

# GREECE'S WEEKLY

December 7, 1987

Drs. 150

## POLITICS

### So long Simitis

The resignation of the Minister of National Economy signals the end of austerity. But what's to replace it?

## ECONOMY

### The 1988 Budget

Some good, some bad and a mixed reaction to the new budget

## THIRD WORLD

### Live aid

What are the realities of the economic aid? OECD gives a breakdown worldwide and names the major donors

## THIS WEEK'S

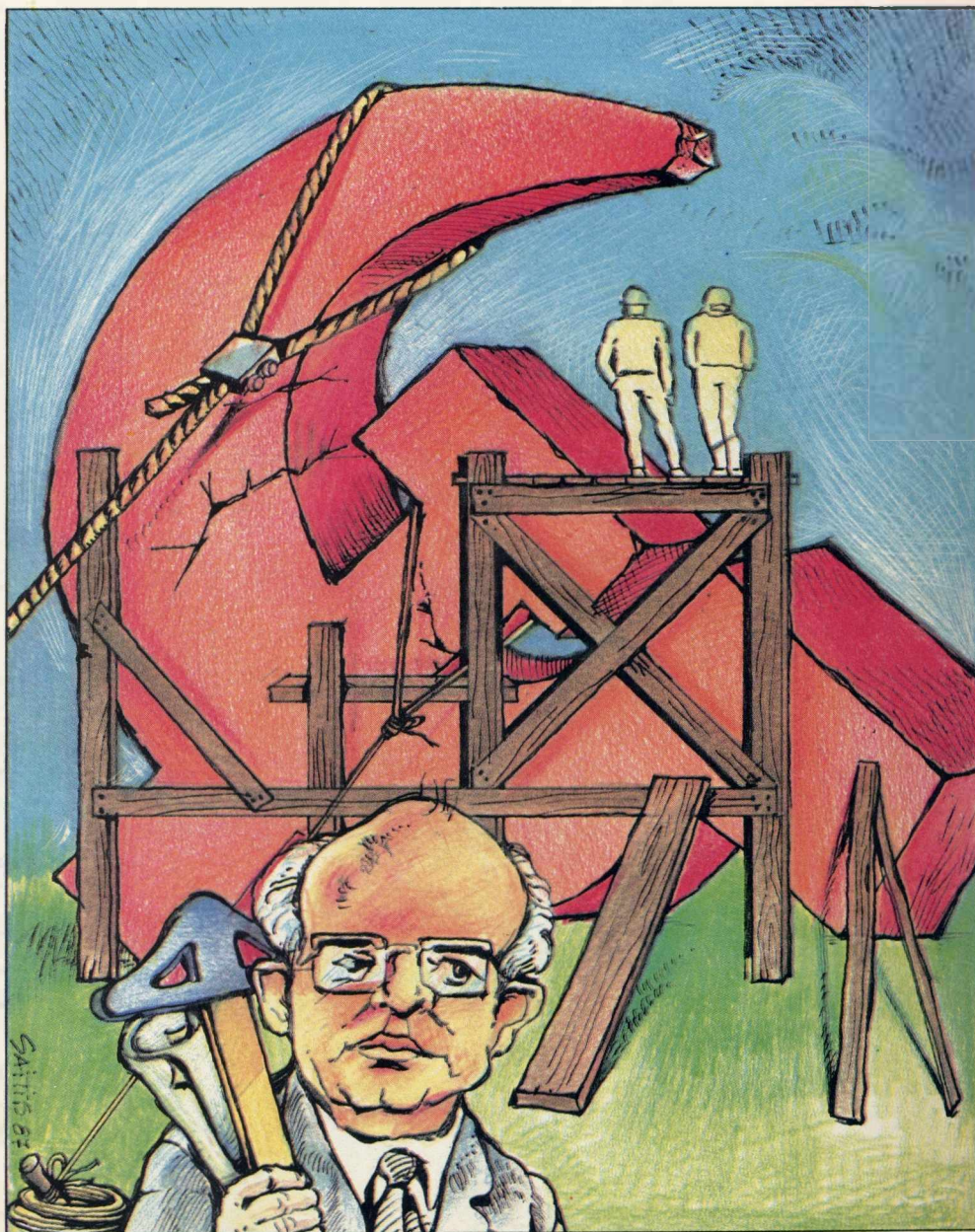
### Statistics

- the state budget
- monthly circulation of Athens dailies throughout Greece (last 12 months)
- daily circulation of dailies in Athens area

