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10 July 1980

West Europe Report

(FOUO 30/80)

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CONTENTS

THEATER NUCLEAR FORCES FRANCE

COST, EFFECT OF GISCARD'S DEFENSE PLANS WEIGHED

Paris VALEURS ACTUELLES in French 2 Jun 80 pp 20-22

[Article by Francois d'Orcival]

[Text] The UDF [French Democratic Union] report on defense came out a week late. If it had been released on 19 May, the day of the Wilna meeting between Giscard d'Estaing and Brezhnev, it would have projected quite a different light on that tete-a-tete. In diplomacy, says a career man, the expression of force has to be as closely bound to a willingness to talk as are the two sides of a coin. The French president had left with the appearances of a man "traveling light." But 8 days later, on 27 May, it was learned that he had approved the orientation of a document containing specific signs of the force that had been lacking.

The UDF report does in fact set a serious objective for France's military program: spending should be close to 20 billion francs more this year (107 billion instead of 88 billion). That is a 20 percent increase over the current budget. "That is the minimum price to be paid for the defense that France wants to have."

These figures are eloquent--especially when the same report states that "the neutron bomb" should form part of our overall deterrent force. And that France should therefore build the neutron bomb.

The Neutron Weapon

For 20 years the Soviets have been campaigning against the production of this weapon. First Nikita Khrushchev, and then Leonid Brezhnev. And they have had some success in their

campaign since, in order not to displease them, no western nation has yet included the neutron bomb in its arsenal.

Until now the Soviet general staff has been pleased with this comfortable situation, in which the east prepared battle plans, and the west prepared "no-battle" plans. The east held the initiative and the west was left with the surprise. Using this assymmetry, the Soviet Union toppled the old balance of forces for its own benefit.

The west, unless it were to admit defeat, had to change its language and its methods. That is exactly what it has done. "The best way of beating an enemy is to attack him with his own strategy," said the Chinese, Sun-Tsu.

Under its academic appearance, the report signed by Jean-Marie Daillet, chairman of the UDF's defense commission, holds all the keys to the new strategic debate. These keys are called "graduated deterrence," "deterrence by battle," "enlarged sanctuary," "forward battle," and "antiforce weapons."

These concepts are not the UDF's property. They were officially used for the first time 4 years ago, on two occasions, before the IHEDN [Institute for Advanced National Defense Studies]. First by General Mery, armed forces chief of staff on 14 March 1976, and then by Giscard d'Estaing on 1 June 1976.

The chief of state had spelled out his four-point doctrine: the strategic nuclear force is necessary but not sufficient in itself ("graduated deterrence"); the security of Europe is vital to France's security ("enlarged sanctuary"); the French army must be capable of taking part in the battle of Europe to defend this mutual security ("forward battle"); and finally, France must have a powerful intervention force.

The reaction was considerable. The chief of state was attacked on two points: he was accused of liquidating the Gaullist philosophy (wrongly interpreted as the defense of France alone), and he was accused of wanting to join NATO once again.

The president and his chief of staff remained silent; neither of them spoke any more about "doctrine." The government had its military program law passed, began--at the request of Mr Chirac and Mr Debre--work on a sixth nuclear submarine, and began a structural reform of the army, leaving philosophy aside. At least in appearance.

The sentence closing Giscard d'Estaing's 1 June 1976 speech had been forgotten. Quoting Louis XV at Fontenoy, putting an end to the debates of his staff officers, he said: "Gentlemen, I have chosen the policy; it will guide the action."

This meant that the chief of state had defined the strategy, and the armed forces were to put it in practice. The military left the stage, and the politicians then made their entrance. The Daillet report is the result of this work.

This 70-page report entitled "A Defense Doctrine for France" was under discussion for 18 months, announced for last winter, delayed, leaked out, and completed in its first version on 10 March.

Its main drafter, Mr Pascal Fontaine, last year co-authored a work of strategy with Lt Col Doly, entitled "Euroshima" (see our 27 Aug 1979 issue). The working groups were made up of both civilian and military representatives. Among them were deputies, diplomats, and experts. Some members were: Mr Max Lejeune, former minister of defense, Admiral de Joybert, former chief of staff of the navy, General Grigaut, former chief of staff of the air force, General Thiry, Admiral Delahousse, General Caillet, former director of the IHEDN, and General Beauvallet of the national defense secretariat.

The central idea of the document is the rejection of the nuclear "all or nothing" concept, of the doctrine of massive reprisals, according to which any adversary attempting an aggression, no matter of what sort, is threatened with atomic blasts. That is suicidal, and not very credible, says the report.

The explanation lies in this one question: what chief of state would coolly decide to respond to a conventional or limited Russian aggression by a reprisal measured in megatons against the Soviet people, knowing full well that this would immediately mean a holocaust for his own people?

A reprisal must necessarily be of the same nature as the attack. The strategic nuclear force (submarines, missiles, heavy bombers) protects the population and it is therefore, for the enemy, an antipopulation weapon. But it is only that.

The report spells this point out clearly: "If the strategic nuclear force is indeed a deterrent when it is a matter of

protecting the national sanctuary against a nuclear aggression, on the other hand it is much less so if the enemy, speculating on its limits and its random nature in other hypotheses, begins operations against France's allies and neighbors, aiming particularly at maritime communications and threatening all of Europe, and consequently France, with strangulation."

Defense for that reason can not be based on a single weapon system, but on a full panoply. That is exactly what Raymond Bourgine pointed out in VALEURS ACTUELLES on 4 February 1980 in his article, "Total Defense." The nuclear panoply must include a "strategic antipopulation cover," and "antiforce weapons" so that it can act elsewhere, and in particular, to protect our "German buffer zone."

"Over 20 years ago the doctrine of massive reprisals lost its credibility, and consequently its doctrinal value," says Mr de Rose, former ambassador of France to NATO, in the latest issue of POLITIQUE INTERNATIONALE. 20 years ago, the strategists had no choice: nuclear weapons were so imprecise that their power had to be huge so that they could reach their targets. Deterrence was based on the destruction of cities since these weapons could not strike purely military targets with any precision.

A technical revolution took place: nuclear weapons were miniaturized and their precision, which had been counted in kilometers, is now evaluated in terms of hundreds of meters. They can now (particularly the neutron weapons) be matched to their targets. "And so take part in the battle," concludes the UDF report.

This idea of battle is a strategy that contradicts the strategy of deterrence, maintains Mr Chirac.

The head of the RPR [Rally for the Republic] is still under the influence of the "Gallois doctrine," according to which France can have only a system of nuclear weapons and an intervention force: schematically, submarines, police, and paratroopers. That is a concept of deterrence frozen by the "no-battle" reflex.

Producing neutron bombs, says Mr Chirac, would mean once again replaying the scenario of the war before last.

"The dialectics of deterrence," answers the Daillet report, "excludes in principle the escalation of conflicts up to a battle that would mean its failure, but it is also true that

a systematic refusal to engage in battle would be contrary to the concept of deterrence."

That is particularly true in the German psychology. France can only hope for German confidence in its nuclear commitment (which would deter it from a new Rapallo with Soviet Russia) if the "Forward battle" with its allies on the eastern front is included as part of the French strategy.

The UDF report identifies very clearly the "political-military threat": the Soviet Union, "now capable of carrying the weight of its arms to any point of the globe." Against that threat, Giscard d'Estaing's ambition is to make France the protector of free Europe. There can be no strategy without means. Our military spending is today about 3 percent of the PNB [Gross National Product]. The UDF wants it to be increased to 4 percent. It is the extra 20 billion francs that will make the difference. And that would change the appearances of a Warsaw meeting.

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CSO: 3100

COUNTRY SECTION FRANCE

ONERA 1980 AEROSPACE PROGRAM OUTLINED

Paris AIR & COSMOS in French 24 May 80 p 16

[Article by Jacques Morisset]

[Text] The 1980 program of the National Bureau for Aerospace Studies and Research (ONERA), as in every year, shows research directions and subjects but also enters into a budget whose broad outlines are themselves indeed revealing.

The Burea's operating budget rests upon direct government participation and upon contracts awarded. This year direct government participation amounts to 245 million francs, of which 233 million come from the Ministry of Armed Forces, 6 million from the Ministry of Transportation, and 6 million from the State Secretariat for Research (compared with 228 million francs in 1979); contracts represent 257 million francs, to which must be added 7 million francs for accessory products, or a total of 264 million francs (compared with 198 million and 6 million in 1979), it being understood that these are only estimates; thus the grand total will amount to 509 million francs, compared with 432 million in 1979, which represents a probable increase of 19.8 percent in current francs. (As a matter of fact the greater part of the contracts are financed directly or indirectly by the government.)

How is this budget allocated? Aeronautics, properly speaking, will account for almost half of it, provisional distribution being as follows:

--aircraft, helicopters, and airborne equipment--169 million francs, or 33 percent;
--turboengines, nuisances (noise and pollution), and materials-- 80 million francs, or 16 percent;
--strategic and tactical missiles and associated equipment--145 million francs, or 28.5 percent;
--space (launchers and satellites)--13 million francs, or 2.5 percent;
--extra-aerospace field--13 million francs, or 2.5 percent; and
--multi-purpose objectives, that is, basic research--80 million francs, or 17.5 percent.

The investment budget amounts to some 70 million francs (compared with 72 million in 1979, of which 15 million were for Le Fauga); of this 70-million sum, 61 million came from the government (56 million from the Ministry of Armed Forces, and 5 million from the Ministry of Transportation), the 9-million remainder representing the Bureau's own resources, but are dependent upon wind tunnel tests.

The allocation is approximately as follows:

--Chalais-Meudon (wind tunnels)--5.5 million francs;

--Palaiseau (energy-related test installations)--9 million francs;

--Modane--14.5 million francs;

--Le Fauga--6 million francs (of which 4 million are devoted to the development of this center);

--Chatillon (physics, materials, and structures laboratories)--23 million francs;

--CERT [Center for Technical Studies and Research?] (Toulouse)--7 million francs; and

--General facilities (particularly a numerically controlled machine for rapid fabrication of necessary models)--5 million francs.

Last, staff is practically unchanged at 1987 persons.

Research Subjects

In the aeronautics field, properly speaking, there is, of course, a "common [tree] trunk," exemplified, for instance, by basic aerodynamic studies, (flow, supercritical profiles, and so forth) and by consideration of cryogenic wind tunnels which constitute one solution to the problem of attaining high Reynolds numbers; such work is, in fact, of as much benefit to combat aircraft as to transport aircraft. The CERT is continuing development of pilot scale elements: blast wind tunnels and "constant" wind tunnels; moreover, the T2 wind tunnel is of possible use in cryogenic testing and tests of adapted instrumentation. ONERA is thus preparing to participate in development of the future European wind tunnel. Preliminary calculation techniques have been developed but putting them into use rests upon the capabilities of computers; in that area obsolescence is rapid, data processing technology evolving rapidly. Whence the necessity for developing high-performance facilities, in the face of the needs of cooperation and the pressures of European competition.

That remark is as valid for the Airbus program as for the studies related to motors. In fact, 80 percent of the time ONERA's computer is working for Germany. For example, there should be noted the installation, at the request of the DTCA [Technical Directorate for Aeronautical Construction], of a data bank related to estimating weight.

As for materials, studies and research are of course continuing on light alloys, but to be noted are the efforts directed to composite materials (methods of characterization, aging studies, adhesives, and verification of the durability of products) and the need to accentuate the effort already devoted. The structural calculations for the method of finite elements are close to completion; studies of lightning strikes are also continuing, in cooperation with the EDF [French Electric Power Company], the CNRS [National Center for Scientific Research], and the CEA [Atomic Energy Commission] and have already enabled some success to be achieved by manufacturers who have need to protect the avionics of their airplanes. The problem has been complicated by the advent of composite materials which must be metallized; in fact, there is a trend toward "electrostatic qualification."

In the field of combat aircraft, work in five directions is observed:

--general automatic control, which will lead to automatic flutter controls when carrying external loads (research in cooperation with the United States), and studies of flight in turbulent atmosphere (low altitude penetration), piloting upon objectives, and of special control surfaces (establishing direct lateral forces to facilitate firing);

--flying at large incident angles, which poses aerodynamic and mechanical flight problems (nonlinearity of equations);

--the long term RAPACE (Aerodynamic Research for Advanced Combat Aircraft) is being conducted in cooperation with Dassault;

--studies of supercritical profiles and wings with Dornier and AEROSPATIALE [National Aerospace Manufacturing Company]; and

--studies of radar signatures and equivalent surfaces.

In the field of civil aircraft research is directed to the Airbus program and its derivatives; it is being carried out at three levels: "adapted" profiles and wing shapes in plan (efforts are being devoted to verify the calculation programs being used) within the scope of an exploratory research subject in cooperation with AEROSPATIALE; studies of complete wings (calculations and wind tunnel tests) again in cooperation with SNIAS [=AEROSPATIALE], and beyond short term applications; studies of variable aerodynamics for the purpose of decreasing the tail-in loads of action on the wing extremities, whence very advanced research on control surfaces actuated by wide bandpass actuators; studies of interaction between propulsive jets and

nacelles (optimization of geometry) with tests upon models at Modane S2 and S3 and Le Fauga F1, which will enable representative Reynolds numbers to be obtained by means of circuit pressurization; studies of lift augmentation, still for the Airbus, at the request of the industry; and, last, studies of the "prop-fan" and propellers, in the wide sense of the word, with application of new materials, with probable benefit for transport aircraft of the third level.

11706
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COUNTRY SECTION FRANCE

SECOND ARIANE LAUNCHING OPERATION DESCRIBED

Paris AIR & COSMOS in French 24 May 80 pp 29-30

[Article by Pierre Langereux]

[Text] Following upon the successful firing of the new European launcher Ariane [Ariadne] on 24 December 1979, the second of the four flight tests of the rocket was supposed to take place yesterday, 23 May 1980, at the Kourou base in French Guiana. This second firing (LO2) was to have been made in daytime, within a 3-hour time slot between 0830 and 1130, Kourou time, or between 1330 and 1630 hours, Paris time.

This launch preparation, which began 2 April 1980, mobilized the entire staff of the Guiana Space Center (CSG), about 700 persons, and a special detachment of 150 from the CNES [National Center for Space Studies] and manufacturers which constituted the launching team. The CNES, having learned much from the first thrilling launch, this second launch preparation took about 1 month less than that for the first (56 working days). Thus it was effected in 33 working days for preparation of the launcher (and a little less for the payload) by three teams working without interruption from 0600 hours in the morning to midnight, every day except Saturdays, Sundays, and holidays. The three launcher stages were successively erected on the launching pad on 4,8, and 14 April, followed by the equipment compartment on 15 April. A test of the chronological sequence of the cryogenic third stage was performed on 30 April, followed at the beginning of May (J-12) by an overall inspection of the launcher and erection of the complete payload (LO2 assembly). The complete rehearsal of the launch effected on 16 May (J-5) proceeded satisfactorily as did the review for flight suitability on 19 and 20 May. The countdown therefore began as planned on J-1, at precisely 27 hours 5 minutes before ignition of the launcher.

The second Ariane rocket (LO2) is identical with the first (LO1). It is a launcher of conventional design, with three stages, 47.4 meters high, and weighing 210.5 tons at take-off; of this weight 90 percent consists of the propellants (fuel and oxidant; structures constitute a little less than 9 percent of the total weight and the payload less than 1 percent).

The L 140 first stage is propelled by four Viking 5 turbopump motors developing 245 tons of thrust at take-off. It burns 147.6 tons of propellant (UDMH [unsymmetrical dimethylhydrazine] and N_2O_4 [nitrogen tetroxide]) in 146 seconds of flight.

The L 34 second stage has a single Viking 4 turbopump motor of 72 tons thrusts (in vacuum), and burns 34.1 tons of the same propellants in 136 seconds of flight.

The H 8 third stage is of cryogenic propulsion (liquid hydrogen and liquid oxygen), the first such constructed in Europe. It has a HM 7 turbopump motor of 6 tons thrust (in vacuum) which burns 8.2 tons of propellants during its 545 seconds of flight.

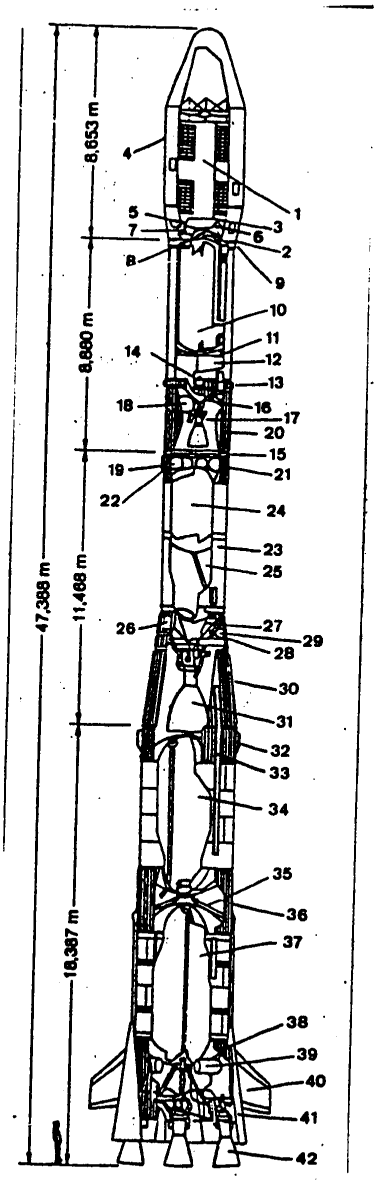
The equipment compartment (326 kilograms) combines, around a computer, all the electrical and electronic flight control equipment (sequencing, guidance, piloting, localizing, telemetry, and remotely controlled destruction) except for power supply and operating elements distributed in the stages. The compartment also serves as the carrying structure for the payload (1.7 tons maximum) and the metallic nose cone which protects the satellites while they traverse the atmosphere up to its separation at about 120 kilometers altitude.

This second test flight (LO2) had two main objectives.

First, to confirm the results of the first launch which had already provided a strong presumption of satisfactory operation and performance of the launcher. But definitive operational qualification of the Ariane launcher will be established only after at least two successful firings. The 23 May launch was therefore a decisive step toward successful completion of the launcher development program and its entry into service, now planned for the summer of 1981.

