more who would call the FDP a "block party." It no longer is such and, in fact, is in danger of becoming a negligible quantity--something to be forgotten about whenever possible.

Rudolf Augstein, for a short time an FDP member of the Bundestag, assured his readers in his weekly DER SPIEGEL that the party could survive a resignation by the minister of economics, Count Lambsdorff, who had been implicated in party donation scandals, but not an election fiasco in Hamburg, Lower Saxony and Hesse. Party leadership in Bonn, still dazzled by the results of the last Bundestag elections (10.6 percent) see things differently: the tide could start to turn in the other direction as early as the elections next year in Schleswig-Holstein.

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POLITICAL

FRANCE

GISCARD ON POLAND, FRANCO-GERMAN TIES, DEFENSE, GAS

Paris PARIS MATCH in French 19 Feb 82 pp 38-41

[Exclusive interview with former President Valery Giscard d'Estaing: "The Historic Decline of Europe Must be Stopped"; date and place not specified]

[Text] PARIS MATCH: Mister President, you have always repeated that Europe should unite to prevent others from dictating the fate of our continent. Hasn't Europe, in the context of Poland, proven that it is far from being able to define its own policy?

Valery Giscard d'Estaing: Alas, yes. We are now faced with the question of whether we will be able to put a stop to the historic decline of Europe. Over the last 100 years, the weight of Europe in the fate of the world has not ceased to go down. The large stages of this decline were the two world wars, which in reality were civil wars in Europe. After the second world war, it was two big powers, the United States and the Soviet Union, which, in a face to face meeting at Yalta, decided the fate of Europe, in spite of the presence of a European, Winston Churchill. I profoundly believe that the historic decline of Europe can be stopped. This will require close cooperation and a Franco-German will. They are not enough. I am thinking here of our other partners: Italy, Great Britain, the Benelux countries, and the other members of the EEC. But this Franco-German cooperation is a geographic, economic and political prerequisite. Cooperation proves itself in action: this is why Chancellor Schmidt and myself have strengthened the understanding through the development of the Airbus, the starting of the European monetary system, of which we were promoters together and which has hitherto resisted all the chance mishaps predicted by the oracles of disaster at its birth, and the construction of a Franco-German tank and of a direct television satellite. And if I had been reelected, I planned to examine with Helmut Schmidt the possibility of developing common ideas on the problems of the security of our two countries and of Europe.

As far as the United States is concerned, there is a contradiction in criticizing successively a weak America and a strong America. I publicly rejoiced, following President Reagan's election, over the fact that the United States intended to become once again a strong nation, assuming its international responsibilities. While it is legitimate to demand a consultation prior to any decision in order not to submit to constraint, it is regrettable that the political recovery of the United States has coincided with a hesitant and wavering attitude on the part of Europe.

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[Question] There is henceforth a common Franco-German position on natural gas, even though in a different sense than the one you had anticipated during your 7 year term. The French government has just concluded a contract with the USSR for the supply of natural gas, even though the state of seige is still in force in Poland, while the German-Soviet agreement had already been concluded prior to the crushing of "Solidarity." Would you, as president of the Republic, have signed the natural gas contract with the Soviet Union under the current circumstances?

[Answer] No. I will give you two reasons for this. First of all, I would like to note that such a question must be examined carefully, in the light of all the interests concerned, and that it was thus legitimate for the former government to open such a negotiation with the Soviet Union and, for the new government, to pursue it. But there is a difference between negotiating and signing! Was it necessary to conclude the agreement at the quantity levels which were set and under the political circumstances of the moment? I don't think so. Here is why: in the first place, I believe that it is imprudent to increase France's energy dependence on any foreign supplier, and thus on the Soviet Union. We should only accept delivery up to the level at which we would be caught short in case of a suspension of supply. By 1990, France will import between 32 and 40 billion cubic meters of gas. At a 15 percent level of these deliveries, we could interrupt the supply without too much damage to our industry. This constitutes the threshold of our dependence on foreign countries. You will note that it is located at the level of 5 to 6 billion cubic meters for a single supplier. If we go beyond that, we will put ourselves at the mercy of foreign pressures. And, on the other hand, the circumstances of the moment leave the signing of the agreement open to criticism, an agreement which, whatever its economic interest, will ensure significant gains in technology and in foreign exchange for the Soviet Union, and which is seriously felt as a rejection of support for Polish public opinion.