MILOVAN DJILAS

### Communism today

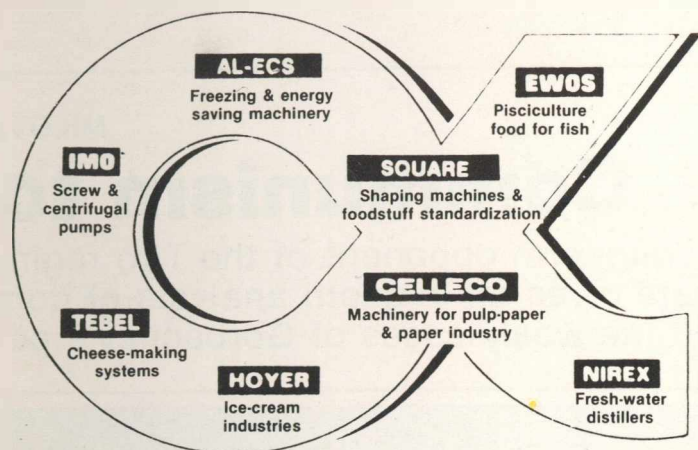
Long-term opponent of the Tito regime, Djilas here gives an in-depth analysis of communism and the weaknesses of Gorbachev's perestroika



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### Our View

If all government officials had half the sense of responsibility and political sensitivity shown by Costas Simitis, the National Economy Minister "annihilated" last week by Prime Minister Andreas Papandreou, under the pressure of his party opportunists, it is certain that at this moment the country would have no government at all.

Yet if the PASOK rulers had shown even half of half of Simitis' sense of responsibility, nobody would be forced into the position of having to resign and today, after six years of serious and responsible ruling, things would be entirely different. Different, does not necessarily mean better as better is a subjective concept.

Different, since socialism would not have failed and it would not have become synonymous with political irresponsibility and moral decay.

Indeed, if the socialists had produced more Simitis' socialism, which is on the decline worldwide, it would have, paradoxically, shown spectacular results in Greece.

The reason why is simple.

The situation before PASOK was far from acceptable. However, to the general disorganization, favoritism, lack of realism and guts to face both old and current problems displayed during the conservative rule, under the socialists there have been added ignorance, lack of political sensitivity and responsibility; as well as bribery, cheating and lack of moral principles. Needless to say, just as the conservative rule was not capitalism, so the PASOK rule has nothing to do with socialism, although Greeks are convinced that what they now see is, in fact, socialism. This means that Greece has passed through this phase of history in a relatively easy and inexpensive manner if it is taken into account that many countries around the globe are paying and will be paying for their socialist choice for years.

Some weeks ago, another personality valuable to the country was forced to resign. Yiannis Papanikolaou, the Economic Advisor to the Prime Minister. Although much less publicity was given to the event it was equally as important as the resignation of Simitis. He resigned for similar reasons and following similar procedures.

Simitis and Papanikolaou are big losses to PASOK but at the same time they are to the gain of the country. Because they, together with a few others in PASOK and some young, dynamic and serious people in New Democracy, constitute the political future of Greece. All others, sooner or later — hopefully sooner — will pass on to the pages of history, where they best belong.

**Basil A. Coronakis**

## Contents

### Communism today

Long-term opponent of the Tito regime, Djilas here gives an in-depth analysis of communism and the weaknesses of Gorbachev's perestroika (Page 4)

### So long Simitis

The resignation of the Minister of National Economy signals the end of austerity. But what's to replace it? (Page 8)

### The 1988 budget

Some good, some bad and a mixed reaction to the new budget (Page 10)

### Live aid

What are the realities of the economic aid to the third world? OECD gives a breakdown worldwide and names the major donors (Page 11)

### Tales of the unexpected

A look at sites and tastes available in Athens at the start of the festive season (Page 25)

### Statistics

This week: ● the state budget ● monthly circulation of Athens dailies throughout Greece (last 12 months) ● daily circulation of dailies in Athens area (Page 31)

**At deadline** (Page 2). **Did you know** (Page 3) **News briefs** (Page 14). **Life in Greece** (Page 25). **Company news** (Page 28). **New products** (Page 29). **Airline world** (Page 30).

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## GREECE'S WEEKLY

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## At deadline

Deputy Premier and National Defense Minister **Yannis Haralambopoulos** had a getting acquainted meeting in Brussels with the new U.S. Secretary of Defense **Frank Carlucci**, for talks which included the U.S. bases in Greece. Mr. Haralambopoulos said the discussion of the bases during the half hour meeting had been on a "different level," and that views had been exchanged on the bases issue as there was "not sufficient time to discuss the serious matters." Greece and the U.S. recently commenced preliminary talks in Athens on technical matters concerning the renegotiation of the bases agreement, the 1983 Defense and Economic Cooperation Agreement which expires next year.