But for the first time the Ariane launcher carried a real payload in addition to the CAT technological capsule installed specifically--and only--for the flight tests. In this case there were two German satellites: the scientific Firewheel satellite devoted to study of the magnetosphere, and the small AMSAT-Oscar 9 satellite of amateur radio operators.

The launch of this second Ariane rocket therefore introduced a new element for the teams responsible for the launcher and the launching area who now had to adapt to the requirements of Ariane users, particularly in the matter of the firing time slot and in preparation of the payload in the new installations (payload preparation units) constructed for that purpose at Kourou. Launching the rocket is not an end in itself but simply the means of fulfilling a mission: placing satellites in orbit. Henceforth the customer will be king at Kourou!



The Ariane Rocket-Principal elements

Key:

1. payload 2. Nose cone separation plan 3. payload-third stage separation plane 4. Nose cone 5. equipment 6. payload adapter 7. equipment compartment 8. gas tight barrier 9. antennas 10. Third stage liquid hydrogen tank 11. anti-sloshing baffles 12. Third stage liquid oxygen tank 13. acceleration rockets 14. attitude control and roll control systems 15. Second-third stage separation plane 16. Third stage motor support 17. HM7 third stage motor 18. Helium spheres for pressurization of third stage tanks 19. Helium spheres for pressurization of second stage tanks 20. Second-third inter-stage skirt 21. Second stage forward skirt 22. Retrorockets (3 for second-third stage separation) 23. anti-sloshing baffles 24. N_2O_4 tank for second stage 25. UDMH tank for second stage 26. Second stage motor support 28. First-second stage separation plane 29. Second stage toroidal water tank 30. First-second inter-stage skirt 31. Viking 4 second stage motor 32. Retrorockets-eight for first-second stage separation 33. Electrical cable gutters 34. First stage nitrogen peroxide tank 35. First stage nitrogen tetroxide supply pipes-four 36. First stage inter-tank skirt 37. First stage UDMH tank 38. First stage motor support 39. First stage toroidal water tank 40. Stabilizer fins 41. Fairings 42. Viking 5 motors-four-for first stage

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COUNTRY SECTION FRANCE

CONSTRUCTION OF 15 ARIANE LAUNCHERS NOTED

Paris AIR & COSMOS in French 24 May 80 p 34

[Article by Pierre Langereux]

[Text] Construction of 15 Ariane [Ariadne] rockets has already been committed. This represents a number practically equivalent to all other rockets built in Europe in the last 20 years.

In addition to the first four rockets (L01 to L04) of the development program, intended for the test flights for final qualification of the launcher, there are in fact 11 operational Ariane launchers (L5 to L15) now under construction.

These include the construction of a just mass produced lot (called "the promotional series") of six rockets (L5 to L10) whose production was definitely decided in April 1978 by the member countries to avoid an interruption between the tests and operational launches. This phase covers the manufacture and launching, under the responsibility of the ESA [European Space Agency] of six rockets (including one spare) for the launches planned in 1981 and 1982 (but some have been deferred until 1983). Five rockets have been allocated to specific missions: one for the INTELSAT organization for launching one of its INTELSAT 5 satellites, three for the European EXOSAT and ECS 1 and (a double launching) MARECS B and SIRIO 2 satellites, and one for the French TELECOM 1A satellite (in lieu of the SPOT planned for 1984).

Within the scope of this promotional operation there have also been built certain new installations on the Kourou base for preparing and storing of payloads (satellites and apogee motors) prior to launching. These units for payload preparation (EPCU) comprise four specialized buildings. They will be fully available for the L03 firing but a portion of the installations and facilities was already used for the L02 firing. Construction of a second production run of five additional launchers (L11 to L15) was decided in July 1979 with commencement of long term provisions, the ESA member countries having here, too, wanted to assure continuity of operations beyond 1982.

Production and launching of this second production lot of rockets (starting with the seventh operational launcher), as all that follow will be assured, not by the ESA, but by ARIANESPACE, a private corporation established under French law on 26 March 1980 with capitalization of 120 million francs distributed among the CNES [National Center for Space Studies], the principal stockholder (34.2 percent), 11 European banks, and 36 firms from 11 countries among the principal manufacturers in the Ariane program. France holds the majority of stock in the ARIANESPACE firm (59.45 percent), whose board of directors includes seven Frenchmen among its 12 members. Four members represent the CNES, three the principal German manufacturers (MBB [Messerschmitt-Bolkow-Blohm] and ERNO), and three the other European manufacturers; there are also four advisors who have a consultative voice, one of whom represents the ESA. The president general manager of ARIANESPACE is Frederic d'Allest, director of launchers at the CNES and by virtue of that office the chief responsible official of the Ariane program. In this task he is assisted by two assistant general managers, including Klaus Iserman of Germany, to whom will be attached industrial management (production and project team) assigned to Claude Kuievre; operations directorate (transportation, logistics, and management of launch facilities) occupied by Herbert Palmiere, and the ARIANESPACE commercial directorate.

ARIANESPACE STOCKHOLDERS
(provisional)

France	59.25%	Switzerland	2.70%
CNES	34.00	Contraves	2.15
Aerospatiale	8.50	C.I.R.	0.15
SEP	8.50	F.F.A.	0.10
MATRA	3.70	Union des Banques Suisses	0.30
Air Liquide	1.85		
Comsip	0.10	Spain	2.50%
Crouzet	0.10	CASA	1.9
Intertechnique	0.10	Sener	0.6
SAFT	0.10		
Sfena	0.10	United Kingdom	2.40%
Sfim	0.10	British Aerospace	0.85
Sodetag	0.10	Ferranti	0.85
		Avica	0.30
Credit Lyonnais	0.50	Midland	0.20
BNP	0.50	Barclays Bank	0.20
Societe Generale	0.40		
Paribas	0.40	Sweden	2.40%
Banque Vernes	0.20	Volvo	1.60
		SAAB-Scania	0.80
Germany	19.60%		
MAN	8.1	Netherlands	2.20%
ERNO	5.6	Fokker-VFW	2.20
Dornier	2.8		
M.B.B.	2.8	Denmark	0.70%
Dresdner Bank	0.3	Rovsing	0.50
		Handelsbank	0.20

ARIANESPACE STOCKHOLDER (continued)

Belgium	4.40%	Ireland	0.25%
SABCA	2.6	Adtec	0.15
ETCA-ACEC	1.1	Aer-Lingus	0.10
F.N.	0.7		
Italy	3.60%		
SNIA-Viscosia	1.60		
Aeritalia	0.90		
Selenia	0.90		
Instituto San Paolo di Turino	0.20		

ARTUS and SPACE

The ARTUS firm of Avrille, France is participating in the Ariane program as a subcontractor to SABCA of Belgium for furnishing high performance speed reducers providing, through the intermediary of the hydraulic system, control of the control surfaces of the rocket's third stage. The device, cooled by helium consumes 27 watts. It weighs less than 2 kilograms, has a diameter of 100 millimeters and a length of 120 millimeters, and provides power output of 400 watts at 450 revolutions per minute. Perfection of this equipment required 4 years of studies and tests at ARTUS which made use of its long experience in the field of studies and construction of electronic equipment for servo applications, numerically controlled actuators (rotary and linear), motors, torque motors, and so forth. ARTUS is also participating in the Magic and Super 530 missile programs, the ATLIS laser pod program, and the Airbus, Mirage F1, Mirage 2000 and Mirage 4000 aircraft programs.

[Text by Gerard Collen]
INDUSTRIA and ARIANE

Within the SEP [European Propellant Company] group Industria is devoted to production of electrical, mechanical, and hydraulic components, some of which are intended for the Ariane launcher. The SEP acquired control of Industria in 1968 within the scope of its diversification. Today, after periods of uncertainty, Industria employs 74 persons and has business volume of some 14 million francs, almost all in the aerospace sector, with the parent company accounting for only 15 percent.

In general Industria products are concerned with fluid circuits: kerosene, hydraulics, and radar cooling. Thus there are valves, electrically operated valves, cocks, and pressure switches. Industria also produces electrical components such as limit switches, micromotors, motor reducers, electrical jacks and rotary actuators, and thermocouple temperature sensors. These products are made in a mechanical shop (often working to the hundredth of a millimeter) where some numerically controlled machines programmed on a Mitra 15 are observed.

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CSO: 3100

COUNTRY SECTION FRANCE

NEW 'ARIANE CHAIN' DEVELOPMENT DESCRIBED

Paris AIR & COSMOS in French 24 May 80 p 35-36

[Article by Pierre Langereux]

[Text] For 2 years France has been undertaking the development of a family of Ariane [Ariadne] launchers which will make possible between now and the end of this decade, tripled performance and 60 percent reduction in launching costs in comparison with the present version of the European launchers (Ariane 1).

Development of this "Ariane chain" will be effected in successive stages, starting from the Ariane 1, by using proven or easily attainable technologies, and adapted to European financial resources.

The CNES [National Center for Space Studies] has thus proposed to the ESA [European Space Agency] a short term Ariane launcher improvement program which was supposed to have been adopted by the ESA Council at its meeting on 26 July 1979 and financing of which (66 million accounting units, or about 360 million francs, for the basic program) was supposed to have been approved by the member countries of the council on 21-22 May. France then decided (17 April 1980) to finance this program up to constructing the Ariane 3 rocket.

The presently committed improvement program covers development of two new versions: Ariane 2, which will be able to place a 2,000-kilogram payload into geosynchronous transfer orbit, and Ariane 3, which will be able to place, into the same orbit, a 2,420-kilogram satellite or two 1,135-kilogram satellites (STS-/PAM-D class), which is performance 40 percent greater than that of Ariane 1 at 20 to 25 percent lower cost.

The Ariane 2 launcher will be obtained by keeping the first two stages (L 145 and L 34) of the Ariane 1 but with increased thrust from the motors (by increasing the pressure to 48 bars) and by increasing by 25 percent the quantity of propellants for the 48 cryogenic third stage, which will thus become H 10 with, at the same time, increasing by about 4 seconds the specific impulse of the HM 7 cryogenic motor. The Ariane 3 launcher will retain these improvements, and in addition will have two solid fuels (7 tons) boosters of 70 tons thrust each for take-off.

Ariane 2 and Ariane 3 will be available in the middle of 1983. But interim Ariane 2A and Ariane 3A versions, not yet having improved Viking motors, will be available in October 1982.

The improvement program also includes other options associated with the Ariane 3 such as new nose cones including one of large diameter (3.6 meters), a new double launching system (SYLDA 2), and construction of a second launching pad, ELA 2 (see following article), and so forth.

The CNES also contemplates recovery of the first stage to save 10-15 percent (at least 10 million francs) in the cost of the launcher by reusing the two propellant tanks, the skirts, the motor support, and the turbopumps. The stage in its 80,000-meter free fall would be braked by parachutes, first at 5,000 meters (redirecting and stabilizing parachute) and then at 1,500 meters (descent parachute) to limit the velocity at impact upon the sea to 12-15 meters per second. The recovery of the Ariane first stage is to be tested during the first operational firing (L5) in the summer of 1981. If the operation is satisfactory--and profitable--it may be exploited starting in 1983.

Over the medium term, in the beginning of 1985 a new Ariane 4 version is planned having the same upper stages as Ariane 3 (L34 and H 10) and a first stage (L 210) of the same diameter (3.6 meters) but lengthened to carry 35 percent more fuel. Also planned is a nose cone of large diameter (3.6 meters) and a height (7.5 to 11 meters) adapted to the payload. The development would cost 400 million francs but Ariane 4 will have performance double that of Ariane 1--a satellite of 3.3 tons or two satellites of 1.5 tons each--at 45-percent lower costs.

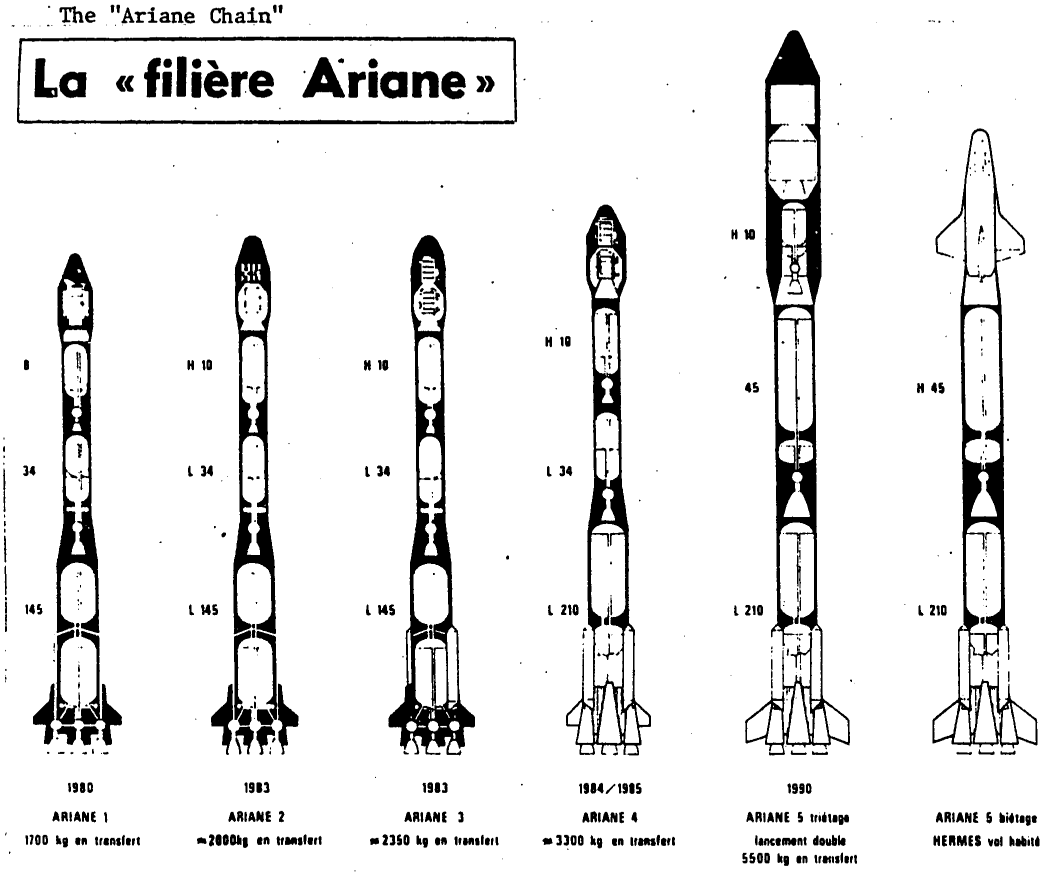
Over the long term, at the end of 1990 the Ariane 5 multipurpose launcher may be built by retaining the first stage (L 210) and the third stage (H 10) of the Ariane 4 with a new cryogenic second stage, H 45 (45 tons of liquid hydrogen and liquid oxygen) equipped with a new motor, HM 60, with 60 tons of thrust capable of being increased to 80 tons.

The motor concerned is cryogenic of medium pressure (100 to 150 bars) with diverted flow, single nozzle and double turbopumps, which will be designed to operate for 360 seconds with specific impulse of 445 seconds. It will take 10 years to perfect the HM 60 motor, the preliminary development of which the CNES has been authorized to undertake since 17 April 1980. More than 100 million francs is being devoted to the early work, the general contractor for which is the SEP [European Propellant Company], with the view toward French-German cooperative development (with MBB [Messerschmitt-Bolkow-Blohm]).

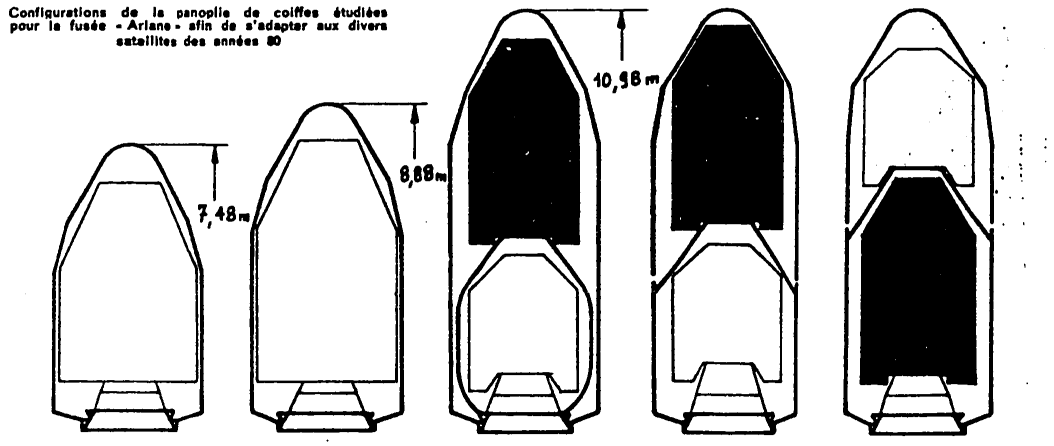
The configuration of the Ariane 5 is still evolving, but in its three-stage version--L10/H45/H10 [sic-L210/H45/H10?] with very large nose cone of 5 meters diameter--it would be able to launch 5.5 tons into transfer orbit at a cost 60 percent lower than that of the Ariane 1.

In its three-stage [sic-two stage?]--L210/H45--version alone the Ariane 5 would be able to place into low orbit large automated stations (TRISAT project) or a mini-shuttle of 10 tons with five astronauts (HERMES project).

The "Ariane Chain"



Ariane 1 1,7000 kilograms in transfer	Ariane 2 about 2,000 kilograms in transfer	Ariane 3 about 2,350 kilograms in transfer	Ariane 4 about 3,300 kilograms in transfer	Ariane 5 3-stage double launch 5,500 kilograms in transfer	Ariane 5 2-stage HERMES manned flight



Configurations of the assortment of nose cones under study for the Ariane rockets in order to adopt to the various satellites of the 1980 decade

11706
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SECOND LAUNCH PAD FOR KOUROU BY MID-1984

Paris AIR & COSMOS in French 24 May 80 pp 36-37

[Article by Pierre Langereux]

[Text] The project file for construction of the second Ariane [Ariadne] launching facility (ELA 2) at Kourou will be presented in June to the Administrative Council of the CNES [National Center for Space Studies] before being submitted for approval of the French government next autumn and to the ESA [European Space Agency] Council between now and year's end. The cost of the project is at present estimated to be in the vicinity of 400 million to 500 million francs.