[Question] What conclusions will the Soviet Union draw from this?

[Answer] I think that overall this passivity will have a negative effect on East-West relations, because the limit of the mutual actions we accept from each other will become more confused. I repeat: our attitude toward the Soviet Union must be very firm and very clear. This is why it is useful to maintain an exchange of information. Meetings among leaders, even when criticized, have a main goal, that is to avoid any misunderstanding by clearly defining the limit of actions which are considered acceptable by both sides. The worst mistake leaders can make is to allow a conflict to develop on the basis of a misunderstanding or of a warning which was not delivered in time. On top of this there is a significant circumstance. We all know that the Federal Republic of Germany is faced with special problems in its East-West relations, which it would be unrealistic to ignore: the division of Germany, the importance given to human relations between the two parts of Germany, and the question of transit. We are aware of the vulnerability the special status of Berlin represents for the FRG. This is why I wanted to go there in the fall of 1980. The FRG is never safe from Soviet pressure. If only for that reason, it is unfortunate that France and the FRG had different reactions with regard to the events in Poland. These differences could one day lead the Soviet Union to put pressures on the FRG alone. On the other hand, when Bonn

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and Paris adopt a close common position, the Soviets know that their pressures would not only affect their relations with the FRG, but also their relations with France. Such are the facts of the problem.

[Question] At the time, you were accused of not having shown enough firmness with regard to the Soviet invasion of Afghanistan. You were the first European head of state to meet with Leonid Brezhnev, in May 1980, without achieving a concrete result. In addition, France did not, as agreed, boycott the Olympic games in Moscow.

[Answer] Let us leave aside the presentation, or rather the misrepresentation of facts for electoral purposes. As I have just told you, it seemed to me from our exchange of messages with Leonid Brezhnev on the events in Afghanistan, that the Soviet Union had miscalculated the profound reactions that would be triggered by the entry of its forces into that country, and that it thought that after a period of tension the detente would go back to its natural course. I decided that it was imperative to warn the Soviet Union about the consequences of its intervention and about the risks a new action would entail for the USSR. That was the reason for the meeting: to give a clear warning. Everyone will be able to judge the clarity of this warning when I make public -- as I have already announced and after a period of time which respects the rules of relations between heads of state -- the account of the Warsaw talks. I purposely chose Warsaw. I did not go to Moscow as did -- without this being a criticism on my part -- Helmut Schmidt 1 month later. As for the sanctions proposed as a result of the action in Afghanistan, they were suggested by an uncertain and changeable American administration. The grain embargo has been lifted since then, without any change in the situation in Afghanistan. As for the boycott of the Olympic games, it was successively described as useless and then finally proposed to us, all in the course of the same week.

[Question] The Soviets did not invade Poland, and consequently there has not been a second Afghanistan.

[Answer] The events in Poland should be judged by trying to understand the reaction of the Poles themselves.

The majority of the Poles believe that what we call "martial law," and which they themselves refer to as "the state of war," could not have taken place without the support of the Soviets. The Polish Communist Party would not have been able to impose the current repressive measures by itself: it is absolutely in the minority in the country, and it is sufficient to observe the attitude of the people on television toward the militia. The Poles see the current established fact as the consequence of a foreign action which violates basic democratic principles by preventing them from exercising their political and union freedom. This is why the Western countries had to act.

