

have to be replaced. . . A long term nuclear strategy, that is, which opens up the horizon for a nuclear era, must satisfy several requirements, namely:

- 1) adopt a realistic, more evolutionary vision of technological development;
- 2) guarantee the efficient exploitation of the nuclear raw materials available;
- 3) plan ahead of time to meet all the general technical and economic preconditions. . .

#### *On Agrarian Reform:*

An agricultural policy must be based on a high influx of technology into the fields, coupled with a policy of low interest loans to farmers and peasant agricultural collectives. Farmers and peasants must be educated to enable them to produce more and better.

#### *On Foreign Investments:*

The PCP is not against foreign loans or foreign investments in Portugal, but opposes that political and economic conditions which hinder the sovereign rights of the Portuguese people be attached to that aid. Under conditions of mutual cooperation and respect we could accept foreign aid for productive investment.

#### *What others have to say:*

*O Globo*, Brazil, Oct. 15: The PCP is the best organized political force in the country. In spite of the electoral defeat it continues to have a high profile all over Portugal. It has almost 120,000 members. It has three publications: *O Diario*, a daily; *Avante*, a weekly; *O Militante*, a theoretical magazine. Besides, it controls *Diario de Lisboa* and owns a chain of bookstores in all the main cities. Their offices sometimes occupy five blocks.

*O Globo*, Brazil, Dec. 12: As it is known, to rule without the Communists — under the present conditions — is impossible. The PCP controls the only trade union confederation — Intersindical — and can paralyze the country. On top of that, its members are the best organized and

most loyal. Hence, the need to make “concessions” to the Communists even if they are out of the direct power sphere.

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## The Wishful Thinkers

*New York Times*, Dec. 12, “Testing Democracy in Portugal”

The fall of Portugal’s Socialist government this week is not the failure of its experiment in democracy . . . nor is it a failure for the nation’s impressive leader, Prime Minister Mario Soares. His choice of a parliamentary defeat over the available alternatives revealed his deep commitment to moderation and to the ideal of a broadly based government . . . The foreign debt is still expanding and help is needed from the International Monetary Fund. To qualify for help, harsh austerity measures will be required. Mr. Soares was prepared to consider them . . . Whatever government emerges will have to face up to austerity. We can only hope that it will be equally bold in nurturing a still vulnerable democracy.”

*The Washington Post*, Dec. 12, “Lisbon’s Revolutionary Ardor Fades”

. . . The country is taking the fall of Socialist Premier Mario Soares very much in stride, convinced that this is an episode and not a tragedy. During the feverish political events two years ago, sound trucks roared up and down the magnificent Avenida da Libertado crying “Defend the revolutionary conquests of April 25” or “Death to fascism and imperialism” . . . Compromise, coming to terms with a difficult existence, is much more the style here than conflict or violence. So the leader of the conservative Christian Democrats suggests that Soares include a Communist minister in his next government. This, it is thought, is the best way to discourage the workers’ chief political representative from rocking the boat.

## EEC Postpones Decision On Davignon Plan

Europe’s steel and shipbuilding industries are facing serious crises and having a hard time warding off the plans of European Economic Community’s Commissioner for Industry, Etienne Davignon, for “rationalization” regardless of conflicting national sector industry plans.

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### EEC

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Davignon has made little secret of the fact that his industrial outlook will complement the Jenkins Commission’s proposals for European economic and monetary integration under what many critics consider British hegemony. So far, panic within Europe’s depressed steel and shipbuilding industries has forced some compliance on the generalities of the Davignon

proposals, but no major steps have yet been taken to implement them in full. On Nov. 21 the meeting of the Nine’s Economic and Finance Ministers postponed a decision on steel until Dec. 19. In shipbuilding, Davignon, through the EEC Commission, is threatening to withhold the Community’s Regional and Social Funds from those national governments that refuse to comply with his long-term plans for restructuring the industry.

With a plethora of antidumping suits brought by U.S. producers hitting them European steel makers are in trouble. Consumption by EEC steel users is down by 5-6 percent in 1977 as compared to 1974, and the position of EEC producers has continued to erode with imports to the EEC rising by 67 percent and exports from the EEC dropping by a full 27 percent since 1974. Cheap imports have been flooding the European market with South African imports rising eight-fold, Spain up by 95 percent, and the East bloc by 78 percent.

The Davignon Plan for steel, based on successive short-term, medium-term, and long-term proposals, was adopted in principle by the EEC Commission in April 1977, at which time minimum prices for steel reinforcing rods (used mostly in construction) were adopted, along with automatic import licenses to foreign exporters to maintain a better overview of import flow into the EEC.