If the decisions are favorable the heavy civil engineering work could begin in the summer of 1981, which would permit the ELA 2 to be available during the first half of 1984 (a little later than planned) for a launch of the Ariane 3 rocket. Conditioned upon some additional facilities the ELA 2 will also be able to launch Ariane 4 rockets in 1985 but major modification would have to be effected in order to launch the Ariane 5 version from this new launching pad.

The availability of a second launching pad at Kourou, however, will provide confirmation of the commercial, operational nature of Ariane launchings by avoiding a prolonged shutdown of operations in the case of serious accident at the present launching pad.

The entry into service of the ELA 2 will in fact increase the launching capacity of Kourou to one firing monthly or 10 annually with the Ariane 3 and 4 versions and to reduce the interval between launchings to 1 month, whereas the present ELA 1 launching pad, limited to Ariane 1, 2, and 3 rockets, permits only five, or at most six, firings annually, with a minimum interval of 2 months between firings.

However, the CNES states that the ELA 1 launching pad will remain active until the last of the Ariane 3 versions in 1987!

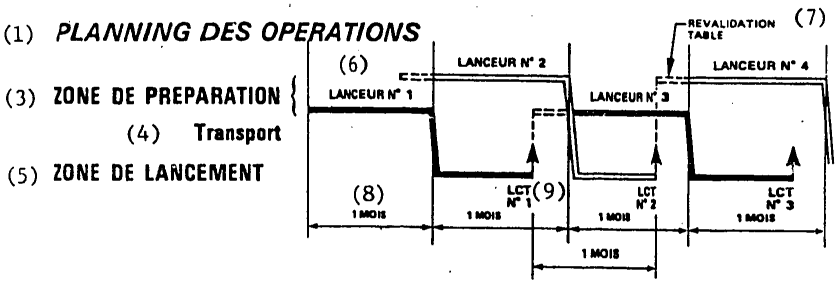
The original decentralized design of the ELA 2 launching pad will permit increased rate of firings because assembly and inspection operations for

the launcher and the launching operations will be performed in separate places. All operations preceding the launching (erection of the launcher, electrical and fluid inspections) will be effected in 20 to 25 days in the launcher assembly and inspection area while operations related to launching (final inspection, installation and inspection of the payload, preparation for firing, and chronology) can be limited to about 15 days at the launch site. The launcher can be transported between the assembly and launching areas (850 meters apart) in 1 hour by means of a transport vehicle on rails: the launcher will be placed upon the launching table (which has been made movable), rigidly connected to a supporting structure of strong construction moving upon two rails with railroad-type bogies. Initially there is planned a launch table for the Ariane 3 rockets with the possibility of having available a second table of Ariane 4 type later on.

The new launcher assembly and inspection installations will include (in addition to the ELA 1 installations) a bay for removing stages from storage, an erection bay, a launcher assembly dock with facilities for inspecting the fluid tightness of the stages, an inspection and launching center (with complete inspection bench), and associated service facilities (stores, offices, and air, nitrogen, and helium storage). This area may later on be supplemented with a simplified inspection bench for electrical tests of the launcher and by a second assembly dock so that two rockets at a time can be prepared at ELA 2.

The new ELA 2 launching area will mainly include a launching block with its jet deflectors, a fixed umbilical tower (with services, connections, controls, and supply lines for the launcher, a mobile service gantry sheltering the launcher and in particular the upper part (around the payload), as well as areas for storage and transfer of the propellants (UDMH [unsymmetrical dimethylhydrazine], N_2O_4 [nitrogen tetroxide], liquid hydrogen, and liquid oxygen) which will in part be common to the two launching pads.

Also planned is a major expansion of the payload preparation facilities (EPCU) to maintain the rate of one firing per month, which presupposes the presence at the same time of two to four satellites on the launching base. This expansion will essentially consist of a new building for satellite preparation and enlargement of the present assembly building to permit, starting with the Ariane 4 firings, assembly of payloads under the nose cone and transfer of the complete unit to the launch area in order to eliminate operations upon satellites in the launch area.

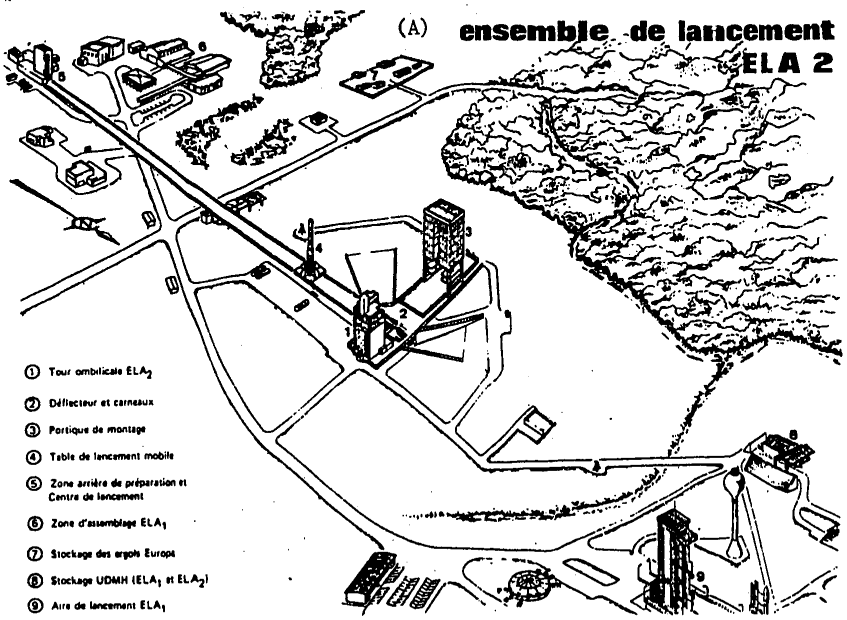


(1) Planning des opérations à Kourou avec deux ensembles de lancements en service — ELA 1 et ELA 2 — pour assurer jusqu'à dix tirs par an — un par mois — à partir de 1984

1. Plan of operations at Kourou with two launching complexes in service--ELA 1 and ELA 2--to provide up to 10 firings annually--one per month--starting in 1984
2. Plan of operations 3. Preparation area 4. Transfer
5. Launch area 6. Launcher No 1 7. Reinspection table
8. 1 month 9. expansion unknown

Le nouvel ensemble de lancement ELA 2 de Kourou comprendra un nouveau pas de tir (au centre), installé à environ 600 m du pas de tir actuel ELA 1, mais orienté différemment, et une nouvelle zone d'assemblage (à g.) d'où le lanceur sera transporté jusqu'au pas de tir, distant de 850 m, par la table de lancement mobile sur rails. Seule la partie supérieure de la tour de lancement mobile qui enferme le lanceur est fermée et climatisée

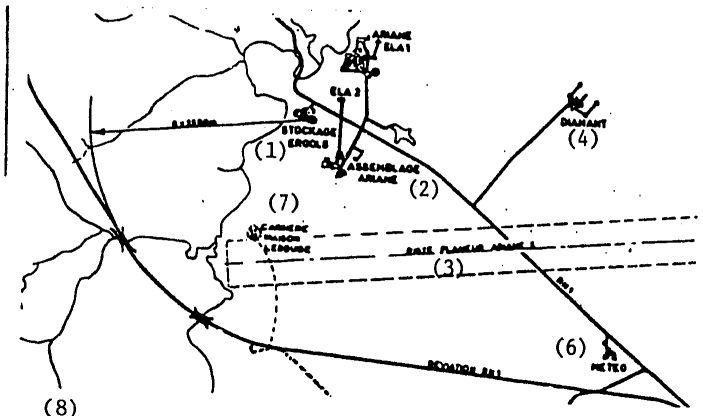
(B)



A. ELA 2 Launching complex
B. The new ELA 2 launching complex at Kourou will include a new launch pad (center) installed approximately 600 meters from the present ELA 1 launch pad and oriented differently and a new assembly area (left) from which the launcher will be transported to the launch pad, 850 meters away, by the launching table which is mobile on rails. Only the upper portion of the mobile launching tower which encloses the launcher is closed and air conditioned.

[redacted]

1. ELA 2 umbilical tower 2. deflector and flues 3. assembly gantry
4. mobile launch table 5. rear preparation area and launch center
6. ELA 1 assembly area 7. Europa fuels storage
8. UDMH storage ELA 1 and ELA 2) 9. ELA 1 launching area



Situation générale des pas de tir ELA 1 et ELA 2 sur le site de Kourou. L'implantation de l'ELA 2 nécessitera la déviation, à 2,5 km, au sud, de la RN 1

1. fuel storage 2. Ariane assembly 3. illegible
4. Diamant [Diamond] 5. RN 1 [National Highway No 1?]
6. Meteorlogical station 7. relocated RN 1
8. General location of ELA 1 and ELA 2 launching pads at the Kourou site. Installation of the ELA 2 necessitated relocation of RN 1 2.5 kilometers farther south.

11706
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THIRD PHASE OF ROLAND TESTING SOON TO BE COMPLETED

Paris AIR & COSMOS in French 26 Apr 80 pp 58-59

[Article by Jean de Galard]

[Text] The surface to air weapons system Roland, which is used for defense against planes flying at medium, low and very low altitudes, was researched and developed by two members of the economic group Euromissile, Messerschmitt-Bolkow-Blohm and Aerospatiale.

Used by French and German ground forces, today it equips the 54th artillery regiment stationed at Verdun. A surface to air artillery regiment, the 54th R.A. is one of the First Army Corps elements, i.e., artillery units which are directly under the orders of a general in command of the corps' artillery. Its mission is to participate in the corps' armored and mechanized anti-aircraft defense.

The system is proposed in two versions: clear weather and all-weather. Currently, the first system is the one employed by the 54th R.A.

In order to set up the first phase of the system's tactical experiments, the first test series Roland AMX-30 was delivered to the surface to air artillery applications school in Nimes during April 1977. In December of the same year, the first operational system appeared.

The second phase of tactical experiments began in 1978 with the delivery of the first tanks equipped with the Roland AMX-30 system to the school in Nimes, the E.S.A.M. (the Advanced School of Appliced Tactics), and to the 54th regiment.

The third phase of the tactical experiments began in 1979 with the 54th regiment in Verdun, where the unit was declared operational, and the 57th artillery regiment began receiving its first units.

Currently this third phase at Verdun is about to be completed. The final testing will be concluded during the month of June at the Landes Testing Center (CEL), with the opening of the regiments' first target practice

training camp. During that month about 20 missiles will be fired. Several months later, at the CEL or CEM (Mediterranean Testing Center), a new barrage of missiles will be launched.

Each one of these three phases is designed with a particular experimental objective in mind: in Nimes, for example, the operational use of the weapon was examined; tactical maneuvers at the section level (four Roland AMX-30 weapons) were studied at Verdun in 1978-79, and from October 1979 until this June battery and regiment maneuvers are the object of the experiment. In view of this, the last couple of months have been highlighted by the regiments' participation in a series of exercises designed to test both material and crew. During the exercise Saone 79, the 54th R.A. set up a battery of Roland AMX-30 tanks, each one of which travelled an average of 300km. This was also the case at the end of 1979 during a field maneuver in Suippes which lasted several days. More recently, a battery of the 54th R.A., in conjunction with the 4th division armored vehicles, took part in a maneuver which lasted several days at the Mailly camp. This past week, the First Army/FATAC took part in a combined 3 day maneuver named Falcon 80. In eight eastern departments, surface to air artillery regiments of the First and Second Army Corps, as well as important air elements, took part in this maneuver.

In June, at the CEL, the first target practice training camps will get underway with the participation of four tanks and all the crews.

At the heart of the army corps, three surface to air artillery regiments are envisioned: one Hawk missile regiment and two Roland regiments; one of these will be the 57th R.A., equipped with four homogeneous batteries; the other is the 54th R.A., called a mixed regiment because it will be made up of one battery of twin 30mm weapons mounted on AMX-13 chassis. Two of these three batteries are currently in operation in Verdun; the third will not be ready for several years.

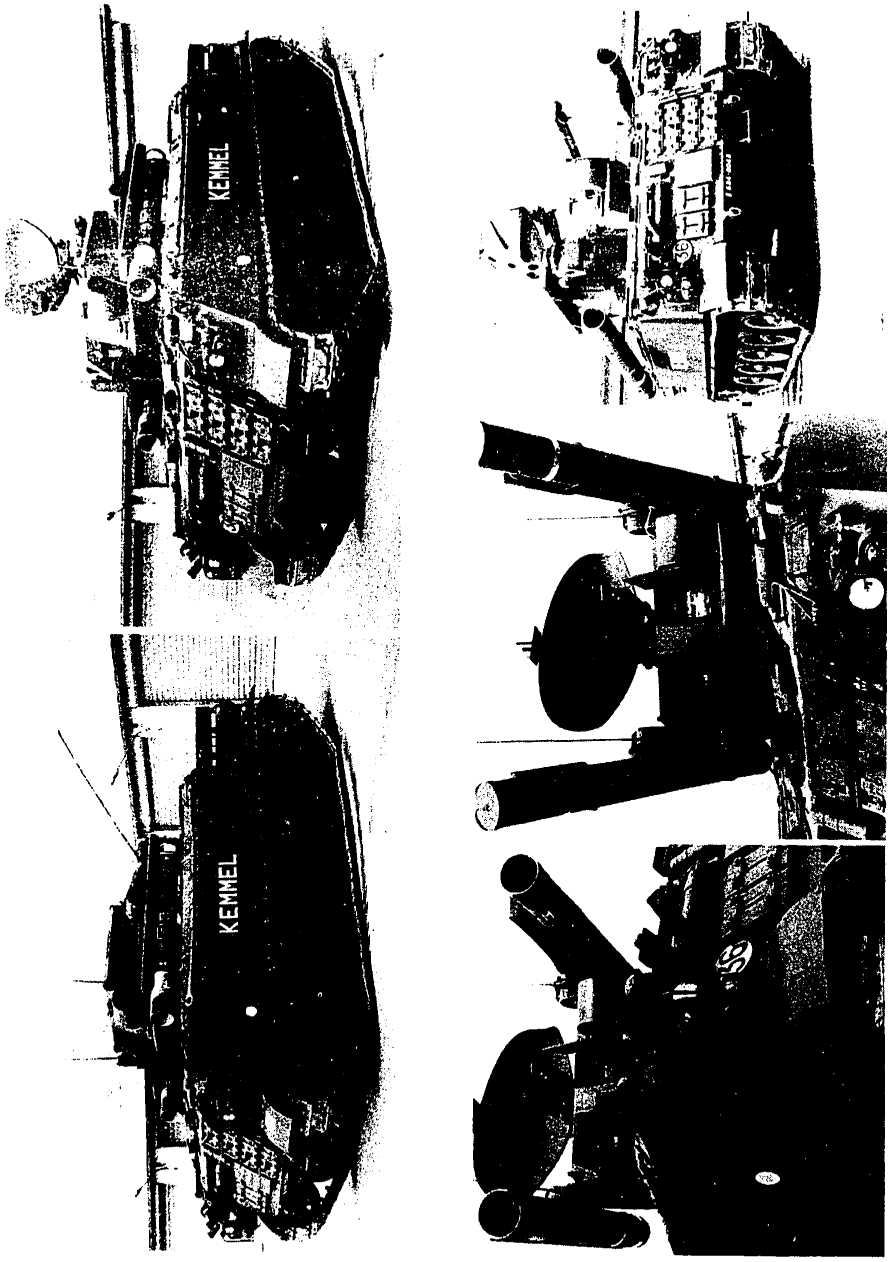
One Roland battery is made up of two firing sections. Each section is in turn composed of four weapons and commanded by an officer who also has use of a support unit. The weapon represents the firing unit and it is made up of two firing teams; in the first, the squad leader and the gunner are noncommissioned officers, the pilot is a soldier from the ranks. In the second team (which is transported on board a VAB and follows the Roland AMX-30 like its shadow), the squad leader is a noncommissioned officer, but the gunner and the driver are from the ranks.

The minimal surface defended by a section (four weapons) is $70km^2$, with a minimal distance between the weapons of 2km; the maximal surface is around $180km^2$, with a maximum distance between weapons of around 4km. On the average, each Roland section protects a surface area of $100km^2$ and the weapons are 3km apart. This separation creates an isolation for each gun leader and, therefore, necessitates good communications for the command.

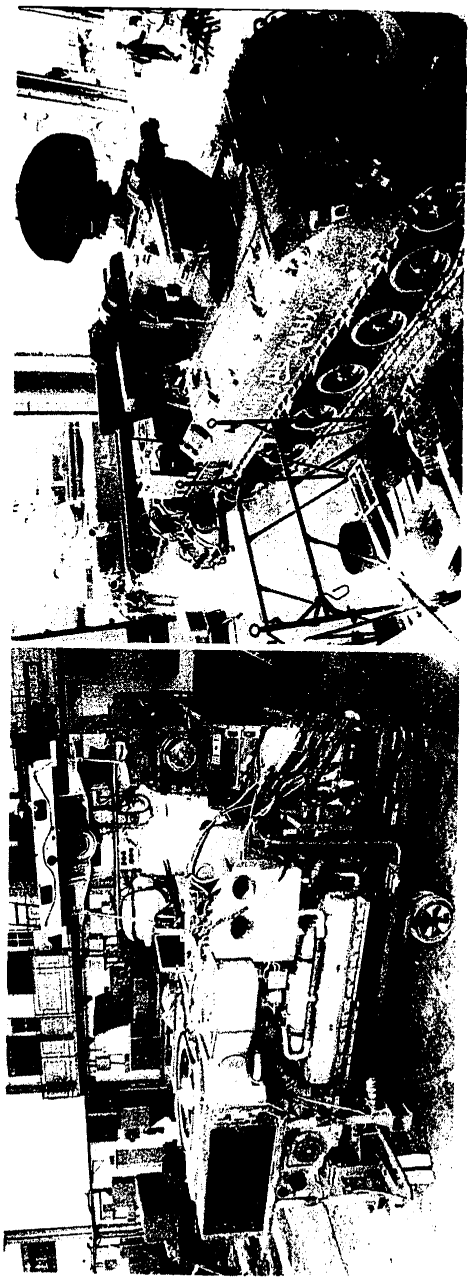
Maintenance is performed on two levels: On the one hand, the tactical and technical section chief is responsible for automatic checks that test correct functioning; the "autotest" is even done on board the Roland. On the other hand, it is necessary to differentiate between the AMX body and the turret.