Following the Polish crisis of August 1980, we concerned ourselves with the events that followed. We took the initiative for secret talks which took place in London between representatives of the four Western powers (the FRG, France, Great Britain and the United States), starting in December 1980. Their goal was to examine the measures to be taken in case of a worsening of the Polish crisis. Political hypotheses were studied. The whole of the proposed measures

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involved a situation created by the entry of Soviet forces into Poland. It is a fact that the event did not take place in this form, but we also considered actions to be taken in case the worsening of the Polish crisis took the form of an interruption of the process of "democratic renewal" together with repressive measures. The conclusion was that the measures to be taken would be selected from a list in function of the seriousness of the events in Poland.

[Question] What kind of sanctions did you consider?

[Answer] Let us leave aside the word sanction. It evokes bad historical memories because of its past ineffectiveness. Let us talk about measures then. They involved credits to Poland and to the Soviet Union, exports of technology, and the progress of negotiations on Soviet gas. Let us first consider our attitude toward credit financing. We allow credits to Poland and the Soviet Union for the purchase of equipment and consumer goods at rates which are currently set at 10.5 to 11 percent, that is to say under conditions which are more favorable than those we offer our own enterprises, and at a time when the French state has just borrowed at 16.20 percent. The usefulness of this could be understood in a period of active cooperation, but from the moment that tension occurs, these measures provide a means for useful warnings. The first, of course, involved the demand for an actual payment at the normal deadlines of the Polish debt, as long as the facts of the repressive situation continue to exist. I specify the facts, because we should not be content with a simple nominal change. We could also have demanded cash payment for a certain number of goods. This is a measure which can be implemented and canceled at any time, which can be adjusted according to the products involved, and which resembles the cash and carry system the Americans applied to us at the beginning of the war. Such a measure is all the easier to implement as, at the present time, no enterprise or bank can agree to grant credits at special rates without the effective guarantee of the governments. After consultation with their partners, France and the FRG could have taken the initiative of such a measure. The other measures to be taken were at the level of technological transfers and involve, as I said earlier, a common position on the delivery of Soviet gas.

It goes without saying that these measures do not take into account the humanitarian aid sent directly to the Poles, which should be maintained and if possible increased.

[Question] By increasing pressure on the Eastern countries through the expedient of credits, aren't we running the risk of going against the desired goal? Aren't we pushing them into the arms of the Soviet Union which is the only one capable of paying back the debts and which, as a matter of fact, has already done so in the case of Poland by naturally demanding in return the right to examine the policy of those countries?

[Answer] That is a possibility. I would note that in the case of Poland, the Soviet Union's right to examine is already considerable. Furthermore, the Eastern countries would not have turned to the Western countries if they could have gotten the same credits from the Soviet Union. Finally, the USSR itself is currently experiencing a sizable indebtedness toward foreign countries. It cannot easily substitute for the Western lenders.

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[Question] Instead of a common action, there were different statements made by Paris and Bonn. Why is it that Franco-German coordination seems to be failing even though both countries are headed by socialist governments?

[Answer] This question should be addressed to the leaders of those two countries.

[Question] The fact is that two socialists, President Mitterrand and Chancellor Schmidt, are having a hard time understanding each other, while relations between President Giscard d'Estaing, a conservative, and the social democrat Helmut Schmidt, were easier. Does the fact that the two heads of state communicated in English have anything to do with this?

[Answer] Those terms don't seem well chosen to me. I am a progressive liberal and Helmut Schmidt is a liberal socialist. That is a fact. When you consider the political actions of the German and French governments in recent years, it is hard to discern philosophical differences there.

[Question] Do you still have direct contact with Chancellor Schmidt?

[Answer] Yes. Contacts by telephone and by letter. But these are private contacts.

[Question] France is only an honorary member of NATO, so to speak, as it has withdrawn its forces from the military alliance in order to prove its national independence. On the other hand, the FRG is a full member of NATO. Drawing the conclusions of its recent past, the FRG has completely integrated its troops into the Atlantic alliance and is, moreover, dependent on the Americans for its security. Wouldn't a strengthening of Franco-German cooperation in the area of defense automatically mean a distancing of the FRG from the United States?

