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1 December 1980

West Europe Report

(FOUO 50/80)



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WEST EUROPE REPORT

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COUNTRY SECTION

FINLAND

KORHONEN DISCUSSES COUNTRY'S GOALS FOR MADRID CSCE CONFERENCE

Bonn EUROPA-ARCHIV in German 25 Oct 80 pp 625-634

Article by Dr Keijo Korhonen, undersecretary of state for political affairs at the Finnish Ministry of Foreign affairs, from September 1976 to May 1977 foreign minister in the government headed by Prime Minister Martti Miettunen: "The Madrid CSCE Conference as a Challenge to Neutral Finland"

Text The Madrid CSCE Conference on Security and Cooperation in Europe cannot be dealt with as an isolated event; we must consider it in its historic context. Ten years ago European modern political history passed through a significant period. In the years 1970-1973 the process of settling the heritage of World War II had some noticeable results: Treaties were signed between Bonn and Moscow, Bonn and Warsaw; the Four-Power Agreement on Berlin stabilized and clarified the status of the city, and the basic treaty was concluded by the two German states. At the same time it was agreed to begin arms limitation talks in Vienna.

These general developments were coupled with the effort to organize a conference on security and cooperation in Europe. This concept, initially markedly "Eastern," received definite impetus in spring 1969. At that time the Finnish Government defined its attitude to the proposal. Finnish opinion held that the concept of the conference was to be backed with the proviso that it should be well prepared and all the governments involved attend. In May 1969 the Finnish Government proposed that, with the consent of the governments involved, a preparatory meeting should take place in Helsinki. Following long drawn-out and difficult talks the representatives of 35 governments met in November 1972 in Dipoli near Helsinki. This meeting in turn led to the first CSCE at foreign minister level in summer 1973. The next 2 years passed with negotiations in Geneva, and in late July/early August 1975 the conference of senior representatives of the countries responsible for Europe met in Helsinki. At the end the Helsinki final act was signed.

The Helsinki Final Act From the Finnish Standpoint

Considered after the event, the 1975 final act was a genuine achievement. Now that the general condition of international affairs with respect to compromise and mediation has deteriorated, we would be well advised to recall that which was achieved 5 years ago. On the one hand the Helsinki final act settled the political legacy of World War II and thus served as a kind of substitute for the still outstanding peace treaty. On the other it became the basic document of international behavior relating to Europe and, at the same time, provided a framework for the peaceful

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cooperation of the European countries. In all postwar history we cannot find a comparable example of success by all the governments responsible for Europe for arriving at a negotiated result which could justly claim the description peace policy.

That which now appears to us logical and inevitable was actually the consequence of thorough and painstaking effort. The basic prerequisite for the realization of the final act was careful diplomatic preparation which--in the case of Geneva alone--lasted for some 2 years. The work required a tremendous amount of patience, readiness to compromise and the wish to acknowledge facts as they are. Both sides had to be ready at all times to accept the premise that the real basis of negotiations was represented by the national interests of the countries involved. These, even by definition, compete with and differ from one another. In the course of the negotiations there was occasion to emphasize that the governments involved were mainly responsible for the talks and the result. Admittedly, all these efforts were backed at the time by a favorable international atmosphere conducive to cooperation.

The Helsinki final act makes little sense unless we remember that it is a diplomatic document by the governments involved and, in essence, represents the sum of carefully balanced results and compromises. As the national interests of the various governments differed, the advantage of one was often a concession by the other, and vice versa. It seems to me that this basic fact was insufficiently stressed in the discussion following, especially in recent years. Nevertheless, the outstanding feature of the final act is compromise, and that is the key for understanding its applicability. A balanced whole was created from the final act by difficult diplomatic labors lasting many years--and only thus could it be made viable.

Evident advantages arose from the realization of the final act for the national interest of Finland which is outside all military alliances and pursues neutrality. From Finland's standpoint it was an advantage that a comprehensive accord had been realized, which included the most important principles affecting European security. It must be accounted an achievement that all governments involved participated in this consensus, in other words all the countries which, compelled by the facts, are responsible for the security of Europe and the success of European cooperation. Obviously this does not concern only countries which are geographically European, it also affects the United States and Canada, though they are located outside Europe. The Helsinki final act immensely strengthened European political stability and the status quo in Europe, and that naturally responds to Finnish interests. Moreover, all elements of cooperation which are progressive and also flexible must--from the Finnish standpoint--be judged potentially beneficial.

It has been characteristic of the policy of the Finnish Government that the development of security and cooperation in Europe was considered a long-term process. From the Finnish aspect this involves constant contacts, the maintenance of constant negotiations and a constant dialog. This process has a broad topical as well as a long temporal dimension in the form of consecutive events, meetings and special conferences. It is characteristic for Finland's mentality to consider such affairs from a long-term aspect. Finland is aware that the development of security in Europe and the advance of European cooperation are issues requiring a great deal of time, and it understands that they also call for much patience.