Chassis maintenance for the AMX-30 is done at battery level and at regiment level. Maintenance is performed on the turret at battery level. Currently, an inspection every 200 hours is envisioned, and the feasibility of putting the kinds of tools that would make a complete test possible (calculator, electronic logic, hydraulic, radar) in front is being studied. In addition, there is a "Roland support detachment" at the 101st GRMCA (army corps material maintenance group) which maintains test benches and also has the technical assistance of the contractors (around six people from Euromissile and two from GIAT). As in any research and development, information that has been gathered leads to technical modifications; very often minor, but numerous nonetheless. And, as in any operational set up that is just beginning, the main problem is one of getting spare parts.

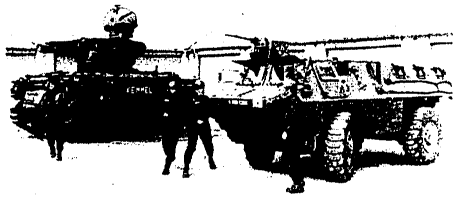
The simulator left at Verdun permits permanent instruction of squads without having to use aircraft. Three magnetoscopes--each one having 15 programs--offer possibilities for 45 sessions. Instruction for gunners lasts about 2 months, 8 sessions per month, 15-20 minutes each. During one session about 10 programs can be accomplished. This is a minimum because the efficiency of the Roland weapons system is linked to the personnel who operates it. It is an efficient and sophisticated means of defense which demands a thorough understanding. The cannons of '40 have been surpassed. A Roland checklist consists of 79 operations and the check takes 40 minutes!

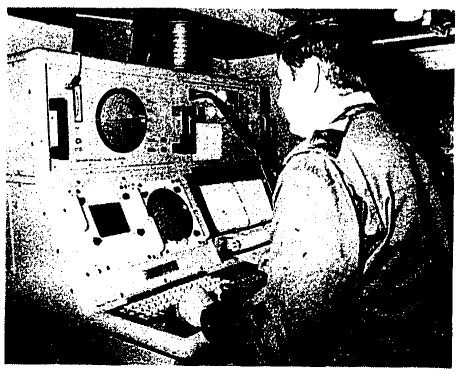


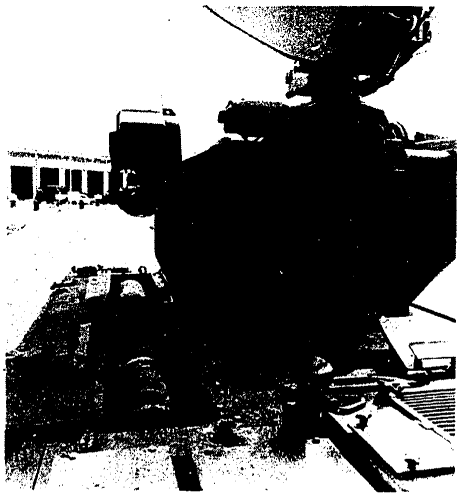
From left to right, top to bottom: 1) dispatch on the road (the weapons system is not on the alert); 2) alert: the detection function is implemented, aerial deployment; 3) firing alert: the steering window is opened; 4) firing: the turret is unlocked, as well as the braces, to allow for oscillation (-5 to 80° variation in relation to the horizontal); 5) after firing: the containers are ejected and immediately replaced. Reloading is accomplished in 12 seconds



On the left: an AMX-30 tank motor in the maintenance shop;
on the right: a Roland AMX-30 tank in for a maintenance check







From top to bottom: a Roland tank with its protective vehicle, the VAB (forward armored vehicle); inside the simulator; the Roland "magazine" inside the tank (under each armed brace of a missile, four others for reloading)

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CSO: 3100

COUNTRY SECTION FRANCE

NEW SUPPORT CONCEPT DISCUSSED IN OUTLINE

Paris ARMEES D'AUJOURD'HUI, in French May 80 p 41

[Article by Lt Col Septime d'Humieres: "A New Support Concept"]

[Text] The effectiveness and credibility of the land army depend upon many parameters, the most important of which are availability, mobility and the autonomy of its large units.

For this reason the employment of land forces doctrine was conceived in 1975 around versatile armored vehicles capable of getting under way without delay in the face of diverse threats.

Operational logistics should be harmonized with the style selected. They have faced the availability imperative by a significant reduction in the time required to reach power potential; they have responded to the requirements of versatility and mobility by flexibility and increased capacity for adaptation.

As a result of the reorganization, the army is still--as in the past--the principal and entire logistics echelon. It is capable of supporting and supplying all of the forces placed under its command.

But the logistics exercises conducted before 1975 had revealed the difficulties inherent in carrying our support at that level; so it was necessary to take advantage of the information collected.

Rethinking and Reorganizing

Before the reorganization the army's logistics corps actually was based on setting up logistics groups responsible for the support of a volume of forces equal to a divisional section (about 20,000 men and 5,000 vehicles).

These bodies were set up at the mobilization point, from elements from various military regions; thus their efficiency suffered from a lack of cohesion, further increased by the absence in peacetime of a leader responsible for

following through on training of personnel and preparation for mobilization. Acquiring the minimal operational skill indispensable to their functioning, therefore, required time periods incompatible with the availability of the forces.

To this inability to adapt to the conditions of engagement the logistics groups added a ponderousness of organization that was due to the existence of parallel technical and command hierarchies and a distribution of tasks according to service that caused a dilution of responsibilities.

Lastly, the support of the EOCA [Organic Elements of the Army Corps] provided for by attaching the logistics groups to each other, following geographic distribution criteria that were essentially non-permanent, always turned out to be badly resolved.

Not only, therefore, would the imperfections of such a system have to be tempered, but the system would also have to be recast by turning to account the reorganization of the land army decided upon in 1975.

In fact, the measures taken have brought with them structural changes that have direct consequences for logistics.

The elimination of an intermediary echelon notably increased the zone depth of the army corps. Today the distance between the rear line of communications and divisional bases may exceed 100 km, which in difficult terrain and with combat hazards amounts to 24-hour shifts for certain supply and evacuation vehicles.

In addition there was a significant increase in organic elements of the new army corps; these alone now represent nearly 50 percent of the entire logistic weight. But their support was seen to be one of the chief weaknesses of the former system.

Therefore, operational logistics were rethought, taking into account both the data of experience and the new context resulting from the reorganization.

Dealing With the Problem as a Whole

The new concept now stipulates that execution of support operations be entrusted to one large unit, the logistics brigade. In peacetime this brigade exists in the same way as tactical training, which enables it to prepare to set up for war and to supervise the training of its units.

It is organized into functional chains and is no longer cut up according to services; hence the former duality of command has vanished. Materiel and services are integrated in hierarchical structures and measures taken at the PC [command post] level of the brigade or the chain PCs are translated into orders of execution sent directly to subordinate groups.

Finally, support of the EOCA was specifically organized and adapted to their employment characteristics, guaranteeing that the total magnitude of the problem will be taken into account.

Major exercises executed since 1977 have made it possible to test the new concept, especially the efficiency of the logistics brigade.

The experience acquired thus far confirms the validity of the principles of reorganization and the operational capacity of the three support chains--supply, condition maintenance and health.

Some structures may be slightly altered in the future, but as of now it appears that the functional reorganization chosen and the existence of this large unit in peacetime represent progress in relation to the former system.

PHOTO CAPTION

1. p 41 A St. Cyrian who graduated in the "Amilakvari" class, Lt Col Septime d'Humieres served in Algeria in the Fourth Dragoons Regiment, then in the Fourth Infantry Regiment. He was platoon leader and then captain in command of the Fourth Cavalry and the 16th Dragoons Regiments. He served next as staff officer in the Eighth Division at Compiegne. The holder of a BEMS [higher military studies diploma] (85th class), he is at present executive officer in EMAT's [Staff Headquarters, Land Army] "support" office.

8946
CSO: 3100

COUNTRY SECTION FRANCE

BRIEF OVERVIEW OF NEW LOGISTICS BRIGADE'S FUNCTIONS

Paris ARMEES D'AUJOURD'HUI in French May 80 pp 42-43

[Article by Gen Rene Piard: "A New Large Unit: the Logistics Brigade"]

[Text] "A battle is won by logistics before a single shot has been fired." Marshal Rommel.

Logistic support for an army corps of 70,000 men and over 20,000 vehicles has become an extremely complex matter--especially since supply needs are close to 100 kilograms per man per day. This explains why the logistics brigade represents 20 percent of the strength of a CA [army corps], including divisions. These few figures clearly show the constraints that cause logistics to have a great influence on tactics, and the need to take them into account when plans or operations orders are conceived; if this is not done, "the corps will not follow." Thus they demonstrate the role and the importance of the logistics brigade in the army corps.

The preceding article showed the "why" of the creation of the logistics brigade, which marked a complete change in the land army's logistics doctrine, accomplished by transforming a horizontally structured multifunctional organization (logistics groups) into a vertically structured monofunctional organization (logistics brigade). The articles to follow will go into detail on the organization and functioning of the three chains of the BL [logistics brigade] and will present some of their characteristic structures. The goal of the present article, then, is to give an overview, necessarily brief, of the role and organization of the BL.

A Large Unit

Under the command of a general officer, the BL is a large army corps unit. It is the unit with by far the most significant volume--14,500 men and 4,500 vehicles, or approximately twice the volume of an armored division.

The BL is responsible for executing logistic maneuvers conceived and conducted by the CA. It is therefore placed directly under the command of the PC [command post] of the CA, in charge of logistic affairs, which it is capable of supplying if the PC should be temporarily or permanently incapable of functioning.

The BL has a triple role:

To provide reception, delivery and distribution of all supplies intended for the CA (ammunition, fuel, foodstuffs, mines, OT [expansion unknown], clothing);

To provide materiel support for all EOCA [Army Corps Organic Elements] and RG [Engineers' Regiment] structures, some materiel for the divisions*, as well as replacement supplies and complete materiel for all CA materiel structures;

Take part in triage maneuvers conceived and conducted by the CA, provide or initiate primary evacuations, treat the absolute-emergency wounded, evacuate to VA [air] and VF [railroad] infrastructure hospitals the relative-emergency wounded, and finally provide reception and distribution of medical supplies.

A Functional Organization

From the triptych of these missions arises the organization of the BL into three functional chains: supply, maintenance and medical, each having a chain staff officer whose common problems (deployment, attachment plans, security, traffic, radio communications) are taken into account by an officer of the coordination staff. The entire BL includes approximately 40 very diversified structures, from the basic unit regiment through groups and hospitals

The Supply Chain

Its role is first of all to receive and move every day 6,000 tons of supplies needed for a five-division CA. The supplies are delivered by the First Operational Logistic Command when the CA is acting in the Central European theater and by the Operational Support Center of the Land Army [COSAT] in all other cases. Deliveries are made either by railroad (about 15 trains per CA) or by surface road (mobile reserve). The supplies are then delivered to the divisions by means of mobile supply zones (ZRR) and distributed to the EOCA and the reinforcements by means of distribution centers (CD).

The entire supply chain represents 6,700 men and 2,400 vehicles (approximately the volume of a DB [half-brigade] and includes 13 structures (transport, ammunition, gasoline, supply corps).

The supply chain is divided into three groups: rear (GRAR), EOCA (GREOCA), and front (GRAV), commanded by the commander of each of the three RTCAs

*So-called "special" radar materiel, FH [radio waves], new techniques.

[expansion unknown].

The GRAR is responsible for transfering supplies received via VF or VR [surface road], allocating and in some cases packing them and then transporting them to GREOCA and GRAV according to need.

GREOCA, whose PC is located near the BL's PC, is divided into four CDs, responsible for receiving and distributing to EOCA and the RG structures the supplies that are handled by the latter in the CA rear zone (ZACA) or the divisional zone.

The GRAV, which is divided into four ZRRs, is normally responsible for delivering to the divisional bases--at the pace requested by them--all of their supplies. But in some cases (at the request of the division or orders from the CA) a portion of the supplies may be received in the ZRR, by way of the division.

The Medical Chain

Its role is to collect the wounded from the ZACA, take part in all triage maneuvers, set up the means for the CA's medical avacuations, provide treatment for the absolute-emergency wounded and provide medical supplies for all CA medical structures.

The entire medical chain represents approximately 5,000 men and 1,000 vehicles, including multi-purpose structures (the CA medical companies), hospital structures (13 hospitals in the countryside, 2 air transit hospitals), 1 medical supply structure and 2 medical transport structures.

The medical chain is divided into three medical groups (GSAN), each headed by the medical staff of a CMCA [CA Medical Center], with 2 GSANs at the front and 1 GSAN at the rear.

The front medical group, connected with a CMCA, has a variable number of hospital transport and medical supply facilities.

It is responsible for the medical support of a portion of the EOCAs and two or three divisions. In this way it reinforces the divisions in triage and medical evacuation media, collects and screens the wounded in the zone of responsibility. It treats some of the absolute-emergency wounded, transports the remaining wounded to the rear GSAN and provides medical supplies for the medical structures connected with it.

The rear medical group, whose skeleton is furnished by a CMCA, includes structures that are not part of the two front GSANs.

It is responsible for collecting and screening the wounded in the ZACA area of responsibility, of treating the remainder of the absolute-emergency wounded and setting up two railroad evacuation points (PEVF) and two air evacuation points (PEVA) where the relative-emergency wounded will be embarked on facilities installed by the First Comlog [Logistics Command] (medical railroad cars, trains and planes).

The Maintenance Chain

Its role is to repair the materiel of the EOCA and RG structures, as well as the "special" materiel of the divisions, and to supply the entire CA with replacements and complete materiel.

The maintenance chain represents approximately 2,100 men and 1,000 vehicles, and includes:

Multipurpose repair structures: 3 groups to repair CA materiel (GRMCA), 2 at the front, 1 at the rear;

Specialized repair structures: 2 ALAT [Land Army Light Aviation] and 1 ALAT support attachment* connected with the RHC [expansion unknown] and the GHL [expansion unknown];

A supply structure, the materiel supply group (GAM), which is itself divided into two materiel supply (DAM) detachments at the front and one DAM at the rear.

The Logistics Brigade: a Reality

Here then, touched upon very briefly, is an overview of the role and organization of the BL. Having had the privilege of dealing with the baptismal funds for the First Logistic Brigade and drawing up an employment doctrine for it, having formerly commanded a logistics group during the "Pelican 69 and 71" exercises, and being now the head of the First Comlog, I think it is permissible for me to conclude by expressing a value judgment on the new logistics organization.

The BL has become a reality. A reality not only because of its "peacetime" staff, but also because an important part of its facilities exists and is trained in peacetime: 50 percent for the RAV [supply chain] (excluding INT [National Transportation Institute]), 70 to 75 percent for the MEC (Maintenance] chain and only 10 percent, for obvious reasons, for the SAN [medical] chain. A reality, too, because of the position now occupied by the BL in all CA and divisional exercises. A reality, finally, because of its contribution to the growing awareness of the influence of logistics on tactics. I might add that its functional organization is a guarantee of flexibility and efficiency.

The BL is now on the rails. Improving the scope of its transportation facilities to ensure greater distance and hence greater stability; recourse to containerization; support for the general reserve divisions; aid in gaining access to resources data via computer; training of reserve officers. These are the major directions toward which studies are now being oriented. They will be discussed in the final article, which will close the file on the Logistics Brigade.

*The Nuclear Artillery Support Group (GSAN) will be directly connected with the ACA [Armaments Control Agency]

In the final analysis the BL confers on the CA logistics and credibility it was far from getting from the logistics groups. By being in existence in peacetime it helps make the idea penetrate that there is no such thing as a tactical maneuver and a logistic maneuver, but only a single maneuver that includes--simultaneously and intimately connected--not only a tactical aspect but a logistic aspect. It would be dangerous to underestimate the latter or try to ignore it, either when the plans were drawn up or during the engagement.

PHOTO CAPTION

1. p 42 Gen Rene Piard was born 29 July 1923 in Lons-le-Saunier (Jura). He was director of instruction at the Tours EAT [Applied Training School] from 1967 to 1971. He then became training commander and transportation director of the First CA/Six RM [materiel regiment]. From 1977 to 1978 he commanded the First Logistics Brigade, and since 1 Nov 1978 he has commanded the First Operational Logistics Command. Gen Piard graduated from the Center for Graduate Military Studies and the Institute for Graduate Studies in National Defense.

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BRIEFS

CGT FUND USE SUSPECTED--Georges Tranchant, RPR deputy for Hauts-de-Seine Department, suspects the CGT [(communist-controlled) General Confederation of Labor] of misusing money deposited in the social action fund of the EdF-GdF to supply a slush fund for the PCF. He has asked that a parliamentary investigation committee be established tc look into the utilization of the money in question. [Text] [Paris PARIS MATCH in French 20 Jun 80 p 82]

CSO: 3100

COUNTRY SECTION ITALY

CONFINDUSTRIA REPORT ON PRODUCTIVITY; COST, PRICING; INFLATION

Milan IL SOLE-24 ORE in Italian 7, 8, 9 May 80

[Article in three parts by Mario Piccinini, CONFINDUSTRIA Studies Center; all tables reproduced at end of third part]

[7 May 80, p 3]

[Text] At CONFINDUSTRIA's [General Confederation of Italian Industry] annual meeting, its CSC [CONFINDUSTRIA Studies Center] presented the "Third Report on Italian Industry." The report hinges upon an exhaustive analysis of demand and industrial production cycles during the 2-year period of 1978-1979, the inputs supplied to the economy and the goods supplied by the economy with particular reference to industry, and the short-to-intermediate term outlook.

As compiled, the report comprises a series of basic statistical data and comparative analyses grouped under various headings, some of which IL SOLE-24 ORE will present in summary articles intended to bring out the characterizing features of our industrial economy.

The first of these articles, by Mario Piccinini, deals with the "Evolutionary Aspects of Costs, Prices and Export Profitability in Italian Industry's Recent Experience."