[Answer] The problem does not arise this way. You have to analyze more closely the security of the FRG and of Europe, as well as their dependence on the United States. The problem of defense is particularly delicate in the case of the FRG, when you take into account its geographic location and the fact that it does not have nuclear arms of its own. The problem does not lie in whether the security relations between the United States of America and the FRG should be loosened, but in knowing whether defense should remain a problem handled bilaterally between the United States and each of the European countries taken separately, or whether it would be possible to give Europe its own personality in matters of defense, within a system of alliance with the United States.

[Question] Would that mean the end of NATO?

[Answer] Absolutely not. Such an evolution would have to take place within the current alliance. One could conceive the European states adopting a common position toward the United States in matters of defense. The first stage of the process of thinking about this would take place between France and the FRG and, in case of a positive conclusion, it would be widened to include our other partners, beginning with those whose participation would be indispensable, specifically Italy and Great Britain. By coordinating our defense policy, by

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"personalizing" the security of Europe, we would be in a position to formulate a specifically European orientation toward the United States within NATO.

[Question] Is it your assessment then that France, even though it is not a member of NATO, should allow the Americans to deploy Pershing missiles and cruise missiles on its territory?

[Answer] No. The concept of the defense of France is based on its independent nuclear deterrent power. It would lose this characteristic if nuclear missiles belonging to a foreign power, even an allied one, were to be stationed on its soil. On the other hand, in order to prove that France shares the concern of its allies with regard to the necessary balance of medium range nuclear missiles in Europe, the government decided 2 years ago to provide for the deployment of a new nuclear component. We had to choose between mobile missiles and cruise missiles. As the studies will be completed shortly, it will become possible to make a final decision in this regard. On this subject, the position of France is parallel to that of its allies, but it will necessarily have to remain separate from it if we want to preserve the independence of our deterrent.

[Question] Allow us to digress for a moment: would you, as president of the French Republic, have allowed the Germans to obtain a right to examine the French strike force?

[Answer] Not as a deterrent force. But the nuclear strike force has two aspects: on the one hand, it is a strategic defense weapon which would allow us to destroy the vital centers of the aggressor as soon as ours are threatened. In such a case, we cannot leave the decision to others. It involves long range strategic weapons, which would only fly over the FRG, as well as over other countries as a matter of fact. But the strike force also includes tactical nuclear arms, the short and medium range missiles. These are weapons which, under certain circumstances, could be used from the FRG or even hit its soil. In the long run, this characteristic cannot be ignored. This is why I decided that it would be useful to study this problem. It would be premature to anticipate the conclusions this study would come to. It would first have to be done.

[Question] Using the coordination of our defense policies as a point of departure, do you want to revive the idea of a European defense community?

[Answer] Not in that form. I don't believe in the possibility of integrated defense forces. I am thinking of an "organized cooperation" between our defense systems.

[Question] Why not a community?

[Answer] Simply because this would assume that the question of the division of Germany has been settled, and also because it is contrary to the historic tradition of our states.

[Question] Even if we didn't succeed in creating a European defense community, wouldn't such a Franco-German initiative arouse anxiety in the two big powers?

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[Answer] It is obvious that the Soviet Union would follow these talks with the greatest interest. Moreover, they would have to be conducted in such a way as to avoid increasing international tensions or provoking pressures on such vulnerable points as Berlin or inter-German relations.

[Question] Not only the Soviet Union, but also the United States would be alarmed.

[Answer] Not necessarily. The United States would probably see this as an evolution of the Atlantic alliance. But I am convinced that a strong and self-confident American administration would recognize the validity of such a position, especially if a close understanding were to exist between the FRG and France. The military and political situation of Western Europe was established between 1945 and 1950, thus 35 years ago. It is natural for it to be updated. History cannot be frozen. If we want to pursue an historic goal, if we want to put an end to the decline of Europe, it will be necessary for Europe to discover one day the community of its culture, of its policy and of its security. We cannot demand that this awareness correspond exactly to the situation prevailing from 1945 to 1950.