Prime Minister **Andreas Papandreou** congratulated his Turkish counterpart **Turgut Ozal** on the latter's re-election, expressing belief in his congratulatory message that following the renewal of Mr. Ozal's mandate, "our personal communication will continue, to the benefit of relations between our two countries and that of peace in our region." The communication, of course, is the on-going exchange of messages between the two capitals aimed at drafting a compromissum to refer the delimitation of the Aegean continental shelf to the International Court of Justice at The Hague. The exchange was initiated last March after the two countries were brought to the brink of war over exploration rights in the Aegean. The Turkish Prime Minister, en route to the U.S. for an overdue medical check-up following heart surgery in Huston last year, sent a message to Mr. Papandreou while flying over Greek territory expressing wishes for the "health and happiness" of the Greek Prime Minister and people. Mr. Ozal had said during his campaign that there was a possibility he would meet with the Greek Prime Minister if re-elected, which was not ruled out by Papandreou when questioned by the press, who replied "I do not know exactly what he (Ozal) has in mind, but this is not impossible." Papandreou also said a "certain detente" had been achieved in Greek-Turkish relations due to the exchanges, but added, however, that this did not mean "the series of problems, provocations and dangers facing Greece have been eliminated."

Civil servants, active and retired, have remained without pay for the first time in Greek history, due to a continuing strike by public treasury employees. The most recent meeting between representatives of the treasury employees' federation and Finance Minister **Dimitris Tsovolas** failed to come up with a mutually acceptable settlement. According to data released by the federation, collection of 200 billion drachma in budget revenues had been delayed due to the strike, people have been unable to buy out court sentences, passports cannot be issued or renewed, drivers licences cannot be issued, and military units are in danger of having to go without supplies. The employees of the Greek Postal Service (ELTA) are discussing an extension of their strike, while the Athens Labor Center (EKA), General Confederation of Greek Workers (GSEE) and Civil Servants' Supreme Administrative Council (ADEDY) have declared 24-hour nationwide strikes for December 15. In addition, employees of the Athens-Piraeus train and bus routes have also called two 2-hour strikes and work-stoppages this week.

New Democracy leader **Constantine Mitsotakis** met with an ADEDY delegation for a briefing on the civil servants' problems. Mr. Mitsotakis told the delegation that ND considered it unacceptable that the working people's incomes would decline again in 1988, adding that wasteful spending in the public sector should be contained instead, and the civil servants' full political rights should be guaranteed and their health care improved.

## Did you know...

### Kassandra's diary

#### Monday November 23

• Nice start to the week. A judicial investigation started last June following accusations by **John Serpanos**, the District Attorney, charging **Dimitris Sottelis**, Managing Director of OPAP (the state controlled corporation responsible for soccer bets) and seven members of his board. **Serpanos** is the nephew of the omonymous PASOK Parliamentarian. Charges include theft, bribery, corruption etc. The amount involves more than one billion rrs.

• **Theodore Pangalos**, Minister for EEC Affairs, says that there are no obvious solutions to the current crisis within the Community. Obviously nobody told him the old Greek proverb: "In the house of the hanged, nobody talks about rope."

• The leader of New Democracy **Constantine Mitsotakis** criticises hardliners in his party for discouraging a return to New Democracy by those who left it. Contrary to the hardliners, **Mitsotakis** himself spends his days begging **George Rallis**, **Yannis Boutos** and others to come back to ND.

• According to a statement by the 1st tax office of Athens, the ex-King of Greece **Constantine**, owes the Finance Ministry a total of 225 million drs. in property tax. Independent MP **Manolis Drettakis** tabled an enquiry in Parliament asking the government about nationalization of this property. No reply has been given as yet but obviously, the property of the ex-King will be nationalized as soon as he pays the taxes owed.

• National Economy Minister **Costas Similtis** disagrees with Alternate Finance Minister **George Petso**s who has stated that import duties and taxes on cars will be decreased. **Petsos**, does not resign. Obviously he is better informed than **Similtis**.

#### Tuesday November 24

• The Supreme Council for

Economic Policy under PM **Andreas Papandreou** unanimously decides that the austerity will continue on into 1988 and National Economy Minister **Costas Similtis** announces to PASOK's subjects that the salary freeze will also continue into 1988 because the economy cannot afford wage increases. Governor of the Central Bank **Dimitris Hallkias** warns the business community that they should not give salary increases in '88.

• New Democracy leader **Constantine Mitsotakis** (from Katerini and for the third time this week) demands that the government resign.

• Social Security Minister **Yannis Floros** visits the state-owned Syngrou hospital and addresses patients, informing them of the great progress made by the socialist government in the health sector over the past six years. The patients, patiently applaud the minister and after thanking him for all that the socialist government was done for them, ask the minister if it would be possible for the government to provide, within the five-year plan, heating and bathrooms in the hospital.

#### Wednesday November 25

• Minister of Finance **Dimitris Tsovolas** tables in Parliament the 1988 state budget. Companies are getting a 10% bonus for their 1986 financial performance. The leader of the industrialists **Theodore Papalexopoulos**, cannot hide his enthusiasm and proclaims **Tsovolas** an honorary member of his association.