The new ISTAT [Central Statistics Insitute] compilation of national economic accounts, through its sectorial figures relative to employee wage and salary incomes and to labor associated therewith, as well as its figures, respectively, on numbers of employed workers and total workers in industry, enables us to compile a homogeneous set of values, beginning with the year 1970, for the ratios of wage and salary income per employee and of gross product per employed worker.

The relation between these two variables permits us to evaluate the labor cost per unit product in the various industrial sectors between 1970 and 1978.

With reference to industry, the average annual variations during the periods 1971-1973 and 1974-1978 were considered.

For the first period, taking as a norm the variation in industry in the strict sense (+9 percent), it is interesting to note the variations experienced in the individual industrial transformation sectors (Tables 1 and 2).

The LCPUP [labor cost per unit product] shows a relatively contained dynamic in the sectors of office machines (+5.5 percent), chemicals and pharmaceuticals (+6 percent), lumber and furniture (+7.8 percent) and nonmetallic minerals and mineral products (+7.9 percent).

Average LCPUP variations were very much above this norm, however, in the sectors that produce electrical equipment and materials (+14.4 percent), metal products (+12.7 percent) and textiles and clothing (+12.7 percent).

During the 1974-1978 period, although the average annual growth rate doubled (+18.7 percent), the office machines sector still showed the lowest LCPUP growth rate (+14.2 percent). Chemicals and pharmaceuticals (+14.5 percent) and transport vehicles (+15.9 percent) also registered relative containment, as did the ferrous and nonferrous minerals and metals sector (+16.9 percent), which tended to maintain the same trend as during the previous period being considered.

Conversely, the trend of the nonmetallic minerals and mineral products sector seems to have made an about-face in the negative sense with a high LCPUP variation (+20.5 percent), this being moreover a high-energy-cost sector.*

The metallic products (+21.4 percent), rubber and plastics products (+21.4 percent), and the lumber and furniture and food products sectors, with average annual variations around 20 percent, also exceeded the norm.

The 1979 LCPUPSS [LCPUP for industry in the strict sense] growth rate (+10.8 percent) was virtually the same as that of the preceding year (+10.9 percent in 1978), as a result of a higher labor cost per employee having been

* The nonmetallic, chemical and parmaceutical, and the ferrous and nonferrous minerals and metals sectors are "high-energy-cost" sectors; the office machines and precision, optical and other instruments sector, the newsprint and publishing industry paper products sector, the metallic products exclusive machinery and transport vehicles sector, the farming and industrial machinery sector, and the rubber and plastics products sector are all "medium-energy-cost" sectors; and the food products, beverages and tobacco sector, the transport vehicles sector, the electrical equipment and materials sector, the textiles, clothing, leathers and footwear sector, and the lumber and furniture sector are all "low-energy-cost" sectors.

matched above all by a higher productivity per employee. In 1979, as was the case also in 1978, the highest LCPUP increment among the major industrial sectors was that of construction (+17.1 percent in 1979, +18.1 percent in 1978).

In 1979, with productivity and employee wage and salary incomes in industry in the strict sense showing substantially increased growth rates over 1978, the industrial transformation industry group shows a more favorable LCPUP increment (+10.2 percent) than the energy-intensive group (+11.8 percent); the latter group is characterized by a very low increment in added value per worker (+2.8 percent with respect to 1978).

In the industrial transformation group in particular, the sectorial results obtained in terms of LCPUP appear to be almost exclusively determined by the productivity growths experienced in its individual sectors during the year.

The worst results in this sense were registered by the farming and industrial machinery sector (+19.1 percent--which carries forward the extremely high LCPUP growth rate of the 1974-1978 period--and, in a sense, somewhat less by the ferrous and nonferrous minerals and metals industry, which can sport an enviable performance in 1978, than by the transport vehicles industry, whose LCPUP increment (+17.7 percent) was a multiple of its 1978 increment [comparison as published--see Table 1].

In fact, the three sectors just mentioned obtained the most negative results in an absolute sense, in terms of product per worker: -1.3 percent for the farming and industrial machinery sector, -0.7 percent for the ferrous and nonferrous metals industry, and -0.2 percent for the transport vehicles sector.

On the other hand, the favorable evolution of productivity in the office machines and precision, optical and other instruments sector (+25.4 percent in 1979) and the lumber and furniture sector (+14.3 percent) contributed decisively to achievement of the lowest LCPUP increase, in absolute terms, by the second of these (+4.7 percent) and of an actual decrease (-6.7 percent) by the first.

A comparison of these growth behaviors, which show time differentials with respect to each other, with the behaviors of wholesale prices in their respective sectors yields some useful indications.

Referring to the 1974-1978 period, the gaps between average LCPUP growth rates and the growth rates of their respectively related industrial prices show that:

a) Overall, in the industrial transformation sector as well as that of energy-intensive products, LCPUP growth, on average, exceeded price growth;

b) The LCPUP dynamic was also on the whole inferior to the price dynamic in the high-energy-cost sectors [see previously asterisked footnote];

c) The LCPUP dynamic generally exceeded the price dynamic, however, in the medium- and low-energy-cost sectors, with the exception of the transport vehicles, the textiles and clothing, and the farming and industrial machinery sectors.

In the three latter sectors, in fact, as in the case of the high-energy-cost sectors, there appears to have been a translation of the major portion of the LCPUP-based cost into some sort of indexation of prices.

From a more general standpoint, it should be noted that industry in the strict sense during the 1974-1978 period showed a generalized tendency toward greater growth of the LCPUP than of the prices of industrial products.

The relative variation, which had been +2 percentage points during the 1971-1973 period, continued to show signs of containment during the 1974-1978 period (+0.6 percentage points), even though it rose again during 1978 by +2.1 points.

In 1979, however, the situation changes, with a price growth rate for industrial products that exceeds the LCPUP growth rate.

To better evaluate this change, the behavior of one of the components of the LCPUP, namely, the labor cost per employee, must be considered in a comparative analysis over the same period.

Table 3 shows the growth differentials between wage and salary incomes and the LCPUP, and between wage and salary incomes and industrial prices; the first of these differentials provides an approximation of the changes in productivity per employee; the second, the changes in spread between the cost of one input and the price of its relative output.

With reference to the industrial transformation industry, a comparison between 1978 and 1979, using these indicators, provides a valid interpretative key:

a) In 1978, an LCPUP increment (11.5 percent) exceeding that of prices (9.2 percent) resulted in lowered productivity gains, accompanied by a large spread between growth rates that favored wage and salary incomes over industrial product prices;

b) In 1979, unlike 1978, an LCPUP increment (+10.2 percent) below that of industrial prices (+15.6 percent) was accompanied by substantial gains in productivity and by a contained spread between the growth rates of wage and salary incomes and industrial prices.

In this recent experience, a limited spread between wage and salary incomes and industrial prices, and an LCPUP growth rate below that of industrial prices, produced a good growth rate of industrial productivity per employee and, as we know, a strong tendency in industry to invest.

This means that although in 1979, as has been the case in previous years since the first oil crisis, the industrial added value had incorporated in it a larger energy-cost component (more product, that is, to pay for the energy), the lead held by the LCPUP growth rate over the industrial output price growth rate did not remain unchanged in 1979, contrary to the case in previous years.

[8 May 80, p 3]

[Tables 1 and 2 of this part as published are renumbered 4 and 5 respectively in translation; all tables reproduced at end of third part]

> [Text] Yesterday we published the first part of a summary of the basic data underlying the "Third Report on Italian Industry" by the CONFINDUSTRIA [General Confederation of Italian Industry] CSC [CONFINDUSTRIA Studies Center]. That part dealt in some detail with the evolution of several industrial cost factors. It also brought out correlations in the evolution of domestic prices, in a comparative analysis that also takes into account prices relating to other branches of economic activity, as well in the evolution of export prices.
>
> This sheds useful light on the changes that have taken place in Italian industry's export profits during 1979.
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> We continue with the second part of this article today, which is devoted primarily to an analysis of prices.
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> Following this three-part article by Mario Piccinini dealing with the "Evolutionary Aspects of Costs, Prices and Export Profitability in Italian Industry's Recent Experience," IL SOLE-24 ORE will publish further articles covering others of the major lines of inquiry comprising the CSC's "Third Report on Italian Industry."

In the presence of a positive productivity-per-employee trend in 1979 (not yet sufficient, but nevertheless able to compensate at least in part the setback produced in our economic system's developmental capacity by the oil price increase), it should be noted that even though the wage and salary indexing mechanism continued its automatic upward terms-of-trade correction

to the labor factor costs, and even though, moreover, the growth gap between wage and salary incomes and industrial prices narrowed further, a limited correction to the other productive factors for the altered terms of trade was also nevertheless achieved, such as to encourage a recovery of the capital-formation process.

Another cost factor, the cost of money, has in recent years except 1977 also exhibited a faster growth rate than industrial product prices.

In fact, the 1978 growth in the average bank-interest rate exceeded the industrial product price growth by 6.4 percentage points on average (Table 4).

This trend, which had become more pronounced in 1978, underwent a redimensioning in 1979. This redimensioning, indeed, if one considers the quarterly figures, and even though a comparative disadvantage remains, shows a declining trend signifying a progressive, though as yet incomplete, realinement of the growth of industrial prices with the growth of bank-interest rates in industry.

In 1979, industry on average failed by 2.3 percentage points to fully transfer to product prices the higher costs of money.

A valid indication of the behavior of prices for imported raw materials, as well as that of prices relative to other significant expense factors in our overall import spending, is provided by the CONFINDUSTRIA index relative to the prices of commodities on the international market.

This index, expressed in dollars as well as in lire, shows a sharp rise in the growth rate of imported input prices starting in the last quarter of 1978 and continuing at increasingly higher levels throughout 1979 (Table 5).

This signifies a substantial change of considerable importance in current prices over the last 2 years (+1.4 percent in 1978, +33.7 percent in 1979), with notably higher incremental rates (especially in terms of dollars) over those of the 1974-1978 period.

Particularly during the second half of 1978 and until the middle of 1979, the sharpest price rise appears to have been that of non-energy-intensive goods, the "recovery" of energy-intensive commodity prices having begun during the last quarter of 1979 in the form of more modest levels of growth.

Thus, in 1979, imported input prices were unable to exert the same positive "cushioning" effect on domestic inflation and indirectly on the LCPUP [labor cost per unit product]--through containment of the sliding wage scale--as the industrial economy had enjoyed in 1978.

In 1979, therefore, the sharp rise in prices of imported raw materials, like the one before it in 1973-1974, contributed to the steep rise in domestic prices. The latter would have rapidly translated into a larger increase in the LCPUP if the relevant growth in industrial production had not been accompanied also by the growth in productivity per industrial employee.

Repetition in 1979 of the previously existing close correlation between levels of economic activity in the industrialized countries and prices of imported raw materials therefore involved, insofar as concerns Italian industry, an innovative change with respect to the recent past, in that in this case it transmuted not contained raw materials prices but rather increased productivity into a favorable impact on the evolution of the LCPUP.

Industrial Evolution by Sectors

For the comparable sectors of the national economic accounts for which the sectorial evolution of the LCPUP was examined, the sectorial trend of industrial wholesale prices between 1970 and 1979 was studied.

However, the lack of perfect correspondence between (ISTAT [Central Statistics Institute]) nonagricultural products prices and national economic accounts classifications made it necessary to composite the prices of individual products in four industrial classifications (energy-intensive products, transport vehicles, food products, and textile and clothing products, animal skins, leather goods and footwear) into estimated averages for the corresponding class of activity.

Although on the one hand it may not appear extremely correct to so represent the entire gamut of prices within the class under consideration, it does on the other hand have the not indifferent advantage of permitting a sufficiently homogeneous and meaningful comparison at class levels between LCPUP's and respective industrial prices.

That not too low a degree of approximation was obtained, moreover, is borne out by the comparative analysis of the average prices thus obtained and the evolution during the same period of the GNP implicit prices.

The average variations in the calculated industrial prices for the periods 1971-1973 and 1974-1978, as well as for 1978 and 1979, make it possible on the one hand to distinguish between the level and trend in existence before the big 1974 oil crisis and that which characterized prices after that year; and on the other hand to compare the trend that prevailed in 1978 with the one that began in 1979 with the second big increment in the prices of raw materials and above all crude oil.

It is of interest first of all to note that until 1973 industrial transformation industry prices (prices of energy-intensive products are excluded) exhibited a clearly higher average growth rate (1971-1973: +7.5 percent) than those of industry in the strict sense (+7.2 percent, which includes the prices of energy-intensive products), indicating that industrial transformation industry prices on average remained at higher levels than those related to energy-intensive products.

This favorable situation in the transformation industry, as will be seen later, gradually erodes during the next 5 years and becomes negative during 1979.

During the 3-year period 1971-1973, sectors showing the largest price increases were lumber and wood manufactures (12.5 percent, ferrous and nonferrous metals (11.8 percent), and textile, clothing, leather, animal skin and footwear products (11.8 percent). Sectors showing price increments below the industry-in-the-strict-sense average were those of office machines and precision, optical and other instruments (3.6 percent), electrical equipment and supplies (4.0 percent), chemical and pharmaceutical products (4.4 percent) and metal products (5.2 percent).

In this regard, the fact that the ferrous and nonferrous metals industry, a high-energy-cost sector, was already then experiencing high price increments must not be taken as positive. On the contrary, the price situation appears more satisfactory in the chemicals and pharmaceuticals industry, a sector similarly characterized by high energy costs, and in the office machines and metallic products industries, both characterized as medium-energy-cost sectors.

During the next 5 years, that is 1974-1978, the industrial price growth rate more than doubled: almost +18 percent, for industrial transformation products as well as for the products of industry in the strict sense (including, that is, prices of energy-intensive products).

Besides this multiplication of the average level, with its annual maximums in 1974 and 1976 and its minimum in 1978, the fact appears significant and new that, unlike what had occurred in the recent past, an interruption took place in the favorable situation wherein the transformation industry's prices had been enjoying larger increments than those of industry in the strict sense, which includes the prices of energy-intensive products.

This comparative evolution means precisely that the transformation industry's price growth was confined to an intermediate-term "amortization" of the higher prices of energy-intensive products, which were reflecting exactly the shocks imparted by the evolution of crude oil prices and to a lesser degree raw materials prices.

If the various sectors of industry are grouped into three categories according to relative intensities of energy costs (see asterisked note on second page of first part of this article), it will be seen that the high-energy-cost sectors succeeded in keeping prices (ferrous and nonferrous metals +19.1 percent, nonmetallic-based products +20.5 percent, chemical and pharmaceutical products +19.3 percent) rather close to the industry average (+18.1 percent).

This highly positive connotation suggests that these sectors, through far from easy reconversion processes or more properly speaking productive restructurings, succeeded in containing their cost disadvantage with respect to other industrial sectors, deriving from their greater dependence on energy.

On the other hand, low-energy-cost productive sectors exhibited increments situated very much higher than the industry average, as in the case of transport vehicle prices (+22.6 percent) and those of textile products and clothing, animal skins, leathers and footwear (+19.0 percent). Although the increment in the latter sector can be partially justified by the increased costs of some of the raw materials used in the productive process, the price rise in the transport vehicles industry does not appear to stem from the same cause and can only be said to be more complex.

Such increments as these not determined by heavy dependence on energy can perhaps be explained as deriving not so much from the cost-translation mechanism as from the nature of the higher costs involved.

Although to a relatively lesser extent, the same phenomenon applies to the price behavior in another sector, namely, foods, which although of a low energy-intensive nature exhibits a price rise in the 1974-1978 period equal to that of industry in the strict sense (+18.1 percent).

[9 May 80, p 3]

[Tables 1 through 5 of this part as published are renumbered 6 through 10 respectively in translation]

[Text] With this third and last part we conclude an article by Mario Piccinini summarizing the statistical considerations on which the CONFINDUSTRIA [General Confederation of Italian Industry] CSC [CONFINDUSTRIA Studies Center] "Third Report on Italian Industry" is based.

The first and second parts, published day before yesterday and yesterday, have addressed the evolution of certain cost factors in industry and the correlated evolution of domestic and export-related prices, and have provided analytic considerations regarding the changes that have taken place in Italian industry's 1979 export profitability situation.

This article will be followed by further ones in IL SOLE-24 ORE summarizing the results of other lines of inquiry dealt with in the CSC's "Third Report on Italian Industry."

The image that emerges from the report is that of an economic system that is destined to "remain for a rather long period of time in a state of stagflation with no evident way out in sight, a prisoner of its own structural inflexibility and of the evolution of the world economy." The outlook--the report itself says--"in no way resembles, either in direction or in dimension, the one envisioned in the 1979-1981 3-year plan.

The essential facts are these: a gross domestic product growth of 2.8 percent in 1980 and 1.4 percent in 1981; an inflation rate, on average this year, of 18.2 percent; an end to the investment expansion cycle; a 1980 trade balance deficit of 1,905 billion lire.

As pointed out at the conclusion of the second part of this article, although the price increments that have taken place in medium-energy-cost sectors, such as the paper industry (+19.5 percent) and the rubber industry (+18.4 percent) appear at first approximation to be linked to cost changes which are in turn shock responses to changes in prices of raw materials, the price increments in one of these sectors, namely, farming and industrial machinery (+20.0 percent), which exceeded the increments experienced in some high-energy-cost sectors, appear to be based on other than the energy cost component.

This thesis provides margin for viewing as satisfactory in this sense the price changes that have taken place in some other medium-energy-cost mechanical and electromechanical sectors: metallic products (+15.5 percent), electrical equipment and supplies (+12.9 percent), and office machines and precision instruments (+11.2 percent).

The latter sector in particular experienced the lowest price growth rate, owing in part to the low intensity of its dependence on energy but above all to diversification and to the productive and cost restructurings made possible by technological changes.

These indications seem to point to the fact that the problems ensuing from the crude oil price increase have been addressed in a non-homogeneous manner by the various sectors of industry. In some cases, in fact, low- and medium-energy-cost-sectors exhibited higher price rises during the 1974-1978 period than some high-energy-cost sectors.

In any case, the containment of price rises, where this has been achieved, appears linked to steps taken toward productive restructuring but also toward changes in utilization of resources, affecting the other cost components.

This process, however, judging from an examination of the sectorial price variations, had not become generalized, at least prior to 1978, throughout the various sectors of industry.