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The final act was never thought of as conclusive. The assumption of constant further advances is linked to it both structurally and textually. The potential pursuit, appraisal and analysis of the overall development of events in Europe is therefore an integral part of the process. Just as the Belgrade Conference of 3 years ago the Madrid Conference is necessary to keep alive the dialog and the negotiations. The temporal dimension of the development of security and cooperation in Europe confronts us with the question whether it might not be possible more meaningfully to organize this process and better structure it without adopting unnecessarily cumbersome institutional steps. It would be appropriate thoroughly to think out this issue at the Madrid Conference.

It was an essential feature of the final act that, in a certain sense, it related to states, in other words that it was realized by the sovereign states of Europe rather than by groups of states. This has sometimes been criticized as clumsy and unrealistic. Nevertheless it is entirely logical: It signifies recognition of the variety of peoples in Europe and the range of European cultural phenomena as the wealth of Europe. We are certainly not using an empty phrase by stressing that the 1975 Helsinki final act was an agreement among sovereign and independent European countries, not among power blocs or economic associations.

From the beginning some difficulties beset the Helsinki final act. The apparently greatest was that of arousing undue and even false expectations. If too much is expected of any event, however important, nonfulfillment is liable to produce irritation, and this in turn weakens one of the crucial prerequisites for further progress. An affirmative atmosphere. A second weakness, more or less inherent in CSCE, is its international linkage. After all, the final act affects "all governments responsible for the security of Europe." This scope inevitably links European development with that of the international superpowers. At times when relations between them are tense and insecurity general this global linkage means that the entire European process is vulnerable. Recent months have furnished many examples.

It is another intrinsic weakness of the final act that a voluminous document, the result of well balanced compromises, offers tempting possibilities for use as a political weapon for ephemeral purposes. Instead of noting the preliminary defects in the implementation of the final act it would be more useful with respect to the CSCE to ask what has so far been achieved. As in every political process achievement is the only proper criterion by which to judge the value of the CSCE.

On the other hand the achievement can be appraised only against the background of the starting point and by taking into account the time factor. Human rights are an excellent example. The diplomats who had labored in Geneva for 2 years were well aware that they were building a kind of verbal bridge. Everybody realized that differences in interpretation were inevitable. The causes are self-evident and relate to past history. Western cultural tradition interprets human rights mainly as the liberation from something, the protection of the individual against the arbitrary power of society, explicitly the protection of the individual against the state. Eastern political culture in the modern socialist countries interprets human rights (on the basis of a strong historical heritage) as rights to something, such as the right to work, medical care and education; these are ultimately granted at the discretion of the state. This dichotomy of interpretations is inescapable and profound; we cannot possibly escape it.

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For political practice it is after all decisive that the Helsinki final act is a document produced by 35 governments and its application and interpretation therefore up to those governments. The result of the Helsinki final act and indeed the entire CSCE process is sometimes criticized in the West European discussion. It would be only appropriate to remember that each year and month of peace in Europe is an achievement, and so is each dimension of increasing economic cooperation and mutual dependence--especially when it transcends the limits of the various social systems-- , moreover each expansion of human contacts and communications, each reunited family. What has taken place in Europe is a positive development although, of course, this is not due only to the CSCE. Conversely, while it is not possible to identify the CSCE related development as such in isolation of other developments, we may well ask whether life in our part of the globe would not be far more perilous and difficult without the CSCE process.

Expectations Regarding Disarmament and Security

The considerations cited here largely determine the expectations harbored in Finland with respect to Madrid. On the other hand we do not want to be either foolishly optimistic or unduly credulous regarding the future of our Continent. Finland is a northern country and champions the status quo in Europe. As far as we are concerned the process causing us the greatest anxiety at this time is the steadily increasing quantitative and qualitative rearmament in Europe. In particular the new technical dimensions of the arms race and the new and all too noticeable qualitative standard arouse new and unprecedented misgivings. From the conceptual angle alone this makes "crisis management" even more difficult and hazardous, especially because this part of the world is the most highly armed region on earth and will continue to be so. Not to mention that, despite the ongoing European disarmament and arms control talks, no adequate counterpoise to the rearmament trend is discernible.