[Question] Don't you think that such considerations favor neutralist trends in the FRG and in the other European countries?

[Answer] Neutralism is one of the expressions of the historic decline of Europe. Neutralism and not pacifism. Considering the wars which have torn our continent apart, it is totally legitimate to claim to be peace loving. What I mean by this is the desire to maintain peace in Europe as long as is at all possible. Of course, this peace should be compatible with our freedoms and our basic principles. One should not mistake pacifism for neutralism. Neutralism means a decision made beforehand not to do anything, not to defend oneself or not to protect oneself, even if a foreign intervention were to overthrow the foundations of your life and of your culture. It is an unmistakable sign of decline. I think that this attitude is prevailing in certain circles in Europe precisely because people do not feel responsible for their own security. If up to now neutralism has not yet become widespread in France, it is because the government policy has given the impression that it has the responsibilities and the means at its disposal to allow it to ensure its own security.

[Question] Let us assume that your ideas have already been achieved: do you think that the reactions toward Poland would have been different?

[Answer] I think so. I am convinced that there could be a common position for Europe, a clear and active one, on the problem of East-West relations. With regard to the events in Poland, would an initiative have been possible before the current stage of repression was initiated? It must be noted that these events do a disservice to all of us. First of all to the unfortunate Poles, but also to the countries of Eastern and Western Europe. The West has once again proven that it is not in any position to support a country whose development is true to its own doctrine in terms of political freedom. As for the Soviet Union, the situation in Poland is in the process of causing it to assume growing responsibilities with regard to a country which is one of the

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most populated ones in the Eastern bloc, to support economic and financial burdens which will weigh heavily on it, and to trigger political repercussions which will erode international relations.

[Question] What do you think about the statements made by numerous strategists who believe that a war in the Northern hemisphere is at hand?

[Answer] One should refrain from answering such a question lightly. You have to make a distinction between the desire for war and the risk of war. I don't believe that at the present time there is any desire for war among the main leaders of the world. For the West, this is obvious. For Russia, I don't think that the Soviet leaders consider a world war to be one of the usable means to achieve their objectives. As for a preventive war by the Soviet Union with regard to China, I have personal reasons to believe that such a project is not being considered. Next to the desire for war, there is unfortunately the risk of war. I alluded to this for the first time in my address to the French on 1 January 1980. This risk has objectively increased over the last 2 years. Today, the fear of war, which was nonexistent a few years ago, is present in the public mind as if they dreaded an inescapable chain of events. This state of public opinion has often been a premonitory sign. The increase in the element of risk is due to the fact that actions have been carried out in Afghanistan and in Poland which were not acceptable to the West. Everything happens as if the knowledge of the limits of what is tolerable had become more uncertain and exposed the world to unpredictable reactions. This is why it is indispensable, as I noted earlier, to make the limits of actions, which the West considers acceptable, clear and legible. To trace these limits, declarations do not serve any purpose. Only actions carried out with firmness, as we did when the problem arose in Africa, allow us to make them known with certainty.

[Question] Do you think that Europe might be abandoned by the Americans, as the campaign conducted by that country's media, suggesting the return of the GI's stationed in the FRG, might suggest?

[Answer] No, I don't think so. And besides, the agreement being concluded between the United States of America and the Federal Republic of Germany points in the opposite direction. To avoid such an abandonment, you should not believe that it is in the interest of Europe to show its weakness to the Americans, and to beg for their protection. On the contrary, it must prove its will to assume the main responsibility for its own defense. I am back to the proposal I made earlier.