The year 1979 is characterized principally--even though measured by only a part of the year--by the start of a new impact on industrial costs, and hence by the foreseeable repetition of a successive phase, in time, of amortization of its effects on prices.

With respect, therefore, to the period 1971-1973, representing the preceding situation of normalcy, 1979 exhibits a distinct negative characteristic over a short period in which the rate of price variation in the industrial transformation sector (+15.6 percent) is lower than that of industry in the strict sense as a whole (+15.9 percent).

This, therefore, amounts to an upset insofar as concerns the two mentioned periods, in that during the year, the prices of transformation industry products were not able to recover, on average, the increased costs deriving from the oil price increases.

At the sectorial level, if we exclude nonmetallic mineral product prices (+15.2 percent with respect to 1978) the remaining high-energy-cost sectors (ferrous and nonferrous metals, chemicals and pharmaceuticals) show increases of over 22 percent.

But once again, sectors with a low degree of energy dependence registered price rises exceeding the average. This was the case with prices of textile products, clothing and footwear (+18.1 percent), lumber and wood manufactures (+20.0 percent), and papers and pulps (+23.5 percent).

Price Indexes

This once again bears out the importance assumed, in the determination of industrial prices in some sectors, not so much the higher oil costs but also other cost increases, not the least of which are those relative to raw materials such as animal skins, lumber, cellulose, etc.

In 1979, the prices of transport vehicles, instead, rose to an extent comparable with the average for industrial goods as a whole.

All the remaining sectors registered price rises below the average for industry in the strict sense; in particular, the food sector (+9.2 percent) and the office machines and precision instruments sector (+10.8 percent)

registered the most contained price increases. The remaining mechanical products also registered increases below average, in the neighborhood of +12.5 percent.

What has been said in the preceding paragraph regarding the evolution of prices with respect to time, which was specifically verified in part 1 of this article in terms of evolution of the LCPUP [labor cost per unit product], is also verifiable in terms of productivity and of wages and salaries.

More generally and for industry on the whole, it is recalled that productivity in the long term is in some way influenced by variations in wages and salaries.

A simple check, even though based on raw data, can provide a more precise idea of this link. During the 1971-1978 period, average productivity per worker increased 3.2 percent in industry (exclusive of construction) while wholesale prices of industrial products rose 14 percent.

But as has been found in regard to the past, contrary to what one might be led to think, if we split this period in two, we find that while the prices of industrial products were increasing--that is, during the unfolding of an inflationary process--productivity growth rates, instead of increasing, were decreasing.

Against an average price rise of 7.2 percent in the 1971-1973 period, productivity in industry rose 5.1 percent, whereas during the 1974-1978 period when prices rose 18 percent, productivity rose only 2 percent.

Thus, rising prices have certainly not meant rising productivity in industry in the experience of recent years, a circumstance that should have been reflected by the profit rate averages.

Furthermore, the 6.4-percent average productivity increase in industry in the strict sense in 1979 also appears significant.

From a survey of price indexes, it is possible to draw certain conclusions as to the homogeneity with which various prices subject to observation tend to rise.

To this end, it is interest to draw comparisons between the evolutions of various indexes, stopping at the composite level.

A first comparison can be drawn between consumer prices (relative to the entire national collectivity and/or to the families of blue- and white-collar workers) and wholesale prices.

The first, which are compiled from sales records insofar as concerns goods, include also prices more properly related to services (housing rentals, household fuels and electric energy, household services, sanitary services, health care expenditures, transportation and communications, recreation, amusements, education, culture and others). The second, on the other hand, include only the prices of merchandise (raw, semi-finished and finished products) developed at point of sale in transactions between economic operators, prices, that is, involved in sales by enterprises.

With reference to a sufficiently long period, namely, the last 5 years, such a comparison is shown in Table 6.

Based on this information, for example, one finds that only once in the last 5 years, in 1976, did the general wholesale price index increment exceed that of the consumer price index for blue- and white-collar workers' families; in all the other years, the rate of increase of the latter index exceeded that of the wholesale price index, as is moreover borne out by the cumulative variations (in 1979, respectively +109.7 percent versus +94.8 percent).

A similar observation results from a comparison of consumer prices for the entire collectivity with wholesale prices.

Given these observations from which to draw conclusions, it seems reasonable to state that, as determined by the evolution of prices relative to the individual services indicated above, the tertiary sector, generally termed "services," transferred increased costs into its prices to a greater extent than it was found possible to do so by the traditional productive sector, which offers only goods.

This conclusion, which is based on the foregoing comparison between consumer prices and wholesale prices, does not, however, converge on the question of whether the inherent profit drop was borne equally by the two remaining sectors, namely, the agricultural and the industrial.

An analysis of the general wholesale price index should yield an answer. In any case, the cumulative variation from 1974 to the present, as also that of a longer period of observation (1971-1979), except for minor deviations in individual annual changes, shows an evolution of "nonagricultural products" prices practically the same as that of the general wholesale price index on the whole.

The "nonagricultural products" price index is actually a composite index of product prices in industry in the strict sense (exclusive of construction). The representativeness of the index therefore makes it correct to state that the index of industrial prices in industry in the strict sense as a whole increased on average in step with the general wholesale price index during the period under consideration, and hence to the same extent as that of agricultural prices.

In reality, this comparison is only formally correct; substantively, it falls short of providing an extremely satisfying answer to the question that has been posed.

The industrial price index, unlike the agricultural price index, includes those raw and above all refined energy products which, embodying as they do international components of the energy raw materials cost variations, inevitably exert a not insignificant influence on the general industrial wholesale price index.

The initially proposed comparison becomes more homogeneous, therefore, if we limit ourselves to considering on the one hand the wholesale price index of industrial products "purged" to relate solely to the transformation industry, and on the other hand the general wholesale price index.

Considering further that in 1978 the industrial transformation products industry represented, in terms of added value, 84.7 percent of industry in the strict sense, the comparison, besides being more homogeneous, is clearly meaningful.

It thus becomes not only formally correct but also substantively realistic to compare the evolution of the industrial wholesale price index with that of the index purged of energy product prices.

This comparison, besides pointing up the different behaviors of the two indexes with respect to time, will in a more general sense (through the previously noted circumstance that the trend of the general wholesale price index is practically identical with that of the industrial price index) will provide indirectly a good approximation of the effective behavioral deviations between transformation industry prices and the prices of farm products.

Beginning in 1971, and with practically the only relevant exception being 1978, the growth rates of industrial products wholesale prices constantly exceeded those of the solely transformation industry product prices; in fact, based on 1970, the level of the index of the former was 351.1 in 1978 versus 319.6 for the purged index (Table 7).

Analysis of the quarterly indexes, moreover, confirms that, with the exception of 1972, part of 1973 and a few other occasional quarters, only in 1978 and the first two quarters of 1979 did the transformation industry prices register larger deviations.

This prevailing negative tendency, which began reasserting itself with relevance beginning in the second quarter of 1979, provides a more exact evaluation of the general evolution of industrial product prices.

Forgoing appearances, we find, in fact, that during the time span under examination the wholesale prices of industrial products increased a great deal less than the general wholesale price index. This holds true for the entire period 1971-1979 as well as for the period 1971-1974.

To complete what has been said up to now, one notes that the effects of inflation on the balance between costs and revenues are not borne equally by all branches of our economy; the latter, in fact, exhibit different capacities for translating increased costs into prices.

Unlike the industrial branch (above all with reference to the medium-large enterprise), which is burdened by innumerable structural rigidities, neither the services branch nor for that matter the agricultural branch, with their diverse structural flexibilities, can possibly have lost foreign competitive positions to the same degree as the former.

In light of these considerations, and taking into account the effect energy cost increases have had on prices, the paradox clearly asserts itself that the least energy-dependent branches of economic activity are the ones that have most benefited from the largest price increases.

Export Profitability

Since 1976, the average unitary export values had consistently exhibited a growth dynamic greater than that of industrial wholesale prices relative to domestic demand (Table 8).

An examination of quarterly variations as compared to variations in the corresponding quarters of the previous year, however, reveals that in the second half of 1978 this trend was already showing signs of an inversion.

Still, it was in 1979 that this inversion took on a permanent character. The +1.4-percentage-point growth-rate differential favoring wholesale prices in the first half of the year, owing as well to the exchange rate stabilization effects ensuing from our entry into the European Monetary System, quadrupled in the second half of 1979 to +5.4 percentage points.

Thus, 1979, unlike the immediately preceding years--during which export prices had maintained a rate of rise slightly above that of domestic wholesale prices--saw the establishment of an industrial products lira export price dynamic substantially inferior to that of domestic prices.

The ratio between the industrial products wholesale price index and the corresponding lira export prices index provides a measure of the maximum and minimum industrial products export profitabilities.

This ratio can be used as a precise index of industrial exports profitability levels in lire (Table 9), from which relative variations can be obtained with respect to a given period; for homogeneity and convenience of comparison, the base period is taken as December 1975 (Table 10).

The profitability index with respect to the latter base period (which exhibits practical identical levels to those calculated on the basis of 1970 = 100) and its relative variations show that after 1976--a year characterized by a burdensome foreign trade situation in which the real imports increment exceeded that of exports--industrial product exports profitability showed scattered gains in 1977 and 1978 of +1.8 percent and +2.5 percent respectively.

In 1979, on the other hand, the significant drops in profitability during the second half of the year undid the modest gains registered during the first half.

In total, therefore, 1979 registered an average drop of 0.7 percent, which is quite unsettling when we consider that it reverses the positive trend that had prevailed until then and that it moreover stems from the loss of competitiveness by our economy as a whole.

The rapid drop in industrial product exports profitability levels is clearly profiled, furthermore, by the variations with respect to the immediately preceding periods, pinpointing the third quarter of 1978 as the starting point of the inversion of the trend.

Summary of Findings

In short, insofar as concerns the evolution of domestic prices, productivity and industrial exports profitability, the following summary conclusions can be drawn:

1) The inverse relationship between prices and productivity during the inflationary period examined is attested by these figures:

During the period 1971-1973, when prices increased by an average of 7.2 percent, productivity in industry rose 5.1 percent; during the period 1974-1978, when prices rose by 18 percent, productivity increased only 2 percent.

Hence, price growth for industry has certainly not meant productivity growth for industry in the recent Italian experience, a circumstance that should have been reflected in average profit curves.

The ratio of productivity growth rate to price growth rate nevertheless increased during 1979.

2) Based on the experience of recent years, it may be justifiably stated that exacerbation of the rapid price climb is not dependent solely upon increased energy prices. Even some low-energy-cost sectors have substantially increased the prices of their products, owing, however, to increased costs of the raw materials they use.

Moreover, high-energy-cost sectors have succeeded in keeping their price increases close to industry average levels by timely rationalizations of the productive process, but also of use of resources, directed toward new and diverse cost center allocations.

More rarely, as in the case of the office machines industry, this has been achieved regardless of a low degree of energy-dependency.

The consideration remains, however, that numerous other low- and medium-energy-cost sectors have not moved one way or another, thus contributing to the exacerbation of the industrial price situation.

This inherently implies that at sectorial levels other specific components of the total cost rise, not linked to oil and raw materials, continued to exert their own generalized influence on prices, the dynamic of which shows greater containment in the sectors exhibiting a behavior consistent with the containment of the LCPUP.

Both these findings were borne out for the period 1974-1978 in the second part of this article, which dealt with the evolution of the LCPUP in industry.

3) Comparative analysis of the evolutions of individual price indexes provides adequate evidence that the growth rate of transformation industry product prices during the 1970's was more contained than those of the other branches of economic activity (agriculture, services).

In light of these considerations, and taking into account the effect energy cost increases have had on prices, the paradox clearly asserts itself that the least energy-dependent branches of economic activity are the ones that have most benefited from the largest price increases.

4) The manifest and consolidated particularity of the competitiveness-index trend inversion that took place in the second half of 1979 indicates that the 1976-1979 cycle has come to a definite end.**

The following findings relate to the diversified evolution of prices among the various branches of economic activity and to the competitiveness of our economy as a whole:

The deterioration of industrial exports profitability levels tends to lead the loss of competitiveness of our economy.

**For an examination of the competitiveness index with respect to individual countries, see the author's "Competitiveness of the Italian Economy," February 1980; CSC CONFINDUSTRIA.

Thus, the recent experience provides evidence that industry, by way of a sudden export profits trend inversion, was, among all the branches of our economy, the first to experience and signal our unfolding losses of competitiveness, and the hardest-hit by them.

The negative effects of the most recent trend of international competitiveness will be felt during the current year, in which, owing as well to the recent trend inversion itself, the support provided to the productive process by exports will be less than in the recent past.

As to the outlook, the most plausible situational scenario for 1980 appears to be a contraction of growth rates of the export flow, together with lowered profitability, and the consequent slowing of the productive process, without even considering the evolution of the world economy, which is expected to reinforce this trend.

Although on the one hand this attests the greater sensitivity of industry to general variations in the economy's competitiveness, it on the other hand renders palpable the fact that, in terms of price translations, industry is the economic sector that bears the major burdens deriving from inflation, insofar as concerns export markets.

This state of things, in terms of price translations, and in view of the findings in the foregoing point 3), appears moreover to hold true in regard to the domestic market as well.

In conclusion, therefore, it can be stated that the burden of inflation on the balance between costs and revenues is not borne equally by all the sectors of our economy; there exists in fact in the remaining branches of our economy (agriculture, services, and presumably, even though it has not been demonstrated in this article, the public administration) a greater capacity for translating increased costs into prices.

In 1979, industry found itself penalized in this sense in terms of its profitability, as regards both foreign competitiveness through its export prices and domestic markets through the prices of the products it sells locally, if these are compared with the prices of the other branches of our economic activity.

This proves industry to have been, in 1979, the hardest-hit branch from the standpoint of competitiveness, and renders evident the fact that, in terms of prices, it is the economic sector that has benefited the least from inflation, both in its domestic and its export markets, even while benefiting the most from a favorable evolution in the LCPUP.

TABLE 1 - Labor Cost Per Unit Product (LCPUP)
(Annual Percentage Variations)

Branches and Sectors	1971-73 (*)	1974-78 (*)	1978	1979
Industry in general	9.5	19.5	12.0	11.7
Industry in the strict sense	9.2	18.7	10.9	10.8
Energy-intensive products	6.8	17.7	9.9	11.8
Industrial transformation products	9.4	18.6	11.5	10.2
Ferrous and nonferrous minerals and metals	8.8	16.9	4.4	18.1
Nonmetallic minerals and mineral-based products	7.9	20.5	12.0	9.6
Chemical and pharmaceutical products	6.0	14.5	2.4	9.0
Metal products excluding machinery and transport vehicles	12.7	21.4	17.8	13.5
Farming and industrial machinery	9.6	19.1	17.3	19.1
Office machines, precision, optical and other instruments	5.5	14.2	0.6	-6.7
Electrical equipment and supplies	14.4	17.0	10.5	13.2
Transport vehicles	8.9	15.9	9.0	17.7
Food, beverage and tobacco products	9.5	21.0	12.1	8.2
Textile, clothing, animal skin, leather and footwear products	12.7	18.3	17.5	6.7
Lumber and wood furniture	7.8	21.2	20.5	4.7
Paper, newsprint and paper products for the publishing industry	10.7	19.8	1.5	8.2
Rubber and plastics products	10.7	21.4	15.5	6.1
Construction	10.9	22.4	18.1	17.1

(*) Average of annual variations

TABLE 2 - Labor Cost Per Unit Product [LCPUP] in Industry (Indexes: Base 1970 = 100)

Anni (4)	(1) Redditi da lavoro per dipendente: Indici (5)	Variaz. % (6)	(2) Prodotto lordo per occupato: Indici (5)	Variaz. % (6)	(3) Costo del lavoro per unità di prodotto: Indici (5)	Variaz. % (6)
	(7) Industria nel complesso				(8) (CLUPI)	
1971	111.6	+ 11.6	101.6	+ 1.5	109.9	+ 9.9
1972	124.1	+ 11.2	107.2	+ 5.5	115.8	+ 5.4
1973	152.5	+ 22.9	116.3	+ 8.5	131.1	+ 13.3
1974	188.4	+ 23.5	119.9	+ 3.0	157.2	+ 19.9
1975	230.8	+ 22.5	109.4	− 8.7	210.9	+ 34.2
1976	284.6	+ 23.3	120.6	+ 10.2	236.0	+ 11.8
1977	344.4	+ 21.0	122.3	+ 1.4	281.6	+ 19.3
1978	395.6	+ 14.9	125.4	+ 2.5	315.5	+ 12.0
1979	468.0	+ 18.3	132.8	+ 5.9	352.4	+ 11.7
	(9) Industria in senso stretto				(10) (CLUPI.SS)	
1971	110.9	+ 10.9	100.9	+ 0.9	110.0	+ 10.0
1972	123.4	+ 11.3	106.5	+ 5.6	115.9	+ 5.4
1973	150.3	+ 21.8	115.7	+ 8.7	129.9	+ 12.1
1974	184.2	+ 22.5	118.9	+ 2.7	154.9	+ 19.3
1975	225.2	+ 22.3	108.0	− 9.2	208.6	+ 34.6
1976	278.3	+ 23.6	120.8	+ 11.9	230.4	+ 10.5
1977	333.3	+ 19.8	122.6	+ 1.5	271.9	+ 18.0
1978	381.4	+ 14.4	126.5	+ 3.2	301.5	+ 10.9
1979	449.6	+ 17.9	134.6	+ 6.4	334.0	+ 10.8
	(11) Industria della trasformazione				(12) (CLUPI.TRA)	
1971	110.9	+ 10.9	100.5	+ 0.5	110.4	+ 10.4
1972	123.2	+ 11.1	105.9	+ 5.4	116.4	+ 5.5
1973	150.9	+ 22.5	115.4	+ 9.0	130.7	+ 12.3
1974	185.8	+ 23.2	120.0	+ 4.0	154.9	+ 18.5
1975	227.2	+ 22.3	108.6	− 9.5	209.3	+ 35.1
1976	281.8	+ 24.0	122.0	+ 12.3	231.0	+ 10.4
1977	337.9	+ 19.9	124.4	+ 2.0	271.5	+ 17.6
1978	386.4	+ 14.4	127.6	+ 2.6	302.8	+ 11.5
1979	456.2	+ 18.0	136.7	+ 7.1	333.7	+ 10.2