At the negotiations about the Helsinki final act a consensus was achieved on a brief but significant appraisal of disarmament relating to this part of the world. As this passage tends to be quoted far more rarely than many other sections of the final act, it may be rewarding to cite it verbatim. In the first basket (issues of security in Europe) of the final act the military measures to build confidence are followed by section II, "issues relating to disarmament." It reads as follows:

"The participating countries acknowledge their common interest in efforts to lessen the military confrontation and encourage disarmament, directed at complementing political detente in Europe and strengthening its security. They are convinced of the necessity to adopt effective measures in these fields, which--by their extent and nature--will represent steps for ultimately achieving general and complete disarmament with strict and effective international supervision, and which are to result in strengthening peace and security in the world as a whole."

Subsequently section III, "general reflections," reiterates some principles which the participating countries promise to uphold when pursuing the stated goals. These include the complementary nature of the political and military aspects of security, respect for the security of all states participating in the CSCE, which represents part of their sovereign equality. It is also in the interest of each country participating in the CSCE by suitable means and at the appropriate level to obtain information about ongoing disarmament talks, and these countries have a right to expect their views to be taken into account.

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When the countries participating in the Conference on Security and Cooperation in Europe approved the above passage of the final act, they accepted a specific role in view of the disarmament and arms control negotiations touching upon Europe: A kind of follow-up activity.

The Finnish Government holds that it might be one of the tasks of the forthcoming Madrid Conference to continue the follow-up activities on this basis, in other words to pursue the discussion on the progress achieved in the disarmament talks. This Finnish opinion was indicated (in connection with the disarmament talks) in the first committee of the U.N. General Assembly in autumn 1979 (A/C.1/34/PV.9). The Finnish Government assumed that multilateral and comprehensive talks on disarmament in Europe could take place in any chosen forum, but that the Madrid Congress would afford the best opportunity. After its latest contacts with the other governments involved the Finnish Government has arrived at the conclusion that, for most people, the CSCE process would indeed be the natural context of such follow-up activity.

For that concept the Finnish Government is using the working term "disarmament program for Europe," but this term should not be used inflexibly. My government thinks it would simply be desirable and necessary to have a kind of clearing house talks on this topic and multilaterally as well as comprehensively deal with the present status of European disarmament negotiations and arms control generally. To be aimed for in this case would be a consensus on the principles to be pursued, the methods and approaches to be used as well as the areas to be considered in all ongoing and possibly future disarmament negotiations relating to Europe. Evidently relevant here are the quoted statements of the final act on the acquisition of information and the consideration of the views of all countries involved in the Conference on Security and Cooperation. Rearmament in Europe and European disarmament affect all CSCE countries, but many of these are not involved in the disarmament negotiations, however much they may concern their own fate.

Of course the CSCE talks should not prejudice the current disarmament negotiations. Finland hopes for every possible success of all these negotiations, especially the SALT talks and the Vienna negotiations on arms limitation. A multilateral approach to the issues should encourage, not hinder settlement. Obviously mere demonstrations and declarations cannot advance the settlement of such sensitive issues which directly touch upon the security of each country.

The Finnish Government has pursued this realistic approach whenever talks have been conducted about a European disarmament program. On the one hand France, backed by many West European countries, on the other the socialist countries of Europe have lately submitted proposals for the convocation of a special European disarmament conference. The Finnish Government welcomes this idea as such and hopes that an appropriate agreement by the governments concerned will emerge as soon as possible. At the same time Finnish opinion holds that, in the present situation in particular, the road to the convocation of a disarmament conference is apt to be long and stony. The Madrid CSCE negotiations should encourage this process. In the Finnish view the comprehensive clearing house talks about the general principles and guidelines of a European disarmament program (cited earlier) may represent a necessary--even indispensable--element of the process to implement the concept of a European disarmament conference.

The follow-up work to be done at the disarmament negotiations in connection with the United Nations--here I remind of the work in the Geneva disarmament committee as well as and in particular the first committee of the U.N. General Assembly-- is considered by the vast majority of the world's population to be a legitimate and indispensable element of the global disarmament process, though its weaknesses are full well known. It is therefore quite logical that we need a parallel follow-up forum for Europe, the most heavily armed region of the world. The CSCE process is the most obvious.

The Finnish Government does not intend to forget one of the basic concepts of the Helsinki final act: That there is a reciprocal balance between the various elements and various baskets, and that the final act represents a whole. It does not intend to propose that the disarmament talks should dominate the Madrid Conference. However, such talks should have the status appropriate to them in the work of the conference, if for no other reason than that, in Finnish opinion, the problems relevant to Europe with regard to the arms race have become really urgent in the past few years.

On the Procedure of the Madrid Conference

As to the Madrid Conference in general, Finland considers it crucial to observe on the one hand the long-term aspects described by me at the beginning of this article as inherent in the process, and on the other the circumstance that the CSCE negotiations are not an isolated event but an integral part of the general international situation.