• Prime Minister **Andreas Papandreou** denies Prime Minister **Andreas Papandreou**. The former, announces that the latter, when he yesterday decided a salary freeze, had meant, salary defreezing. National Economy Minister **Costas Similtis**, resigns for and on behalf of Prime Minister **Andreas Papandreou**. Although very few politicians understand the reason for the resignation of **Similtis** nobody

cares to explain it to the others.

• **Constantine Mitsotakis**, demands that the government resign.

#### Thursday November 26

• Panayotis Roumeliotis takes over the Ministry of National Economy and is replaced in the Commerce Ministry by **Nikos Akritidis** who became famous in the same ministry for the heroic stand he took against the crates. "Akritidis and the battle of the crates" as in "Napoleon and the battle of Waterloo".

• Strike by the Hellenic Post. No mail today and tomorrow.

• A Greek-Swiss cooperation at the expense of the Commercial Bank, results in a fraud of 15 billion drs. or 75% of the amount which Finance Minister **Dimitris Tsovolas** will collect from the "premium" imposed on the 1986 company profits. The other 25% has been covered earlier this week by **Dimitris Sevdalis**, who in spite of the DA's charges, continues with his job at OPAP.

• **Constantine Mitsotakis**, demands that the government resign.

#### Friday November 27

• Deputy Minister of Culture in Charge of Athletics **Sifis Valyrakis**, gloriously anticipates in Parliament that in a few months, after a thorough investigation by the DA of charges against **Dimitris Sevdalis**, the latter will certainly be declared innocent.

• Full mobilization of "Allaghi Tours" in view of the visit by Prime Minister **Andreas Papandreou** to Aegion and Patras this Sunday. The "spontaneous" participation of the subjects in the welcome ceremony of the PM, is anticipated by organizer **Menlos Koutsogeorgas**, as highly successful.

• Cypriot President **Spyros**

**Kyprianou** is hospitalized in Nicosia, after a (thank God minor) heart attack. Government spokesman **Yannis Roubatis** denies that shortly before the incident Prime Minister **Andreas Papandreou** had called **Kyprianou** and offered him the Ministry of National Economy.

#### Saturday November 28

• New three-day strike proclaimed by personnel of Hellenic Posts. The decision has been taken by the Union because their demands have not been fulfilled and the weather continues good.

Hence the delay in your deliveries of *Greece's Weekly* and *Greek Report*.

#### Sunday November 29

• Solidarity leader **Lech Walesa**, referring to the referendum run in his country by **Gen. Wojciech Jaruzelsky** stated in Warsaw that government measures for reorganization (Polish perestroika) implemented by the General will need 200 years to show results. Rumors that Greek socialists have purchased "know-how" from **Jaruzelsky** during his visit to Athens last week have been denied. The fact that toy the first official meeting of the reorganization of the socialist party (PASC's perestroika) is taking place, is purely coincidental.

• Today the state-controlled radio and TV networks are covering the triumphant, not "marcia su Roma", but "marcia su Patraso" of the leader of the ruling party. We, unfortunately, had a slight accident. My small son adjusted the TV set preparatory to watching his favorite Sunday program and realized that his Smurfs had been substituted by **Menlos** and others. This small accident cost me a TV tube and you a description of the "marcia su Patraso". Don't worry however, elections are coming and you will have the opportunity of enjoying descriptions not only of the "marcia" of PASOK and New Democracy but also the "marcia in dietro" of KKE.

Kassandra



## So long Simitis

The resignation of the Minister of National Economy signals the end of austerity. But what's to replace it?

What may prove a knock-out blow to the Greek economy but, perhaps, not more than winning a round on points for the PASOK "radicals" over their rivals the "rationals," came with the events which caused the Minister of National Economy, Costas Simitis, to throw in the sponge. Real effects

Readers have often been reminded that interest by these columns in internal Greek politics, as such, is secondary. What always takes priority is informing Greece's trading partners in the free Western world and more especially those in EEC member-states, what effect on their politico-economic relations with Greece, events in Greece can entail. So, once again, this is the spirit in which the latest events are being reviewed.

Everyone knows the broad background. Four years expansion of the public sector and hand-outs of worthless money to wage and salary earners combined with price freezes and cuts in credits for financing private enterprise, in favor of using availabilities for financing the public sector. Not surprisingly, by the close of 1985, bankruptcy of the Greek economy was advancing up the garden path, if not actually on the doorstep.

### Change of direction

The Prime Minister, who until then had been endorsing this policy implemented by his economic architect Gerassimos Arsenis (commonly known as "the Czar of the Economy"), which had led the country to this situation, suddenly sacked him. He more or less piled upon the shoulders of Arsenis blame for everything that had gone wrong with the economy until then, as if he, the Prime Minister, had had no hand in shaping and pursuing this policy.