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POLITICAL

FRANCE

ROCARD ON PSF POLICIES: FRANCO-GERMAN RELATIONS

Hamburg CAPITAL in German Mar 82 pp 119-120

[Interview with Michel Rocard by Rudolf Mang: "Fraternal Assistance"]

[Text] CAPITAL spoke with the French minister of state who is a member of the circle closest to President Francois Mitterand and who has a decisive influence upon the socialists economic program. Rocard is a graduate of one of the so-called great schools, the Ecole Nationale d'Administration, also attended by Mitterand's predecessor, Giscard d'Estaing. He is regarded as a pragmatic socialist.

CAPITAL: Mr Minister, you are looked upon as a pragmatist. It has been said of you that you were an advocate of self-administration on the Yugoslov model but that you have shifted away from that in the meantime.

Rocard: I am still an advocate of self-administration, but we have to be sure of what this means. Self-administration is not a closed model but rather a permanent democratization of decisionmaking processes, whether it be in the production area or in administration. I would add to that the representation of workers in plant management, for example in the discussion of welfare and health problems and finally, their right to have a voice in plant management. All of this has led us in France to introduce decentralization. We will probably not go as far as German federalism but the regional administrations are to become more independent.

CAPITAL: Can you imagine co-determination on the German pattern?

Rocard: No. Every people has its history, its traditions, its own experiences and the result of all this is not always something that can be easily exported.

CAPITAL: That sounds encouraging for industrialists and you have, in fact, stated that France must become a nation of industrialists. How should we interpret this?

Rocard: It's possible that our German friends are not aware that France only became an industrialized country fairly late, actually some 70 years after Germany really started. We experienced our Industrial Revolution only after

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1945. The reason was that French capitalism was always somewhat timid and showed little instinct for taking risks. As a result, we lived from 1892 until 1956 under the protection of very substantial customs duties. This almost caused the stifling of French industrial development.

CAPITAL: So you need a free market?

Rocard: Absolutely.

CAPITAL: German exporters hadn't picked up this impression at first. During the first few months of your government's time in office there were still significant barriers to trade though, granted, these no longer exist. Is it not likely that these will occur again?

Rocard: In a time of economic crisis everyone distrusts everyone else and everyone looks to protect himself from everyone else. And our American friends, who are forever singing their litany of economic liberalism, have the worst business ethics of all.

CAPITAL: All in all, you have been calling upon industrialists to take more risks and to expand. When do you think your party is going to demand the nationalization of a successful company?

Rocard: Nationalization is an important but limited program. We are finished carrying it out and that's where things will remain, at least for the remainder of the current legislative period.

CAPITAL: But there is still the Roussel-Uclaf case. Here Hoechst made a dynamic and profitable company out of a mediocre firm that has now been nationalized. Do you regard this action as very encouraging?

Rocard: As I said, the list of enterprises to be nationalized is limited. But the Hoechst/Roussel-Uclaf case is still not yet closed. I am not responsible for these negotiations but I very much hope that both sides will come to an agreement. Basically I must say that the French government does not have an interest in having a voice in the chemical and pharmaceutical areas. There are social reasons for this, as in the case of the market for medications. But we can assure you that we want to maintain good cooperation between France and Germany.

CAPITAL: In which sectors would German firms be best advised to invest in France?

Rocard: In all of them. Whether or not we will approve a foreign investment will be examined by us in terms of four criteria: its importance for employment, for growth, for technology and for the balance of payments.

CAPITAL: Does this mean that the economy has priority over social reforms?

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Rocard: Of course. Without a recovery in the economy we cannot carry out any reforms. Besides this we ought to separate the economy and the social sector in this way. There are always going to be reciprocating effects.

CAPITAL: So in your mind a socialist economy is not possible without economic growth?

Rocard: Of course not. And the fight against inflation will have far greater chances of success if we try to limit land and real estate speculation than through a pettyfogging and bureaucratic price control system.

CAPITAL: Still, prices could break free of market conditions if, for example, the nationalized enterprises were to pursue a "jobs at any price" policy.