Just now when keeping free the channels of international communications has become both harder and more important, the CSCE may serve to keep contacts alive. We are quite justified in claiming that, regardless of the serious differences between national interests, it is in the best interest of any CSCE country to be concerned about the continuing pursuit of the CSCE process and even in the most difficult possible situation to see to it that this continuity is not lost. The "worst case analysis" of eventualities in regard to the Madrid Conference--interesting for purely theoretical reasons--would still mean that the Madrid Conference should at least be able to arrive at a decision about its own succession and thereby the continuation of the CSCE process.

The 1977-1978 CSCE Conference in Belgrade has been much criticized, and not without justification. Still, the result was not so poor as assumed early on, under the impression of inflated expectations. Nor should we forget that we may reap in Madrid reap the full benefit of the lessons learned in Belgrade. At least we know very well that the mistakes possibly made in Belgrade are not to be repeated in Madrid.

An immense volume of new proposals (more than 100) was submitted in the course of the Belgrade Conference. Many involved important and significant ideas. But the sheer weight of numbers in Belgrade was too great for them to be dealt with in any meaningful manner within the time available. Moreover it turned out to be a major obstacle that no cut-off date had been set for the submission of new proposals, so that some were tabled as late as the very end of the conference.

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It is the view of the Finnish Government that this mistake should not be repeated. In fact it is vitally necessary for the proposals to be submitted to be as concentrated and far reaching as possible. Also they should be actively backed by more than one participating country at the time of submission. We should try severely to limit new proposals. It would be most desirable for the major proposals to be submitted in the initial stage of the conference, if at all possible by a specific date. The Finnish Government, for its part, is prepared to adapt to this kind of procedure and plan its own proposals accordingly.

The discussion on implementation will be the one most sensitive in political terms. It is evident that the spirit and text of the Helsinki final act and the entire nature of the CSCE process presumes an open and free discussion on the success achieved by the respective governments in implementing the decisions of the final act. However, the subject matter and tenor of the discussion must be kept at a level of moderation and the facts appreciated. I do not believe that the national interest of a single CSCE country is served if the discussion is handled merely as a propaganda weapon, the use of which is dictated by the current international situation. On the contrary, it is bound to be in the general interest that the discussion of the implementation of security and cooperation in Europe is carried on while bearing in mind both long-term benefits and common goals.

At the same time I would like to stress that, in the opinion of the Finnish Government, the critical discussion on the implementation of the final act should certainly not be restricted, let alone prevented, in Madrid. However, as we are dealing with a conference of 35 sovereign governments, we must appreciate that, from its own standpoint, each government is the only competent authority to decide and accept responsibility for the implementation of the final act. It would therefore be desirable for the discussion of the implementation to be mainly a kind of clarification of attitudes on the basis of independently initiated "challenges." It is conceivable that each government may present a written summary of the implementing process as carried out in its country, and that this document serve as a starting point for the subsequent discussion, although it certainly should not limit it.

On the Role of the Neutral and Nonaligned Countries Participating in the CSCE

As early as the negotiations preceding the 1975 conference and, in particular, during the Geneva working session, it became customary for the neutral countries of Europe in their bilateral consultations to discuss the issue of the organization and procedure of the conference and later--together with the nonaligned countries--the question of the agenda also. This cooperation between the neutral and nonaligned countries has grown into a vital and beneficial element of the CSCE process. The nonaligned countries (Sweden, Finland, Austria, Switzerland, Yugoslavia, Liechtenstein, San Marino, Cyprus and Malta) each pursue rather different defense policies and, given their political and geographical location, find themselves in very different situations. Common to them is the fact that they are not part of any military alliance and that, consonant with their interests, they endeavor to mediate and arbitrate any conflicts.

The Finnish Government holds that cooperation between the neutral and nonaligned countries should benefit the totality of the Madrid Conference. Of course this is not meant to imply the establishment of a new political bloc in Europe--such an

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idea would be absurd because the differences between the countries concerned are far too great. It is our intention, however, that the respective countries should--insofar as the situation allows--jointly consider how best to serve the conference in its search for a consensus. Obviously the neutral and nonaligned countries cannot obligate themselves to achieving a joint neutral and nonaligned recommendation in every circumstance and on every topic. However, the steady maintenance of contacts between these countries has already assumed the nature of a firm tradition. Finland will of course continue to be involved.

It has also turned out to be useful that the four neutral European countries--Sweden, Finland, Austria and Switzerland--were in touch with each other from time to time concerning issues affecting the problems of security and cooperation in Europe, both in order to exchange information and comments. For Finland this type of cooperation is as much a matter of course as the fact that the neutral countries of Europe do not aspire to represent a third European power concentration. At this point let us note that the Nordic countries within the CSCE are another natural point of reference for us, which will be operative in Madrid also.