The turn of Simitis then came. It was a reversal of the "Arsenis line." Simitis had earned himself a good name as Minister of Agriculture, especially among his colleagues in the EEC Council of Ministers of Agriculture. They found him reasonable, cooperative and trustworthy in that he carefully avoided any promises which he felt might lie beyond his power to implement.

### Austerity introduced

Simitis had been aware, as had the Greek business world and foreign observers, that the country had been living beyond its means. So he put forward his two-year austerity plan. It met with the approval of such major foreign institutions as the EEC, the OECD and the IMF, so much so that, under certain conditions, the EEC granted a special loan of 1,750 million ECUs. Its conditions concerned reduction of inflation to 10%, a generous reduction in the Budget deficit and also a substantial cut in the current transactions deficit.

The Prime Minister was thankful for this lifebelt in a stormy sea and authorized his new Minister of National Economy to go ahead with the austerity plan and agree to the EEC loan terms. There was also a clear understanding with the EEC to cut subsidies such as had been falsifying the meaning of fair competition and this applied in particular to state-run industries.

When Simitis set about this task, the rift between the "radicals" and the "rationals" within PASOK, which had always existed, became more clearly visible. The "radicals," as one might expect, included in their ranks all those party hacks who had relied more on their record as party activists rather than on personal merit and qualifications for their advancement. They got themselves cosy appointments to managerial posts in the various public utility corporations and public enterprises.

When these posts were filled, they engineered the creation of new public bodies and nationalization (they called it "socialization") of private enterprises so that more managerial appointments could accommodate them. Some of the firms in question had been ailing for some considerable time but others went "into the red" only after the first years of socialist rule had denied them the right to adjust selling prices to mandatory higher labor costs and had deprived them of adequate bank financing. Such appointees were recruited from what were commonly known in Greece as the party "Nomenclature" or privileged socialist cast.

In their new jobs, they ingratiated themselves with the workers under their charge by devising various means of overpaying, in return for demonstrations of loyalty to the party. So everybody, except the national economy of course, was happy for a while. It was just one more demonstration of how much more capable socialism is at spending wealth than creating it.

This was the situation Simitis found when he took over. He introduced a wage and salary partial freeze and promoted gradual liberation of prices. Certain amendments to Labor Law eased the position slightly for private enterprise and also made the declarations of strikes in public services subject to certain restrictive pre-conditions. In all these directions he scored a degree of success. He was less fortunate in his attempts to make management of public utility corporations and of state enterprises, more thrifty.

### No objections

On the whole, the "Nomenclature" raised no strong objections because it could put all the blame for no further pay rises on Simitis while their own salaries were already high enough not to require further increases. Besides they had succeeded in maintaining their former spending spree and had lost control over how they spent the funds of the institutions under their care. Private enterprise gained a breather and, from 1986 onward, modest business profits began to re-appear while some of the less fortunate firms were at least able to show substantially smaller losses.

By the Autumn of 1987, it became clear that, precisely because the public sector had not played its part in righting the economy, the two-year austerity plan had suc-

December 7, 1987

ceeded only in part and its targets could only be met if there were to be a third year of austerity in which emphasis would be upon better house-keeping in the public sector.

Simitis therefore pushed ahead with his earlier plan to sort out from among the state-run "problem companies" those which could be classed "viable" and those "non-viable." The intention was to sell out to private interests the former and close down for good the latter, in order to relieve the Exchequer of the immense burden of keeping them going under state management on subsidies

### About face

This is where Simitis trod on the toes of the "Nomenclature" because it meant the loss of very lucrative jobs and the often valuable "perks" that could go with them. By then, the "radicals" who never liked Simitis, were on the war path. When, in the late Autumn of 1987 Simitis had to inform the Cabinet that, obstruction to his two-year austerity plan had led to its partial success only and that a third year of austerity, with minor concessions only would be needed, the "radicals" laid their cards on the table. They said the political cost would be prohibitive for PASOK. Simitis insisted that any other policy would only lead back to the situation at the end of 1985.

This is where what can only be described as undignified procedure began. The Cabinet and the special KYSYM and ASOP ministerial councils met on successive occasions through October-November 1987 to consider the situation with the Prime Minister clearly throwing in his weight with Simitis and at the final ASOP meeting on November 24th, the eve of the day when the Minister of Finance, Dimitris Tsouvolas would be presenting his 1988 Budget to Parliament, the Council chaired by the Prime Minister endorsed Simitis' plan which he announced publicly a little later that same evening. No correction to the plan or other government quarter commented upon it the next morning. But there was a meeting during the day between the Prime Minister and a few of the radical party hard-liners.

When Parliament assembled in the evening to hear the 1988 Budget being read, the Prime Minister took the rostrum and announced extensive reversal of some of the more important points of the Simitis 1988 economic policy plan. The reversal implied reversion to hand-outs to the workers and a trend toward the theory of "spend your way to economic growth." Reportedly, the leaders of the "radicals" had told the Prime Minister that the crowds had taken to the streets in Athens in protest at the prolongation of the Simitis austerity package and that the PASOK party machine was not prepared to tolerate such a politically damaging situation.