Elaborazione su dati Istat.
(13)

Key:

1. Wage and salary income per employee
2. Gross product per employed worker
3. LCPUP
4. Years
5. Indexes
6. Percentage variations
7. Industry in general
8. LCPUP
9. Industry in the strict sense
10. LCPUP for 9 above
11. Transformation industry
12. LCPUP for 11 above
13. Calculated from ISTAT data

TABLE 3 - Wage and Salary Incomes, LCPUP, and Prices in Industry
(Percentage Variations)*

	(1) Redd. da lav. per dipend. (1)	(2) CLUPI (2)	(3) Prezzi industriali (3)	(4) Differenziali di crescita (1-2)	(1-3)	(2-3)
(5) Industria in senso stretto						
1971-73	14.7	9.2	7.2	+ 5.5	+ 7.5	+ 2.0
1974-78	20.4	18.7	18.1	+ 1.7	+ 2.3	+ 0.6
1978	14.4	10.9	8.8	+ 3.5	+ 5.6	+ 2.1
1979	17.9	10.8	15.9	+ 7.1	+ 2.0	− 5.1
(6) Industria della trasformazione industriale						
1971-73	14.8	9.4	7.5	+ 5.4	+ 7.3	+ 1.9
1974-78	20.7	18.6	18.2	+ 2.1	+ 2.5	+ 0.4
1978	14.4	11.5	9.2	+ 2.9	+ 5.2	+ 2.3
1979	18.0	10.2	15.6	+ 7.8	+ 2.4	− 5.4

(*) Variazioni medie del periodo. (7)
Fonte: Elaborazione Csc su dati Istat. (8)

Key:

1. Wage and salary income per employee
2. LCPUP
3. Industrial prices
4. Growth differentials
5. Industry in the strict sense
6. Industrial transformation industry
7. Average variations for the period
8. Source: CSC calculations from ISTAT data

TABLE 4 - Average Interest Rates on Bank Funds and Wholesale Prices

(Percentages)

(1) Trimestri		(2) Tassi di interesse (**) (A)	(3) Prezzi all'ingrosso (*) prodotti industriali (B) (***)	(4) Differenziale C = (A) - (B)
1976	I trimestre	12,81	5,70	7,11
	II trimestre	17,63	8,68	8,95
	III trimestre	19,27	14,35	4,92
	IV trimestre	19,60	22,18	- 2,58
1977	I trimestre	19,71	26,50	- 6,79
	II trimestre	19,32	25,63	- 6,31
	III trimestre	18,27	22,30	- 4,03
	IV trimestre	17,02	15,28	1,74
1978	I trimestre	16,50	10,95	5,55
	II trimestre	16,19	9,08	7,11
	III trimestre	16,06	8,50	7,56
	IV trimestre	15,26	9,88	5,38
1979	I trimestre	15,30	11,25	4,05
	II trimestre	15,03	12,68	2,35
	III trimestre	15,01	13,95	1,06
	IV trimestre	(****) 17,04	15,35	1,69

(*) (5) Variazioni medie percentuali nei dodici mesi terminanti a fine di ciascun trimestre.
(**) (6) Dato ultimo mese del trimestre.
(***) (7) Esclusi i prodotti energetici.
(****) (8) Stima.
FONTI. Elaborazione su dati Banca d'Italia e Istat. (9)

Key:

1. Quarters
2. Interest rates
3. Industrial product wholesale prices
4. Differential
5. Average percentage variations over 12 months to end of each quarter
6. Quoted for last month in quarter
7. Energy-intensive products excluded
8. Estimate
9. Sources: Calculation from Bank of Italy and ISTAT data

TABLE 5 - Prices of Goods Having International Market (Percent Variations)

(1) Periodo		(2) Espressi in lire (*)	(3) Espressi in dollari Usa (*)
1971-73		+ 15.4 (+ 17.2)	+ 17.9 (+ 19.7)
1974-78		+ 25.9 (+ 14.4)	+ 16.3 (+ 5.4)
1978		+ 1.4 (+ 7.2)	+ 5.4 (+ 11.5)
1979		+ 33.7 (+ 30.0)	+ 36.6 (+ 32.8)
1978	I	- 2.1 (- 1.3)	+ 0.3 (+ 1.1)
	II	- 1.3 (+ 0.2)	+ 1.5 (+ 3.0)
	III	+ 1.4 (+ 10.1)	+ 7.2 (+ 16.0)
	IV	+ 7.4 (+ 21.0)	+ 13.3 (+ 27.6)
1979	I	+ 17.4 (+ 28.0)	+ 20.6 (+ 31.4)
	II	+ 31.9 (+ 36.3)	+ 34.3 (+ 38.8)
	III	+ 38.8 (+ 35.7)	+ 42.4 (+ 39.2)
	IV	+ 45.7 (+ 21.7)	+ 47.9 (+ 23.5)

(*) Tra parentesi sono riportate le variazioni dell'indice generale esclusi i combustibili. (4)
FONTE: Cs Confindustria. (5)

Key:

1. Period
2. Expressed in lire
3. Expressed in U.S. dollars
4. Figures in parentheses are general index variations exclusive of fuels
5. Source: CSC

TABLE 6 - General Consumer and Wholesale Price Indexes (Annual Percentage Variations)

(1) Anno	(2) Prezzi al consumo (*)				(3) Prezzi all'ingrosso	
	(4) Variaz. %		(5) Variaz. % cumulate		(4) Variaz. %	Variaz. % cumulate (5)
1975	17,2	(17,0)	17,2	(17,0)	8,6	8,6
1976	16,5	(16,8)	36,5	(36,7)	22,9	33,5
1977	18,1	(17,0)	61,3	(59,9)	16,6	55,6
1978	12,4	(12,1)	81,2	(79,2)	8,4	68,7
1979	15,7	(14,8)	109,7	(105,7)	15,5	94,8

(6)

(*) Prezzi al consumo per le famiglie di operai e impiegati. Tra parentesi vengono riportati quelli relativi all'intera collettività
Fonte: ISTAT (7)

Key:

1. Year
2. Consumer prices
3. Wholesale prices
4. Percent variations
5. Cumulative percent variations
6. Consumer prices for families of blue- and white-collar workers. Figures in parentheses are those relative to entire collectivity.
7. Source: ISTAT

TABLE 7 - Wholesale Price Imdexes for Industrial Products (Annual Percentage Variations)

(3) Anno	(1) Indice complessivo Variaz. % (4) (B)	Variaz. % cumulate (5)	(2) Indice «depurato» (*) Variaz. % (4) (A)	Variaz. % cumulate (5)	(6) Differenziale di crescita C = (A-B)
1971	3,6	3,6	2,6	2,6	− 1,0
1972	3,0	6,7	3,6	6,3	+ 0,6
1973	16,0	23,8	16,3	23,6	+ 0,3
1974	45,5	80,1	34,8	66,6	− 10,7
1975	8,2	94,8	7,9	79,8	− 0,3
1976	22,7	139,1	22,2	119,8	− 0,5
1977	17,2	180,3	14,7	152,1	− 2,5
1978	8,1	202,9	9,9	177,1	+ 1,8
1979	15,9	251,1	15,3	219,6	− 0,6

(*) Indice dei prezzi relativi ai prodotti dell'industria di trasformazione. (7)
Fonte: Elaborazione CSC su dati IST.AT. (8)

Key:

1. General index
2. "Purged" index
3. Year
4. Percent variation
5. Cumulative percent variation
6. Growth differential
7. Price indexes relative to products of the transformation industry
8. Source: Calculations by CSC from ISTAT data

TABLE 8 - Industry Wholesale and Export Prices (Percentage Variations)

(1) Periodo		(2) Prezzi all'ingrosso dei «prodotti non agricoli»	(3) Valori medi unitari all'esportazione (**)
1976		+ 22,65	+ 24,74
1977		+ 17,23	+ 18,91
1978		+ 8,06	+ 8,35
1979		+ 15,90	+ 12,36
1976	I	+ 8,83	+ 18,61
	II	+ 22,82	+ 29,79
	III	+ 27,28	+ 22,87
	IV	+ 31,69	+ 27,71
1977	I	+ 29,17	+ 26,61
	II	+ 17,74	+ 17,34
	III	+ 14,31	+ 19,33
	IV	+ 9,98	+ 12,36
1978	I	+ 7,69	+ 11,58
	II	+ 7,68	+ 8,46
	III	+ 8,06	+ 5,67
	IV	+ 8,69	+ 8,83
1979	I	+ 11,25	+ 9,89
	II	+ 13,85	+ 12,47
	III	+ 17,18	+ 11,48
	IV	+ 21,02	+ 15,60

trimestre dell'anno precedente. (4) (5)
() (*) Variaz. % rispetto al corrispondente (**) Beni di consumo e beni di investimento.
FONTE: Elaborazione CSC su dati ISTAT. (6)

Key:

1. Period
2. "Nonagricultural products" wholesale prices
3. Average unitary export values
4. Percent variations with respect to same quarter in preceding year
5. Consumer goods and capital goods
6. Source: CSA calculations from ISTAT data

TABLE 9 - Export Profitabilities of Industrial Products (Index base 1970 = 100)

(1) Periodo		(2) Prezzi all'ingrosso prodotti «non agricoli» (A)	(3) Prezzi all'esport.(*) (valori medi unitari) (B)	(4) Profitabilità C = B/A
1976		239,1	236,2	98,8
1977		280,3	286,6	102,1
1978		302,9	311,2	102,7
1979		351,1	349,8	99,6
1976	I	210,8	210,4	99,8
	II	236,8	235,2	99,3
	III	247,3	244,5	98,9
	IV	261,4	254,5	97,4
1977	I	272,3	273,6	100,5
	II	278,8	282,2	101,2
	III	282,7	298,1	105,5
	IV	287,5	292,6	101,8
1978	I	293,3	305,3	104,9
	II	300,3	306,1	101,9
	III	305,5	315,1	103,1
	IV	312,5	318,4	101,9
1979	I	326,3	335,5	102,8
	II	341,9	344,3	100,7
	III	358,0	351,3	98,1
	IV	378,2	368,1	97,3

(*) Comprendono (5) prezzi all'esportazione dei beni di consumo e dei beni di investimento.

FONTE: Elaborazione CSC SU DATI ISTAT. (6)

Key:

1. Period
2. Wholesale prices of "nonagricultural products"
3. Export prices (average unitary values)
4. Profitability
5. Inclusive of export prices of consumer goods and capital goods
6. Source: CSC calculations from ISTAT data

TABLE 10 - Variations in Profitability of Industrial Exports (Base: December 1975 = 100)

		(1) Indice di profittabilità (base dic. 1975 = 100 (*)	(2) Miglioramento = (+) di prof. rispetto al dicembre 1975 (**)	(3) Variazione di profitt. sul corrisp. periodo precedente (**)
1976		98,4	− 1,6	− 5,8
1977		101,7	+ 1,8	+ 3,4
1978		102,3	+ 2,5	+ 0,6
1979		99,3	− 0,7	− 3,1
1977	I	100,1	+ 0,1	+ 0,7
	II	100,8	+ 0,8	+ 1,9
	III	105,0	+ 5,0	+ 6,6
	IV	101,4	+ 1,4	+ 4,5
1978	I	104,4	+ 4,4	+ 4,3
	II	101,5	+ 1,5	+ 0,7
	III	102,6	+ 2,6	− 2,3
	IV	101,5	+ 1,5	+ 0,1
1979	I	102,3	+ 2,3	− 2,0
	II	100,3	+ 0,3	− 1,2
	III	97,7	− 2,3	− 4,8
	IV	96,9	− 3,1	− 4,5

(*) (4) I prezzi all'esportazione considerati comprendono i beni di consumo e beni di investimento; il coefficiente di raccordo dell'indice da base 1970 a base dicembre 1975 è 1.0044.
(**) Variazioni annue pari alla media dei valori trimestrali. (5)
FONTE: CSC. (6)

Key:

1. Profitability index (base: December 1975 = 100)
2. Profitability improvement = (+) with respect to December 1975
3. Variations in profitability with respect to same period in preceding year
4. Export prices considered include consumer goods and capital goods; conversion coefficient from 1970 base index to December 1975 base index = 1.0044
5. Annual variations are averages of quarterly values
6. Source: CSC

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COUNTRY SECTION SPAIN

SUAREZ CHARGED WITH LACK OF LEADERSHIP

Madrid CAMBIO 16 in Spanish 25 May 80 p 3

[Article by Juan Tomas de Salas]

[Text] Why Suarez Is of No Use

In recent months in this country we have been witnessing an ebbing of the political reform and a thunderous rebirth of the methods, figures, institutions and habits of the past.

The responsibility for this obvious retreat, spiced with increasingly exasperating conflicts, falls almost entirely to the person of President Adolfo Suarez. The government that was formed in his exact image and likeness on 1 March 1979 lost all of its political drive before the year was over. As his administration got bogged down and ground to a halt, the political vacuum was immediately filled by the forces of the past, which after putting up with the downpour for 3 or 4 years, took advantage of the opportunity, which was ideally suited for them. There are no vacuums in politics; Suarez's paralysis was offset many times over with specters, goblins and chimeras from the past.

The argument could be advanced that the entire government of 1 March, not just the president, is responsible for the paralysis. But, unfortunately, that is not the case. Suarez had dispensed with all of the controversial figures that, by his account, paralyzed the former government. Without Ordonez, Alvarez Miranda or Rodolfo Martin Villa, with Garrigues ill, Landelino Lavilla in Parliament and Fernando Abril in the Economy Ministry, the president bore all of the political responsibility. The party barons were replaced by brilliant and enthusiastic youths with little government experience and scant backing in the UCD [Democratic Center Union]. They were the president's men. At his behest, they could do everything; on their own, they could do nothing. His behests never came through. When Suarez finally succeeded in forming a totally loyal government tailored to his personality, he did not know what to do with it. Perez Llorca,

Arias Salgado, Fontan, Garrigues and many others are reliable witnesses to what happened or, to put it more exactly, what did not happen. Even getting to see the president was a memorable feat for a regular minister. They worked in a vacuum, drafted laws haphazardly and were not able to discuss them in-depth with anyone. Suarez was not around.

After the thunder of the late-night sessions and the endless negotiations with Basques and Catalans (reality does not wait), the government's political paralysis became evident before 1979 was over. By then, in spite of the efforts of Abril Martorell, Perez Llorca, Garrigues and, ultimately, the party barons, who resurrected in the form of a standing committee, came to lend a hand, the political crisis was obvious. And amid this power vacuum the Hydras and Centaurs of the past were reborn.

First came De la Cierva. Known as an apologist of the dictator and a man whose performance as censor was marked by outlandish threats against intellectuals and the press, his appointment as the new regime's minister of culture was not just an indication that Suarez was making poor choices and was increasingly alone, but also a worrisome piece of evidence that the spirit of the reform was fading away.

The rest followed in a flood. The ETA [Basque Fatherland and Liberty Group] is doing as it pleases even more than before, and the worst thing is that a blue ETA of demented, armed individuals has begun to kill people around here with renewed frequency and savagery. Franco's union movement (in other words, every man for himself, and this piece of society and the state for me) is being reborn from its ashes. Newsmen want identification papers; judges denounce newsmen who criticize judges; the military tries newsmen, bans movies and looks kindly upon fellow military personnel who are accused of planning more or less coffeehouse-style coups d'etat. What is going on here? What is going on, simply, is that Suarez is not governing or letting anyone else govern.

This is how the government crisis developed, the strange story of the Parliament that, almost unanimously, had to demand that the president of the government speak up at last, for God's sake, speak up. How pathetic.

And nevertheless, gentlemen, the answer and the solution lie with the UCD. As long as new elections are not held (and the country is in no mood for such jokes for the time being), we have to respect the will of the people, who gave the victory to the UCD. What can we do?

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COUNTRY SECTION SPAIN

EUSKADI'S INTERIOR COUNCILOR ON ORGANIZING POLICE FORCE

Madrid CAMBIO 16 in Spanish 25 May 80 pp 42-45

[Interview with Luis Maria Retolaza, interior councilor of the Basque Government, by Ander Landaburu, in his office; date not given]

[Text] A man of strong character, a great organizer and with a reputation as a hardliner, Luis Maria Retolaza thinks that negotiations with the ETA [Basque Fatherland and Liberty Group] are possible. "The Basque Government will do whatever it can so that the ETA will negotiate with Madrid, and it offers its services as an intermediary."

Born 55 years ago in Bilbao, Luis Maria Retolaza is one of the PNV's [Basque Nationalist Party] veterans today. For two decades the right arm of the legendary Ajuriaguerra, the current interior councilor joined the party 2 years after the end of the Civil War, when Franco's crackdown was at its height. At age 18 the young student from Bilbao took charge of setting up the PNV's youth organization, the EIA [Party for the Basque Revolution], and founded the first underground publication, ASKATASUNA (freedom). "After our defeat in the war we had to keep the flame alive," he now explains.

After his first arrest in 1944, Retolaza and another comrade in the underground managed to flee to France, where they enlisted as volunteers in the Basque Brigades and fought with the Allies throughout the close of the Second World War. His years of exile enabled him to make contact with various democratic international organizations, and he took part in numerous European congresses as a youth delegate of the PNV.

In 1950 he decided to return to the Basque Country; he was arrested twice and imprisoned for several months. Finally, in 1956 he became a member of the Euskadi Buru Batzar (the PNV's top-level organization), of which he was to be an active leader until 1969, when I "made way for youth." However, his gifts as an organizer and his in-depth knowledge of the party forced Ajuriaguerra to call on him again for this post in 1971, the year when he joined the EBB [Basque Executive Committee of the PNV] along with Xabier Arzallus, the current party president.

Wearing a checkered sports jacket, a dark brown tie and thick, black-rimmed glasses, the gray-haired interior councilor was fiddling with his everpresent pack of non-filtered Chesterfields as he received CAMBIO 16's Ander Landaburu in his tiny office at the Vizcaya Foral Delegation. Facing a small photograph of King Juan Carlos, Luis Maria Retolaza personally answers the phone in his provisional, equipment-less work place. He does not even have a secretary or an assistant. He has not yet appointed his staff, and everything remains to be organized.