Rocard: Jobs will have priority only when other necessities are taken into account, such as the mutual dependency between France and Germany. We are, after all, each other's most important trading partners.

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GENERAL

FRANCE

THOMSON-CSF REORGANIZES SPACE ACTIVITIES. PLANS NEW FACILITIES

Paris AIR ET COSMOS in French 6 Mar 82 pp 39-41

[Article by P. L.: "Toulouse Space Capital"]

[Text] Toulouse's fate as a space capital is becoming confirmed. With the construction of new installations at the CNES (National Center for Space Studies) Space Center, and especially with the completion of the MATRA Space Center, presented to the press on 22 February, as well as with the project for a new Thomson-CSF Space Center, presented to the local authorities on 23 February, Toulouse now also houses the space laboratories of ONERA (National Office for Space Studies and Research) (Toulouse Study and Research Center), of National Center for Scientific Research (Center for the Study of Radiation in Space and Automation and Systems Analysis Laboratory), the Group for Development of Aerospace Remote Sensing, the Aussaguel-Issus center for space telecommunications, and of course, the University of Toulouse and the large aerospace schools (National School for Statistics Applied to Economics, and so on).

Thomson-CSF is Becoming a General Contractor for Space Systems

Thomson-CSF has begun to completely reorganize its space sector, in favor of decentralizing and regrouping its satellite activities in Toulouse, at the new space center which should be placed in service in the summer of 1983. This operation is part of a new strategy aimed at turning Thomson-CSF into the French general contractor for space systems (satellites and stations), capable of taking charge of all construction, space and ground, for a satellite telecommunications program, either for domestic use or for exportation.

In considering that its role as electronics specialist and supplier of the "noble" portion of space systems, now naturally leads it into assuming this responsibility, Thomson-CSF reopens the question of space system contracting, which had been traditionally provided by aerospace companies (Snias and Matra), whose task is in fact limited to the construction of the vehicle.

Thomson-CSF, which has already participated in the construction of 40 satellites, thus seeks to present itself as being in charge of systems for a project for an African space telecommunications network, for the future French (or European) Telecom 2 system, successor of the Telecom 1, as well as for the projects for future space systems for military telecommunications in France (successors of Syracuse) and in Iraq.

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General view of the future Thomson-CSF Space Center in Toulouse (top), as it may appear by 1985 (for 1500 people). The first phase comprises the four buildings in the foreground, including the principal technical building (below), with the assembly buildings and the antenna testing station (on the roof).

Reorganization

The reorganization of space activities undertaken by Thomson-CSF has resulted in the creation of two groups. One, the Space Division, directed since 1 January 1982 by Gerard Coffinet, whose new Satellites Department located in Toulouse will be directed by Jacques Chaumeron with the assistance of Philippe Blanchet, who will have to replace him. The other, the Ground Stations Department, part of the Radio Beams and Space Connections Division, whose direction has been entrusted to Jean Lailheugue, who fills the joint functions of deputy director of the Space Division, and administrator of GIE Telspace; the new deputy director of Telspace will be Bernard Culot.

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The Space Division will be responsible to its customers for all space systems and notably for the formulation of satellite specifications with their telecommunications payloads, entrusted to the Satellites Department, as well as of ground stations, whose construction will be shared by Thomson-CSF and Telspace. Military stations (Syracuse for instance), will be assigned to the Thomson-CSF Stations Department, while civilian stations will continue to be built by Telspace, the world's largest builder of land stations, with more than 80 constructions.

GIE Telspace, formed more than 10 years ago by Thomson-CSF and CGE (CIT-Alcatel), will remain the civilian station sales structure.

Telspace Role

However, Thomson-CSF wants to successfully re-establish participation balance within Telspace, 90 percent of whose activity is currently assured by the electronics group. A larger technical and financial effort on the part of CIT-Alcatel would therefore be desirable if GIE is to retain its justification. Negotiations for Telspace renewal agreements are currently being pursued.