### Clear move

Simitis, present in Parliament and, taken completely by surprise, promptly walked out of the House, handing in his resignation a little later. In a very dignified letter Simitis told the Prime Minister that he could not engage in implementing a policy against which he had been ad-

vocating and which had been roundly condemned by all officials and technocrats connected with the subject, at successive meetings over which the Prime Minister had presided and agreed.

Of course, those capable of reading between the lines, had no difficulty in picking up the message that Simitis was, at the same time, implying that the Prime Minister himself was now advocating a policy which, only hours earlier, he had still been rejecting.

It may sound callous but it remains a fact that Greece's foreign partners care little for the political fate of one or more of Papandreou's ministers, no matter how much personnel sympathy and respect they may feel for the individual concerned. What they want is consistency on the part of the Greek government with declared policies and adherence to undertakings assumed. Otherwise they cannot do business with it.

In this latest shake-up, they see party political considerations superceding what would seem to be the country's economic interests and, indirectly, their own interests as Greece's foreign trading partners. Nobody wants commercial dealings and still less investment risks in a country which is seen to be reverting to policies which two years earlier were leading it up a path to bankruptcy.

A senior official abroad, believed to be connected with the OECD, remarked on November 27th that "Mr. Papandreou appears to be playing with fire." At home, the Athens Stock Exchange took a plunge with values across the board in three days of transactions falling 26%. The chairman of the Federation of Greek Industries said this sudden reversal of economic policy would deal a crushing blow to the timid recovery in private investment which had begun to make its appearance of late.

There is not even the consolation that the last-minute promise of fresh hand-outs to the workers in 1988 has calmed the unrest feared by the PASOK aparat. The strikes are continuing together with street demonstrations and the Athens Labor Center has now called for a general strike on December 15. In the meantime, the trade unions are asking for a 27% increase in minimum guaranteed wage salary rates in contrast to Simitis' effort to ensure a four-month gap between granting a 4.5% increase and a further 4.0%.

As a sideline to all the foregoing, it is of interest to record the reaction of the Minister of Finance when asked to comment on Simitis' resignation and its possible consequences on the economy. He was quoted as saying "above all the Prime Minister." His reply can only be interpreted to mean, no matter what the consequences, the Prime Minister's well being comes first.

Another small incident which seems to have escaped broader publicity was the fact that, after Panayotis Roumeliotis had been sworn in as the new Minister for National Economy, instead of party personalities calling upon him to pay him their respects and congratulate him upon his new appointment, he was summoned to appear before the PASOK Executive Bureau, which he obediently did. When things like this happen, people can hardly be blamed if they conclude that decisions are not made by Ministers but by unseen party conclaves.

—George Ventry-Canning

December 7, 1987

GREECE'S WEEKLY/9



## The 1988 budget

Some good, some bad and a mixed reaction to the new budget

The 1988 Budget took a poor second place this year, after coinciding with the dramatic events connected with the resignation of the Minister of National Economy Mr C. Simitis on the day when it was presented to Parliament. As everybody expected, it was tailored to fit the Government's 1988 economic policy. In broad lines it foresees a 20% increase in inland revenue and 21.5% higher spending than in 1987 with an overall deficit of 1.5 trillion drs (the term "overall" signifying inclusion of the deficits to be incurred by public utility corporations and state-run enterprises).

### Plans must change

A blow to public enterprise has been dealt by the imposition of an extraordinary levy of up to 10% of 1986 net company profit realised by all firms maintaining class "D" accountancy (this virtually covers "societes anonymes and limited liability companies).

The effect will, of course, be a strong deterrent to any further private investment, although the Government thinks otherwise. Moreover, it will put several businesses in an awkward position. This is because, after having paid their normal company tax on 1986 profits and after paying out dividend on the same, business firms had planned what they would do with sums left over (if any) to be re-invested. Now they must cut down on such re-investment plans in order to pay their retroactive tax.

In certain cases, firms are known to have ordered machinery, counting on the availabilities of these funds. If they had no money left over to re-invest, they will have to take the money out of their 1988 operating funds, in order to pay the 1988 instalments on this retroactive levy. Either way, it will retard prospects of economic growth, as far as the private sector is concerned, simply for the sake of raising the odd 20 billion drs. extra tax revenue when the 1988 overall budget deficit, as stated above, is already known to end up at something like 1.5 trillion drs. As for the public sector it has no money to spend on investment. So the net result will be lower production and more unemployment.

### VAT reductions

A feature of the 1988 Budget which can interest foreigners having commercial transactions with Greece is that 1987 experience in the implementation of VAT has shown that the 36% tax scale imposed on

a number of goods and services has proved counter-productive and so the following reductions have been announced.