The medium-term proposals, which include a drive for an average price hike of 15 percent, toughening of surveillance measures, integration of Spain into specific crisis plans in the EEC, and the watching of the progress of U.S. antidumping proposals, will be discussed on Dec. 19. No specific long-term proposals have been published, although Davignon in numerous speeches and statements has made clear his intention to bring about a fundamental restructuring of European steel. However, there is no consensus over how such restructuring will be financed. The increase in borrowing limits for the European Steel and Coal Community (ESCS), the major funding arm for steel, have not been approved. Special

levies of member states for a central fund has so far been blocked, notably by the West Germans.

Similar national balking at an all-European solution has forced Davignon to threaten economic retaliation from the the EEC for member states unwilling to follow the Commission's shipbuilding proposals. In 1977, Europe accounted for only 20 percent of the world's merchant fleet, after commanding 25 percent in 1970 and 35 percent in 1950. In shipbuilding, Europe accounted for 23 percent of the world's total in 1976, a drop from 51 percent in 1960. Davignon intends to fix total EEC production at a level "sufficient to cope with international competition" by coordinating Community loans and grants to national governments for use in projects compatible only with the Davignon objectives. Since most shipbuilding industries exist in regions already hard hit by high unemployment, the EEC Commission under Davignon is threatening to withhold funds for alternative employment generation and job retraining if the Davignon proposals are not adhered to.

## How Long Will Bonn's New Economics Minister Last?

Irritation spread among West German government and financial officials two weeks ago when Otto Graf Lambsdorff, the new Economics Minister, replied to a question about the accelerating collapse of the value of the U.S. dollar: "Who can stop it now?" Within minutes of his remark, the dollar made a new plunge on the international foreign exchange markets, and could only be stabilized through massive interventions by the Bundesbank and by Finance Minister Hans Apel, who publicly contradicted Lambsdorff on his estimation of the dollar's strength.

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### WEST GERMANY

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Lambsdorff's comment has confirmed the already widespread doubts about the new minister's commitment to the policies of his Chancellor, Helmut Schmidt. Even before he took over two months ago from Hans Friderichs (who resigned to replace the assassinated head of the Dresdner Bank, Jürgen Ponto), he had stated his opposition to Schmidt's desire to maintain stability within the European currency "snake": "Now that France has left the currency union this institution no longer has any importance for European policy," he told an interviewer. "Any function it still may have is being paid for too dearly by the Federal Republic."

Lambsdorff was also known for his lack of enthusiasm about Schmidt's nuclear energy development program. In his previous function as economic policy spokesman for the small Free Democratic Party (FDP), the government coalition partner of Schmidt's Social Democratic Party, he shared the views of Horst-Ludwig Riemer, Economics Minister of the state of North Rhine-Westphalia, who wants to promote coal-generated energy to the exclusion of nuclear power. Two days

before he took his new post, he held extensive consultations on energy conservation with U.S. Department of Energy head James Schlesinger.

Since then, Lambsdorff has emerged as the engineer of an "energy compromise" between antinuclear environmentalists and Schmidt's forces. The compromise, which was adopted last month in principle by the FDP and by Schmidt's own Social Democrats, generally agrees on the need for nuclear energy but leaves a myriad of loopholes whereby individual nuclear projects could still be halted by the so-called Citizens' Initiative environmentalist groups. Lambsdorff's willingness to make such compromises has encouraged members of the Social Democrats' left wing to announce a new campaign against West Germany's giant nuclear deal with Brazil.

The compromise, along with many aspects of Lambsdorff's energy conservation program, have been strongly criticized by the leaders of West German's state governments, who almost unanimously agree on the urgent need to proceed with construction of an expanded network of nuclear plants. Gerhard Stoltenberg, conservative Minister President of Schleswig-Holstein, has appealed directly to Schmidt to move ahead in spite of possible objections from Lambsdorff and one or two other cabinet members. The cabinet, however, has so far tried to avoid a direct confrontation, and this week issued a contradictory policy statement whereby (1) coal would maintain priority over nuclear energy, but (2) the individual states have the right to carry out their own policies should they disagree.

Another aspect of Lambsdorff's opposition to nuclear energy was revealed last month by Otto Wolff von Amerongen, head of the powerful German Association of Industry and Chambers of Commerce (DIHT). Close Schmidt ally von Amerongen told the West German business daily *Handelsblatt* that many nuclear projects are currently being held up because of the refusal of the Credit Oversight Council to approve the necessary