Industrial participation of the major subcontractors has been reorganized, notably for supplying antenna mechanicals. Neyrtec (CGE group) has disappeared in favor of a more dynamic small company, Ateliers de Moulage Plastique (AMP), in Orsay, which will henceforth assume the task of studying and building A-standard (32.5-m in diameter) and C-standard (14-20-m) antennas. These antennas will use a reflector integrated in a structure composed of honeycomb panels, which are easier to maintain.

The very small antennas (3 m in diameter) of the plant-terminal type for Telecom 1, will be supplied by the LGT subsidiary of Thomson-CSF.

Candie Center

The new Thomson-CSF Space Center in Toulouse, whose construction should begin soon, will be located at Candie, on a 25 hectare site near the Francazal airport and CITEC. As of this summer, this Thomson-CSF subsidiary will initially house the first contingents of materiel and personnel of the Satellites Department of Thomson-CSF; at the same time, CITEC is to be completely converted for space activities, simulators, and data processing (CIMSAs) within the next 2-3 years.

Decentralization of the Toulouse Satellites Department is scheduled for completion in the summer of 1983. There are plans for about 600-650 people, including 200 engineers and 250 technicians, who will come from Paris (300 people), from CITEC (250 people), and from local hiring.

On that date, the initial installation phase of the Candie space center will be completed. This will include the offices and the large assembly building, which is the center's major construction. It will provide a clean room (100,000 class) measuring 650 square meters, 300 square-meter annexes, 220 to 100 square-meter anechoic rooms, 100 square-meter shielded rooms, and several control rooms, as well as all the necessary testing resources. This unit will make it possible to

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simultaneously integrate five civilian payloads and three military satellites. A very advanced antenna testing station will also be attached to the building to facilitate integration of payloads and satellites. These installations, covering an area of 24,000 square meters, will represent an investment of about 200 million francs (buildings and equipment).

But the complete installation of the center calls for an additional investment of 100 million francs, to extend the enclosed space to 90,000 square meters, so as to eventually shelter up to 1500 people. It must be recalled that Thomson-CSF already employs 1700 people in Toulouse, including about 1200 at CITEC.

This year, Thomson-CSF expects a business turnover of about 400 million francs, including 300 MF for the satellites, and 100 MF for the stations (Syracuse), with a total manpower of the order of 1700 people. It is forecast that by 1985 the space division will employ about a thousand persons, and will have a turnover of one billion francs.

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GENERAL

FRANCE

BRIEFS

SDECE RENAMED, REORGANIZED--Spies: The SDECE [Foreign Intelligence and Counter-intelligence Service] is no more; long live the DGSE [General Directorate of External Security]. The main French intelligence agency is losing its old acronym and its dubious aura of mystery at the same time. Far from throwing the baby out with the Piscine's ["swimming pool": main French intelligence agency] bathwater, the government is going to issue a decree defining the mission of this new General Directorate of External Security: priority [is to be given] to politico-economic information and penetration of foreign agencies. [Text] [Paris L'EXPRESS in French 5-11 Feb 82 p 44] [COPYRIGHT: 1982 s.a. Groupe Express] 9631

SENIOR SDECE OFFICERS FIRED--Troubled Waters: Deep-seated agitation in the Piscine ["swimming pool": main French intelligence agency] after the purge in December which hit some 40 among the most competent high-ranking officers of the main French intelligence agency. Hilarity after the howling comedy at Roissy over Pierre Marion, the new director general, seeing himself refused access to the VIP lounge. Perplexity after the discovery of the "DG's" [director general] nervous instability, confirmed by two rest cures. Finally, problems for the few who rallied around the team of the Piscine's former boss, Alexandre de Marenches: they see outward signs of respect increasing. That is always a bad sign in the army! [Text] [Paris L'EXPRESS in French 12-18 Feb 82 p 51] [COPYRIGHT: 1982 s.a. Groupe Express] 9631

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