### Goods and services transferred from the 18% to the 6% V.A.T. scale:

Children's foodstuffs; Cheeses of the types Metsovone, Metsovisio, Metsovela, Pecorino, Dodoni, Kefalograviera, Vlahotyri, Ladotyri and Baski; Canned fish except Salmon, Swordfish and Caviar; Prepared salads and sauces; Bricks and Roof Tiles; Concrete reinforcement Rods and Mesh; Cement bricks, paving slabs, Concrete Mosaic Tiles; Bottled Table Water; Ice Blocks; Avocado Fruit; Orthopedic equipment; Fittings for Bone Fractures; Items and Equipment for Dental and Optical medication; Hearing Aids; Other items for helping the Disabled; Works of Art Originals in painting, sculpture, engraving, lithography; Wheat Glutene; Quail and Quail Meat; Timber; Hothouses of wood, aluminium, cast iron or steel frames; Farm Machinery components; Acarea (insects used in lieu of pesticides); Copper Alloys; Petroleum Briquettes; Hemp, Jute and other Natural Fibres; Brooms and Rushes used for Brooms; Oilpress centrifugal machines and lifts; Garbage-Collecting Trucks Superstructures.

### Services transferred from the 18% to the 6% scale of VAT:

Cafeterias and pastryshops; Shoe and Clothing Repairs; Seamstresses; Hairdressers class "A" or Luxury; Shoeshine shops; Boiler and Lift Maintenance; Carpet cleaning workshops; Computerisation, Setting of Programs, Analyses; Foreign Press Journalism; News Agencies; Proof Reading; Baths and Seabathing facilities; Sociologists-Psychologists; Geological Analyses; Geophysicians; Cine-operators, Tele-stage managers, Sound Recorders, Cameramen; Broadcasters; Gymnasium and Dance Schools.

### Goods transferred from the 36% to the 16% scale:

All kinds of watches and clocks; TV serials, Radio Sets, colored TV closed Circuit sets from computers; Dental Creams, Dental Rinsing mixtures; Shampoos and Space Deodorants; Shells, unprocessed, Unprocessed Coral; Sports Gun cartridges.

### Goods upgraded from the 6% to the 16% VAT scale:

Standardized cat and dog foods; Plastic in all forms of pulp, powder, grains, flakes or sheets or in finished form of strips, plates, pipes or rods, as described under paragr.64A/E of addendum II of Law 1642/86; Water-Softeners.

—George Ventry-Canning



## NEWS BRIEFS

### PUBLIC AFFAIRS

#### Blue Day of Humanity

The New Democracy (ND) Women's League has declared December 17 as "Blue Day of Humanity."

In a circular to the League's branches throughout the country, its 200,000 members are called on to actively display their humane sentiments on that day with visits to hospitals, orphanages, old age homes, asylums and jails.

### ECONOMY

#### Inflation rate

The annual increase in the inflation rate in Greece will reach 15.3% at the end of the year, as against 21.9% in 1986, according to provisional figures released by the EEC's statistics organization EUROSTAT.

According to the figures released, the Consumer Price Index (CPI) in Greece rose by 3.1% between September to October. The overall CPI increase for the entire Community during that period was 0.5%, a substantial increase following five months of minimal increases of 0.1%-0.2%.

The increase in the Greek CPI, following a 2.2% rise between August and September, was chiefly due to substantial price increases in clothing and footwear, and the effects of Value Added Tax (VAT) on those products.

The annual inflation rate calculation for the entire Community stood at 3.4% in October, as against 3.1% in October 1986.

A decline in the annual inflation rates was ascertained in Greece, Denmark, Spain and Portugal.

### NATO

#### DPC meeting

Deputy Premier and National Defense Minister Yannis Haralambopoulos participated in the Autumn Session of the NATO Defense Planning Committee held in Brussels earlier this week. The Committee is comprised of the defense ministers of all the NATO member states with the exception of France, which is not participating in the Alliance's military wing.

He also attended a meeting of the NATO Eurogroup, comprised of the Defense Ministers of the European allies.

Mr. Haralambopoulos had private talks with new U.S. Secretary of Defense Frank Carlucci, and NATO Secretary General Lord Carrington.

### ENERGY

#### London meeting

The London-based Greek energy studies foundation sponsored a discussion on the energy problem in Greece last week.

Speakers at the discussion stressed the major position held by electricity in the Greek energy balance, and the country's limited participation in EEC energy conservation pilot programs.

### CULTURE

#### Classical music

The National Lyrical Theater is producing a double album containing unique performances of various arias by famous Greek lyrical artists.

Performers include Costas Pashalis, Zante Piliou, Kiki Morfoniou, Fofi Saran-topoulou, Thanos Petrakis and others.

### SHIPPING

#### Maritime school

A University of Maritime Studies will be established in Piraeus.