CAMBIO 16: What is the interior councilor's first big concern?

Luis Maria Retolaza: The safety of citizens, law and order. But before guaranteeing the safety of citizens, I think that the Basque police have to really guarantee democracy, then the freedom of the citizens, safeguarding them. The police should be completely civilian. The military is exclusively for war. We have to give the police a different image, because people's ideas today stem from the 40 years of Franco rule. The police cannot be repressive.

The issue that we are most concerned about is violence. But we are not talking exclusively about police violence; in many aspects it is political. Therefore, I think that the first steps forward should be political, so that we can gradually resolve this issue.

CAMBIO 16: What will the role of the autonomous police be in this picture?

LMR: It will be the first step towards assuring the safety of the citizens.

CAMBIO 16: But an autonomous police needs its own budget and even its own training academy...

LMR: For the time being we will need transfers. First, the Joint Security Board has to be set up, and it will have to administer all of those funds and approve all of the organizational projects.

CAMBIO 16: Once this board is set up, how long will it take to put together the beginnings of the autonomous police force?

LMR: We will have to see where we should begin, because we have to distinguish at least three kinds of police forces. First there is the judicial police, which is complicated and requires a lot of experience and training; and then the traffic police, which is much simpler, and the remaining policemen, who will need their own academies and schools. Setting up an academy and training members of the future autonomous police force forces us to think about the long term, 2 or 3 years at least.

CAMBIO 16: How large will these police forces be and what weapons will they have?

LMR: According to initial estimates, there will be around 5,000. This estimate is based on studies conducted in countries like France and Germany, which have 1 policeman for each 400 inhabitants.

Police Force or Forces

CAMBIO 16: Will there be a single autonomous police or will it be decentralized in each province?

LMR: I personally think that the ideal would be a single force that encompassed all functions (traffic, judicial, etc). But for the time being perhaps, circumstances might oblige us to start with the "forales" [privileges or exemptions], because the delegation presidents have the authority today to set something up.

CAMBIO 16: To what extent will this police force be able to do away with violence in the Basque Country?

LMR: It depends on the kind of violence. If we are talking about extremist violence, both on the far right and the far left, I think that we will encounter enormous difficulties. The crimes that are being committed here and throughout Europe are hard for just the police to control.

CAMBIO 16: Madrid is still worried that an ETA pocket might infiltrate this Basque police.

LMR: This has always been one of Madrid's worries. It would not be impossible for some to slip through, but I would think that this organization would always be under tight control. For that matter, extreme rightists could get in too. We will try in every way to prevent such infiltrations.

CAMBIO 16: Once this autonomous police force has been created, what will the function of the current FOP [law enforcement bodies] be?

LMR: Under the statute, we have very broad jurisdictions in this regard, so that if we exercise these jurisdictions fully, with the powers that we will have, the FOP will be practically nonexistent in our land. The only police that will remain, and rightly so, will be connected with customs control, airport control, border surveillance, documentation service, passports, etc.

CAMBIO 16: The forerunner of the ETA was born in your house, after a violent debate and a break between a number of factions and the PNV. What is your assessment of them today, after so many years?

LMR: That's hard to say. Of course, they are not the same people today, neither physically nor ideologically. They have changed radically. It is my understanding that they are patriotic, as they were in the past. In those days they were, we might say, a group of malcontents who believed that the democratic policy that the PNV was advocating was not the right way to attain the freedoms and rights of the Basque Country. They believed that the goal would be achieved more quickly through violence. Nevertheless, at the time they did not have philosophical, Marxist overtones, as they do today, and they are still using violent tactics that most of the Basque people reject. To me this is the big difference between the youths of the 1950's who succeeded in gaining the moral support of the people and today's ETA members, who do not accept the verdict of the polls and the democratic process.

CAMBIO 16: Do you think that ETA can accept a truce or negotiations?

LMR: I don't know whether it will, in fact, accept but I think that it is possible. If they really feel that the freedoms and rights of our people can be attained under the statute, they would have to acknowledge this, and then it would be feasible. But I think that their strength depends on whether we are really able to democratically achieve these requirements for our people under the statute.

Negotiating with the Terrorists

CAMBIO 16: So you think that negotiations with the ETA are possible? Who should conduct them?

LMR: Yes. I think that negotiations are possible, and they are logically up to the Madrid government. I have always said that the ETA emerged and began its struggle not directly against the Basque people, and much less against the PNV or the Basque Government; it

took aim directly at the central government. Therefore, this point of contention should be settled directly by Madrid and the ETA. Now then, the ETA's actions do affect us indirectly, because they almost always carry them out here. Hence, we are interested in the negotiations and an agreement. If Madrid were to ask us to act as intermediaries, we would do so gladly, and if we were able to take the initiative and submit some of the ETA's negotiating proposals to Madrid, we would offer to play the role of middlemen as either a party or a government.

CAMBIO 16: Are you in favor of another amnesty?

LMR: The concept of amnesty is difficult to propose and call for. Now then, I would be the first one interested in having special pardons or exonerations to settle the issue. I would like the entire slate of the past to be wiped clean, especially at the start of a new period under a new government.

CAMBIO 16: Do you think that ETA violence would end with another amnesty?

LMR: That should be the condition: amnesty, but in exchange they would have to end their violence and lay down their arms.

CAMBIO 16: Negotiations, in other words. The ETA would have to make concessions too, wouldn't it?

LMR: Exactly. We will all have to to a certain extent.

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EXTREME RIGHT REPORTEDLY ORGANIZING MILITARY GROUPS

Madrid CAMBIO 16 in Spanish 25 May 80 pp 31, 32, 35, 37

[Text] On 7 May 1980 all the Madrid newspapers published a surprising report: An engineer in the telecommunications department, Manuel Riera Garcia de la Noceda, a resident of Madrid, 36 years old, was killed by a gunpowder explosion while he was trying to replace a charge in some hunting rifle cartridges in the bathroom of his home at 103 General Mola street.

The most spectacular aspect of the story was, however, that the lifeless body of the engineer, completely shattered, had been found by his wife several meters from the location of the explosion and where the victim had been cataputted by the effects of the blast.

How could a simple hunting rifle cartridge have produced such violent action? That is what the policemen who rushed to the scene of the accident minutes after learning of the explosion asked themselves.

They found their answer after examining the chemical and electronic materials which Manuel Riera Garcia de la Noceda had been handling moments before losing his life. According to what the police could determine, the engineer was not in fact engaged in recharging spent hunting rifle cartridges, even though this was the version which, at the family's request, was given to the press. Rather, the engineer had been assembling an extremely powerful bomb.

For whom did engineer Riera work? The police gave CAMBIO 16 to understand that, in view of his ideological involvements, it is probable that Manuel Riera Garcia de la Noceda was an activist in the Fuerza Nueva [New Force], or Spanish Falange, party and that the explosive device that he was assembling could have been slated for some attack planned for the subsequent 24 hours. At the San Bao bar located in northeastern Madrid, on the same day that the explosion occurred a group of individuals espousing an ultrarightist ideology carried out an attack which left one dead and three wounded, two of them through the use of firearms.

The neighbors and the gatekeeper of the property of calle General Mola in Madrid where engineer Riera lived reported to this periodical that he was a person with an "authoritarian personality" who was armed wherever he went and that he associated with individuals of the extreme right.

Among these persons were--according to the same sources--some well-known activists of Fuerza Nueva in the district, "the types who go everywhere making a lot of noise and who appear to continue to believe themselves to be the masters of the world," according to one of the engineer's women neighbors.

Whether or not they want to conquer the world, what is certain is that the most radical elements of Fuerza Nueva favor the creation of a military organization within Blas Pinar's party.

"To Stir Up" the Army

In this connection a confidential report drawn up by the Office of the General Commissioner of Information headed by Commissioner Manuel Ballesteros noted that "an important sector of the Fuerza Nueva party is harshly critical of the present parliamentary approach of Blas Pinar and would favor encouraging the creation of elites cadres and a clandestine military organization to try 'to stir up' the army and steer the country in what it views to be an inevitable direction unless Spain's total destruction is to be countenanced."

The report dated 10 April 1979 also noted that for this sector of Fuerza Nueva, the most reactionary, the democratic and parliamentary alternative is nonsense compared to the party's doctrine with its militant origins and mentality. The report mentioned that "the most radicalized sector of Fuerza Nueva cannot hope for anything from ballots even if the party were to achieve spectacular results in the future."

For those who drew up the report some sectors of Fuerza Nueva have lost confidence in authorized patriotic demonstrations since they have not led to anything practical and weary the people who are disheartened and constantly ask for more "direct and concrete action."

A year after the drafting of said report sources in the Office of the General Commissioner of Information made known to CAMBIO 16 that "there is no concrete evidence" that Fuerza Nueva is becoming militarized.

Pacifists!

"There is more," the same sources noted. "We believe that Blas Pinar and a very specific circle of hardliners support the pacific line of the party even though on this score the leader of Fuerza Nueva may have had to rid himself of 'entangling knots' and the Guerrillas of Christ the King who were so useful for some operations of the former regime in burning libraries and attacking the reds."

In the opinion of these sources what Blas Pinar has done in the last few months in expelling from the party the most contentious and dangerous elements and stigmatizing them through reports published in the weekly INTERVIU would be the same operation which the leader of the MSI [Italian Social Movement], Giorgio Almirante, did in Italy years ago on becoming free from the fascists so as to be able to act without restraints and through all parliamentary means. "The problem," sources in the Office of the General Commissioner of Information told CAMBIO 16, "is that on being ejected from Fuerza Nueva various violent minigroups were created in some Spanish cities--the Youth Front, the National Revolutionary Youths, and Primera Linea [Front Line] among them--which tend to reorganize and wage a battle on their own account."

The Youth Front and Primera Linea, the most aggressive sector of the Spanish Falange, are according to the police the perpetrators of the recent attack on the Faculty of Law of Madrid and of the attack at the San Bao bar (see CAMBIO 16, No 441) where a youth was killed and three other persons were wounded, two of them by firearms.

The Office of the General Commissioner of Information reported to CAMBIO 16 that "at present we have these minigroups under control and we shall do what is possible so that they will not raise their heads even though they will try--we know that--to reorganize and to strike at any time that is desirable to them."

In the Background, Fuerza Nueva

Other police sources connected with the Policemen's Trade Union and the brigades created in Madrid by the former police chief, Francisco de Asis Pastor, believe the exact opposite. "The 'Ballesteros' report," these sources say, "is very accurate. In the last 14 months Fuerza Nueva has tried to boost its military apparatus and has clandestinely moved weapons and some individuals among those who, because of their activities, could compromise the political organization."

These sources noted as evidence that, for the first time, in mid-February 1980, police units found in several apartments in Madrid various arsenals of firearms some of them including a submachine gun, a Mauser revolver, several hand grenades, and some gunpowder cartridges specifically used by the army.

Captian "Luis"

One of the arsenals consisted of 12 pistols and nearly 50 kilograms of "Goma 2," an explosive sufficient to blow up various buildings in Madrid. "The important thing in this find," the police noted, "is not the weapons as such that we discovered but rather the apartments which were clandestine and were rented under assumed names. This makes it possible to infer that Blas Pinar's party has been renting large apartments, an operation which was completely unknown to us so far."

Through the declarations of Ignacio Abad Velavazquez, implicated in the assassination of the female activist of the PST, Yolanda Gonzalez, the police were able to determine that Fuerza Nueva had earlier had other clandestine apartments rented in Madrid, one of them near the Rastro, which they gave up because it was too expensive.

"The man who paid the rental on these apartments," police sources reported, "was Captain 'Luis,' known as Emilio Hellin Moro in Fuerza Nueva, another of the individuals implicated in the assassination of the girl Yolanda Gonzalez. Hellin Moro in turn received money from David Martinez Loza, the lieutenant of Blas Pinar."

Another of the factors which strengthen the thesis that Fuerza Nueva witnessed a period of military organization is that that party was interested in acquiring 5,000 ball point pen-pistols, according to police sources, "even though these weapons would obviously be worthless in making war." The discovery of the purchase of these personal defense weapons was allegedly made by the police in early April 1980.

The buyer of the "ball point pens," Carlos Casado Yunte, 46 years old, residing at 5 Fernando el Catolico and at 30 Cardenal Herrera Oria, was a former member of the vertical trade unions, owner of the Nadir and Misan travel agencies which, according to the police, operated on behalf of Blas Pinar's party.

Carlos Casado Yunte was the president of the Iberian Electronic Company (CIESA) and was a senior official of the Electronic Mechanical Company. The police suspect that "it is possible that the material used to produce the bombs originated from these firms. The bombs were allegedly those which the national security chief of Fuerza Nueva, David Martinez Loza--according to the minister of interior--ordered to be placed in those Mardrid newsvendors' kiosks which sold INTERVIU in January and February 1980. "We never found out," the same sources added, "because Carlos Casado Uunte was not questioned thoroughly."

Other revealing facts that would indicate the formation of a military organization within Fuerza Nueva is the "executions" by the extreme right of 13 persons in the past 4 1/2 months and the fact that they were carried out by individuals who, in most cases, have been "recently expelled" activists from Blas Pinar's party.

Europfascism

Too, in police circles, stress is placed on the large number of camps which the ultrarightist party operated last summer across Spain. "These camps," a restricted report of the police noted, "are the base where Fuerza Nueva selects its command cadres from among its activists and trains them in various types of combat, mainly connected with personal defense and karate."

One of these camps held last summer in El Escorial was attended by a delegation of the [German] Viking Youths and other German neo-Nazi organizations, according to what the police in Bonn reported recently. At the same location the campers carried out verbal attacks and threatened the community so that the Spanish police ended up evicting the campers on 1 August 1979.

Another of the "camps" was also closed forcibly by the Portuguese police in the middle of February 1980 in Cintra, 30 km from Lisbon.

Its participants, including a Spanish citizen residing in Lisbon, had started to train themselves with pistols and hand grenades 2 days after Blas Pinar toured our neighbor country. The Portuguese police connect the creation of the ultrarightist group in Cintra directly with the declarations of the Spanish leader whom the Portuguese authorities plan to watch more closely whenever he intends to hold rallies in Portugal.

Franco, "My Love"

The Spanish police will do likewise in the future, though not in connection with Blas Pinar's rallies where there is always discreet police surveillance but rather with reference to the single party which some strive to build to the right of Coalicion Democratica [Democratic Coalition] among the various minigroups which, directly or indirectly, have sponsored the violence and some of which may be involved in the terrorism of the rightists.

On Wednesday 7 May 1980 Blas Pinar on behalf of Fuerza Nueva, Raimundo Fernandez Cuesta on behalf of the Spanish Falange of the JONS [Junta of National Trade Union Action], Juan Saenz Diez on behalf of CT [Traditionalist Communion], Santiago Martinez Campos on behalf of JT [Traditionalist Youths], and Luis Peralta Espana on behalf of HC [Brotherhood of Fighters] met at the headquarters of Fuerza Nueva at 8 Mejia Lequerica to structure the establishment of a single political party on the basis of the theses held by the ultrarightists in the past general elections.

"Let us hope," PSOE [Spanish Socialist Workers Party] sources told CAMBIO 16, "that their love of Franco and for the past does not make them love dynamite."

Campfire

Francisco Franco, Augusto Pinochet, and Adolf Hitler can feel proud. The cubs of Fuerza Nueva and Frente de la Juventud [Youth Front] do not forget them.

The German Fuehrer, for example, was remembered last summer at the summit on the heights of El Escorial, a city located 50 km from Madrid where the Spanish extreme right organizes its camps. On that occasion the military instructor of nearly 100 boys who gathered there was a former German SS [storm trooper] officer who taught them the austere and Spartan "virtues" of the Nazi legions.

The surprise of the neighbors was great. One night, in the middle of the fog which often ocvers the locality, more than 100 individuals dressed in black uniforms and displaying highly visible Nazi and Falangist emblems marched through El Escorial in military formation.

Before the fear of the population the mayor and various neighbors visited the camp and found themselves face to face with various emblems of the famous German Condor Legion belonging to the Nazi Viking Youths of that country and invited by the Spanish fascists to the El Escorial camp. A little later the civilian governor of Madrid, Juan Jose Roson, informed of the attack by the fascists against a member of the municipal government, ordered the dismantling of the camp.

Two years earlier Fuerza Nueva had organized a similar camp attended by a Chilean delegation at which the likeness of Augusto Pinochet had been hailed and the toppling of Salvador Allende's regime in Chile celebrated.

As a consequence of all this activity the residents of El Escorial still live as if democracy had not reached Spain. "Whenever we have to hang posters," said an activist of the PSOE, "the people, out of fear of the fascists, back out. We have to do the job at night, as if it were something clandestine."

This situation is true in the entire mountain area of Madrid Province, from El Escorial to Navacerrada and including Los Molinos, Robledo, or Guadarrama. The sectors most nostalgic for the Franco movement have found this area an ideal place to spend weekends and have set up their chalets there.

No one knows what goes on inside them. However, police sources assured CAMBIO 16 that if a full-scale sweep were made more arms would surface than during the civil war. Proof of this was the arrest of the minor Jesus Fernandez Landa on Wednesday, 7 May 1980, when he tried to conceal in El Escorial two pistols, weapons used the night before in an attack by the extreme right at the San Bao bar in Madrid. "The worst thing in this," an activist of the PSOE, resident of the city of El Escorial noted, "is that the cubs of Fuerza Nueva hold their camps with the money of the Spanish people, with the subsidies that they receive from the government. It is incredible, but democracy subsidizes fascism!"

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SPAIN

BRIEFS

PCE-EUSKADI LOSES MEMBERS--Approximately one thousand militants have left the Communist Party of Euskadi during the last few months. The majority has joined the Euskadiko Ezkerra coalition, a group that apparently will become, in the near future, the Communist Party of the Basque Country. [Text] [Madrid CAMBIO 16 in Spanish 15 Jun 80 p 5]

POLICE ON COSTA DEL SOL WATCH--The General Security Directorate has put out an alert and given the corresponding orders to attempt to frustrate ETA Political-Military terrorist activities on Spanish beaches similar to those carried out last year. Police vigilance will be particularly intensive in the Costa del Sol. [Text] [Madrid CAMBIO 16 in Spanish 15 Jun 80 p 5]

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