Among the substantive issues dealt with by the neutral and nonaligned countries those measures which promote confidence already loomed large in earlier CSCE phases. The total concept of measures for promoting confidence as known in connection with security and cooperation arose as a kind of byproduct of the disarmament talks during the CSCE preparatory stages; however, this infant conceived more or less accidentally has turned out to be rather lusty. Despite their relative modesty the results achieved by the final act with respect to measures to promote confidence are genuine. It is to be expected that the neutral and nonaligned countries will be specially interested in the further advance of the measures to promote confidence at the Madrid Conference also. If at all possible they will submit joint and realistic proposals on this topic, which might well be approved by the major military powers. It is too early yet to comment on the problem involved in the textual and action-related relation of the measures to promote confidence within the CSCE process to those measures to promote confidence cited by France in particular in its proposals on the convocation of a European disarmament conference. The measures suggested may in part be the same, some may be entirely different. Differences may also emerge in the philosophy of the measures for promoting confidence. These are issues which, in the opinion of the Finnish Government, should be dealt with in a multilateral context and, above all, within the framework proposed by Finland for the concept of a European disarmament program.

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COUNTRY SECTION

FRANCE

GERDSM STUDIES, REFINES ASW TECHNIQUES

Paris ARMEES D'AUJOURD'HUI in French Sep 80 pp 48-49

[Article by Naval Engineer Admiral Jean Mitault*]

[Text] The special warships used in ASW [antisubmarine warfare] must be armed with effective weapons systems capable particularly of detecting an enemy submarine, identifying it, determining its position and speed, displaying the elements needed for a command decision, and in the last analysis carrying out the action of the final attack.

The ASW Group of the STCAN [Technical Service for Naval Construction and Ordnance], which comes under the DTCN [Technical Directorate for Naval Construction], is directly responsible for the conducting of studies, development and fabrication of ASW equipment. In this task it relies for support on specialized study organizations set up within and outside the arsenals of:

--the GERDSM [Underwater Detection Studies and Research Group] of the Toulon DCAN [Directorate for Naval Construction and Ordnance], whose specialty is underwater detection;

--the GESMA [Atlantic Underwater Studies Group] of the Brest DCAN, whose activities are devoted entirely to mine warfare;

*Having entered the Ecole Polytechnique in 1947 and graduated from the Ecole Nationale Supérieure du Génie Maritime in 1953, Naval Engineer Admiral Jean Mitault has devoted much of his career to weapons and weapons systems. He has participated in numerous programs (Malafon, Masurca, Mer Mer 38, Crotale Naval) as engineer in charge of studies, plans or testing. For 7 years he headed the Atlantic Underwater Studies Group. Since 1976 he has headed the ASW Group of the Technical Service for Naval Construction and Ordnance.

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--the "studies" subdirectorates of the Saint-Tropez ECAN [expansion unknown], devoted to the full range of studies relating to torpedoes.

We shall try to provide an idea of the activities of these organizations from the standpoint of one of them: the GERDSM.

An Entire Studies Organization Dedicated to Underwater Detection

Created in 1946, the GERDSM is located a few kilometers east of Toulon. Its installations are situated just outside the little port of Brusac in a pine forest on the southern shore of the Sicie Peninsula.

First of all it orients and conducts studies on sound propagation, on ocean noises and those produced by the ship itself, on signal processing and on electroacoustical systems.

When these studies, which are of an ongoing nature and seek to respond to long term general needs, have reached a sufficiently advanced stage, it becomes necessary sometimes, before deciding to put out a new operational equipment, to go through an intermediate stage called "exploratory development," which includes the design and testing of a maquette or of an experimental prototype that is very close to being an operational model to provide a maximum of operational and technical data and to better assess the costs of future equipment. The GERDSM has the entire responsibility for carrying out these projects to their full realization. One of the most spectacular of these is certainly "Cormorant," a deep-towed sonar project for surface ships.

After the Navy command has defined a precise operational requirement, development begins on the needed equipment. Based on currently available knowledge and the results of its studies and of its long-term projects, the GERDSM draws up the technical specifications, selects suppliers, awards contracts, and monitors closely the design of the equipment, prototypes, production models and production. It then conducts the necessary technical testing and participates in their military evaluation together with the Navy's Applied Studies Commissions.

The process that begins with research studies and ends with the evaluation of a new system is an extremely long one: More than 15 years separates these two phases in the case of a major system.

Another characteristic of underwater detection is that it is totally specific to the Navy. The possible needs of other armed services or of the civilian sector are, for all practical purposes, nonexistent or too narrow to warrant the studies and applied research required to satisfy military needs. The GERDSM must therefore maintain and develop its knowledge of the sea environment, the structures of ships, and the entire

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range of acoustic, signal processing and data processing techniques. Its field of activities is therefore vast and the GERDSM relies as much as possible on existing specialization outside its own organization: within the DGA [General Delegation for Weaponry], ONERA [National Office for Aerospace Studies and Research], industry and universities.