The idea was first conceived by the Merchant Marine Ministry in 1985, and is under scrutiny by a Ministry committee.

### INFORMATICS

#### TESYP formed

A Technical Council of Informatics (TESYP) has been formed, by joint decision of the Ministers of Education, Industry, Energy and Technology and Minister to the Prime Minister's Office to carry out studies and advise the Government Council on Informatics (KYSYP).

The TESYP is comprised of nine scientists specializing in the field of information technology.



### PUBLIC AFFAIRS

#### Peace rally

The Halandri Municipal Council has unanimously decided to sponsor a peace rally on December 7, the scheduled date of the U.S.-Soviet summit meeting at which U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev are expected to sign an agreement abolishing intermediate nuclear missiles.

The rally will be sponsored in cooperation with various peace movements.

### EDUCATION

#### Strikes

The teaching personnel of public high schools and lyceums and private schools staged a 24-hour strike throughout the country, while university and technical school students continued takeovers of classrooms.

The teaching personnel are demanding financial upgrading, a more substantial ATA, and increase in education spending to 15% of the state budget expenditures.

### HEALTH

#### VAT repercussions

Hospital deficits have reached 10 billion drs. so far this year.

The 18% Value Added Tax (VAT) imposed on pharmaceutical products and other medical supplies have resulted in hospitals being unable to pay their suppliers since August. Suppliers have warned the hospitals that they may be forced to discontinue supplies if the debt is not decreased.

According to assessments by businesses, hospitals owe more than five billion drs. to pharmaceutical companies alone.

The Health Minister recently granted an additional four billion drs. subsidy to hospitals for operational needs and payments to suppliers, and another three billion drs. for equipment. Of course, the sum is minimal compared with the 20 billion drs. deficit, which was chiefly caused by the fact that the VAT imposed on such supplies had not been taken into consideration in the 1987 budget expenditures.

### EDUCATION

#### Takeovers

About 300 students from the Athens Polytechnic and other schools staged a symbolic takeover of the private American college Southeastern in Kifissia, in a bid to halt the privatization of education and close all private foreign schools and colleges in Greece.

Minor clashes broke out between the protesters. The demonstrators occupied the building for about an hour before departing peacefully.

### ECONOMY

#### SEB views

Federation of Greek Industries (SEB) President Theodore Papalexopoulos warned last week that the Greek economy must move out of its "institutional backwardness" and the "sclerosis" caused by a plethora of regulations as soon as possible.

He said if Greece had not adapted itself long before the 1992 integration of the EEC's internal market, its financial agencies would not be able to adapt in time to the new conditions to arise from integration, and will be in danger of being bombarded by new agencies from other EEC

## NEWS BRIEFS



member states, not only in the industrial sector, but also in the fields of banking, agriculture and retail trade.

He was addressing the Hellenic-British Chamber of Commerce on "Speed of adaptation: the key to competitiveness."

### MARKET

#### Wine exports

Greek wine exports last year marked a 30% increase over 1985, reaching \$42 million as against \$32.3 million in 1985.

West Germany absorbed 26.8% of the wine exported, France 21.7%, The Netherlands 16.5%, Belgium 6.9% and the U.S. 6.7%.

### AIR FORCE

#### Plane crashes

An Air Force plane crashed into the sea off the island of Skyros last week while on a training flight.

The pilot bailed out successfully. The National Defense Ministry said a committee of experts, headed by a high-ranking official, was investigating the cause of the accident.

A professional school for craftsmen reproducing museum exhibits has been founded, with 30 students presently enrolled. Studies are for nine months, with theoretical and practical training. Graduates of the school will be hired by the Archaeological Resources Fund (TAP).

Archaeological studies at National Resistance (formerly Kotzias) Square are near completion, it was announced last week. Work is continuing on the restoration of buildings uncovered during the diggings.

The U.S. State Department last week expressed relief that no injuries ensued when a group of Cypriot women broke through the UN-controlled buffer zone (Greek Line) between the free and Turkish-occupied sectors of Cyprus. The group, members of the Women Walk Home movement, were protesting the perpetuating occupation of the northern sector of the island republic, under a banner "We come in Peace." The State Department urged all sides to display self-control and to continue working with the UN Secretary General for a Cyprus solution.

The UN Peacekeeping Force in Cyprus (UNFICYP) erected a wire fence along the entire Greek Line after the Women Walk Home movement forced its way through the buffer zone and into the occupied Turkish Cypriot sector. The Nicosia government intends to protest the action, according to sources.

Construction work on the train lines between Thebes-Tithorea and Domokos-Larissa will soon be open for circulation, the Greek Railways Organization (OSE) announced last week.

An exhibition of manuscripts by Greek poet Angelos Sikelianos will open at the Thessaloniki Cultural Center on December 8. The manuscripts come from the literary archives of the University of Thessaloniki's Middle Ages and Modern Greek Studies department.