A Glimpse of Some of Its Specialized Technical Fields

Transducers use the electroacoustical properties of crystals and ceramics that enable the conversion of underwater sound pressures into electrical currents and vice versa. Transducers may be said to be to sonar what antennas are to radar. In this field, the GERDSM carries on research studies on transducers, specifies the active piezoelectric materials that enter into their construction--currently ceramics--specifies, orders and tests transducers and their assemblies in antennas.

The sea is an extremely capricious and complex environment, and a knowledge of the propagation of sound in water is fundamental to defining and specifying long-range detection equipment. The GERDSM carries out under-sea acoustics measurements expeditions and compares measured data with the calculations drawn from mathematical models. These models, thus refined, are used to predict the range of detection equipment in service or under design, as well as to define the principal characteristics of future equipment.

Transmitters must, in very compact form, supply the enormous powers (many hundreds of kilowatts) needed by the transducers. The GERDSM has attained a high degree of expertise in the field of thyristor transmitters.

Sonar must detect submerged objects and give their position, their speed if possible, and their identifying elements. The GERDSM conceives and contracts for the production of receivers that must maximize the usability of the signals received by the transducer, and of equipment for displaying the required information in the form best suited to the needs of the operators and the staff.

Noise constitutes a special sector of the GERDSM's activities, in which the GERDSM performs the functions of a measurements service for the naval architect, who conceives the ship, as well as those of a research organization that, by expanding the knowledge of noises and of the phenomena that produce them and contribute to their propagation, contributes to the improvement of the noise characteristics of warships and to the improvement of the performance of French detection equipment. The GERDSM has two acoustics testing sites--one at Brusac and the other opposite Cap Ferrat--that enable the taking of measurements on noises radiated under water, using hydrophones (transducers specially designed for reception) moored at the bottom of the ocean: The ship being tested follows a marked-out

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course, and a land station registers, analyzes and interprets the signals thus collected. The GERDSM also has equipment specially designed for noise measurements aboard ships, which, with the preceding measurements, enable the detection of acoustic abnormalities in ships and the orientation of noise reduction work.

Staffing and Installations

The GERDSM staff consists of 277 persons, 47 of whom are engineers, physicists, mathematicians, electronics specialists and mechanics specialists.

For underwater acoustic measurements, the GERDSM has a substantial infrastructure that is unique in France:

--acoustic chambers,

--laboratory lighters situated on the artificial lakes of Castillon and Chaudanne,

--testing ships.

It also has a calculating center designed to carry out scientific calculations and to rapidly analyze noise measurements, and a richly endowed documentation service containing some 15,000 works.

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COUNTRY SECTION

FRANCE

ASW RAPID DETECTION, COUNTERMEASURE METHODS EXPLAINED

Paris ARMEES D'AUJOURD'HUI in French Sep 80 pp 50-53

[Article by Lt Comdr Jerome Denavit*]

[Text] Detection equipment and weapons have been developed together since the advent of the threat constituted by the submarine. With the ASDIC [sonar] of the last war there was the ASW [antisubmarine warfare] depth charge dropped from the stern of the frigate. Later, there came HF [high-frequency] sonar and the homing torpedo. The 1970's saw the V 23/V 43 combined and the arming of the heavy ASW units with the "Malafon" missile. Enhanced knowledge of the oceanic environment together with technological advances are leading to the attainment of the objective of the surface naval and air forces: rapid detection and fast countermeasures.**

Detection Equipment

Sound remains and will remain for a long time to come the sole purveyor of underwater information capable of enabling acceptable performance. Detection equipment is therefore a converter of sound energy into electrical energy and, and vice versa, and must be capable of:

* Having entered the Naval Academy in 1964 and graduated from the ASW School in 1972, Lt Comdr Jerome Denavit served as ASW officer notably on the destroyer "Vauquelin" and the corvette "Georges Leygues" and as instructor on the "Jeanne d'Arc." After having commanded the oil tanker "Punaru" in the Pacific, he now fulfills the functions of deputy chief of the Weapons Section of the Underwater Weapons Systems Bureau of the Admiralty.

** The problems related to detection and attack of a submarine by another submarine are not dealt with here. The submarine, however, thanks to its high-performance, quiet-operating equipment, can play an essential role in ASW and will take on even greater importance in this respect with future improvements in its means of cooperation with surface naval and air units.

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--receiving the noise radiated by an underwater source (passive system), or of transmitting a wave at a given frequency and receiving the reflected wave from an object (active system);

--processing the received signal to render it usable by an operator.

The first underwater detection equipments, developed beginning in 1918, were essentially of the passive type. But the noise emitted by an underwater source was very frequently masked by ambient noises. This, active systems were quickly preferred and presently equip the navies of the big powers.

The considerable advances realized over the past 10 years in the field of electronic signal processing (amplification, extraction, analysis) and in knowledge of the environment have brought about the realization of very-high-performance passive equipment, especially for reception at very low frequencies.

The technical solutions--a summary glimpse of which is given in Table 1-- must take into account physical phenomena involved in underwater sound propagation. Among those that most affect equipment performance, we must cite:

--molecular agitation in water, requiring a lowering of operating frequency and hence an increase in size of the sonar;

--reverberation owing to environmental heterogeneities, the effects of which are detrimental at higher transmitting powers;

--inherent noise of the carrier vessel itself, which, at higher speeds, alters the performance of the sonar;

--the slow speed of sound in water, which limits the rate of sonar information and hence imposes a highly computerized processing of the signal.

Whatever its type, therefore, a sonar is necessarily a best compromise among parameters of range, power, cost, ...

French industrialists and the STCAN [Technical Service for Naval Construction and Ordnance] have attained a degree of expertise in the field of on-board LF [low-frequency] sonar that no other country disputes. In particular, the combined DUBV 23-DUBV 43 has been a success that out-classes most foreign equipment. This combination is installed aboard the "heavy" ASW ships: destroyers, frigates and corvettes. Over the medium term, the Navy could equip most of its combat ships with passive linear arrays, if current tests confirm expected performance, to complement their excellent active equipment.

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ASW Weapons

Increased ranges of detection on the one hand, and speed and maneuverability characteristics of modern submarines on the other, demand the use of long-range and accurate ASW weapons. The ideal ASW weapon should have the following essential characteristics:

- a broad range of coverage and terminal homing,
- high transit speed and a high degree of silence,
- a powerful military impact.

Table 2, analyzed from the viewpoint of these criteria, shows that the ideal weapon is difficult, indeed impossible, to achieve. The best compromise must be found among all these parameters.

The Navy has been equipped with short- and medium-range weapons.

Depth charges: The ASW depth charges with which sea patrol planes are equipped are especially effective in shallow waters.

Gunnery weapons: (Rocket launchers, mortars). These are short-range (3,000 meters) weapons, especially suited to shallow waters (where close-range detection is common) and characterized by great ease of utilization and low cost. The 375 ASW rocket launcher is standard equipment on all "d'Estienne d'Orves"-class destroyers.

Torpedoes: Heavy (L3 and L5) torpedoes are used by surface ships, light (L4, MK44, MK46) torpedoes by sea patrol planes, and Malafon missiles by surface ships.

It is to be noted that the speed of torpedoes (between 25 and 35 knots) is inadequate to attack high-performance submarines. This is why the Navy currently has under study a new light ASW torpedo (NTL 90) to be used by planes and helicopters of the Naval Air Force. Eventually, it is to be delivered by a missile that will enable surface ships to attack fast and at a distance.

Study Commissions and Testing Ships

Between the initial requirement-analysis phase and the final delivery of an equipment off the production line, an elapsed time of 10 years has been found necessary for laboratory studies, technical tests, acceptances and operational evaluations. Certain developmental phases require the participation of the applied studies commissions, which come directly under the Admiralty, for which they act as technical and operational arms. ASW involves three commissions:

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--the CEPOC [Commission for Applied Oceanographic Studies], which contributes to knowledge of the oceanic environment, participates in the compilation of the albums of sound fields published by the SHOM [expansion unknown] ...

--the CEPASM [Commission for Applied Studies on Underwater Weapons] and the CEPASM [Commission for Applied Studies on Submarines], responsible for oversight of weapons and underwater detection equipment in service aboard surface ships and submarines, for oversight of studies and development of future equipment,...

These commissions, made up of very few men, are indispensable cogwheels in the circulation of information between ships, the technical services and the Admiralty.

The finishing touch on weapons and underwater detection equipment, however, cannot conceivably be applied except under operating conditions in actual use of the equipment, installed aboard surface ships, submarines and aircraft. This is why all Navy units are, at the beginning of their active service, put through an operational evaluation by specialists under the aegis of these commissions. Additionally, two ships are detached from the destroyer squadron forces and devoted exclusively to ASW experimental activities: the "Aunis," a completely refitted cargo ship, which between 1972 and 1977 enabled the carrying out to its conclusion of the Cormoran project (feasibility study on a CAS [reliable acoustic path] sonar), and which is currently involved in the development of a new sonar prototype; and the "Agenais," a fast destroyer on special detachment for the past year, aboard which initial tests are being conducted on a towed passive linear-array system.

The hostile natural environment in which ASW equipment must operate exacts a heavy penalty in the search for high performance. The enhancement of detection ranges and improvement of the effectiveness of weapons require constant human effort and financial outlays to find the best compromise between the constraints imposed by installed equipment and technological capabilities.

The results obtained in recent years in the field of ASW equipment cannot other than encourage the continued pursuit of the efforts undertaken. Only thus can our Navy hold the position it has attained in the oceanic game being played by the major powers.

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Table 1- Underwater Detection Equipment

<p>(1) SONAR DE COQUE AVEC CHENAL DE SURFACE</p> <p>(2) IMMERSION MAXIMALE DES SOUS-MARINS</p>	<p>(3) Sonar très limité par les conditions du milieu proche de la surface et par le bruit du porteur.</p> <p>Portée : 5 km (15 km chenal de surface).</p>
<p>(4) SONAR REMORQUE CLASSIQUE</p>	<p>(5) Sonar très limité par les conditions du milieu proche de la surface et par le bruit du porteur. On gagne en portée en immergeant plus profondément le sonar.</p> <p>Portée : 10 km.</p>
<p>(6) SONAR A REFLEXION SUR LE FOND</p>	<p>(7) Permet d'esquiver les zones d'ombre du sonar de coque, mais au prix de puissances énormes pour compenser les pertes dues à la réflexion sur le fond. Ce système implique une parfaite connaissance des fonds.</p> <p>Portée : 25 km</p>
<p>(8) SONAR A ZONE DE CONVERGENCE</p>	<p>(9) Permet des détections à grandes distances mais est largement tributaire des conditions ambiantes.</p> <p>Portée : 30 km en Méditerranée 60 km en Atlantique</p>
<p>(10) SONAR CAS</p>	<p>(11) Les transducteurs sont immergés à très grande profondeur (2 000 en Méditerranée, 4 000 en Atlantique) et permettent une couverture totale indépendante des aléas thermiques. Ce type d'équipement est très encombrant. Il a été expérimenté conjointement par les U.S.A. et la France avec le projet « Cormoran ».</p> <p>Portée : 20 à 40 km.</p>
<p>(12) FLÔTE E.T.B.F. (PASSIF)</p>	<p>(13) Les antennes se présentent sous la forme d'un câble immergé de grande longueur et remorqué très loin du bâtiment. Ce type d'équipement est presque complètement affranchi des bruits rayonnés par le remorqueur.</p> <p>Portée escomptée : 50 à 100 km.</p>

Tableau 1 : équipements de détection sous-marine

[Key next page]

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Key to Table 1 (preceding page):

1. Hull sonar with surface channel.
2. Maximum submarine submersion depth.
3. Sonar very limited by surface environmental conditions and by noise of its own ship. Range: 5 km (surface channel 15 km).
4. Conventional towed sonar.
5. Sonar very limited by environmental conditions close to surface and by noise of its own ship. A gain in range is achieved by deeper submersion of sonar. Range: 10 km.
6. Seabed reflection sonar.
7. Enables avoidance of hull sonar shadow zones but at the expense of enormous amounts of power needed to make up losses owing to reflection from the seabed. This system requires perfect knowledge of the seabed. Range: 25 km.
8. Convergence zone sonar.
9. Enables detection at great distances but is largely dependent upon environmental conditions. Range: 30 km in Mediterranean, 60 km in Atlantic.
10. CAS [reliable acoustic path] sonar.
11. The transducers are immersed at very great depths (2,000 meters in the Mediterranean, 4,000 meters in the Atlantic) and enable total coverage independent of thermal contingencies. This type equipment is highly cumbersome. It was tested jointly by the United States and France under the Cormoran project. Range: 20 to 40 km.
12. Very-low-frequency passive linear array.
13. The antennas are assembled in the form of a very long submerged cable towed very remotely from the ship. This type equipment is almost entirely immune to noises radiated by the towing ship. Anticipated range: 50 to 100 km.

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Sonars In Use By French Navy

Ships	Sonars	Frequencies	Principal Characteristics
Frigates Corvettes ASW squadron destroyers	DUBV 23 DUBV 43	low low	Hull sonar in bulb - scanning Variable-immersion towed sonar - scanning
Avisos A 69	DUBM 25	medium	Hull sonar in fixed dome
Avisos Destroyers	DUBA 3 SQS 17	high medium	Retractable hull sonar - directional Retractable hull sonar - scanning
Tartar-class destroyers	DUBA 1 DUBV 24	high low	Hull sonar in fixed dome - directional Hull sonar in fixed dome - scanning
Super-Frelon	DUAV 3	medium	Variable-immersion sonar - scanning
WG 13	DUAV 4	high	Variable-immersion sonar - directional

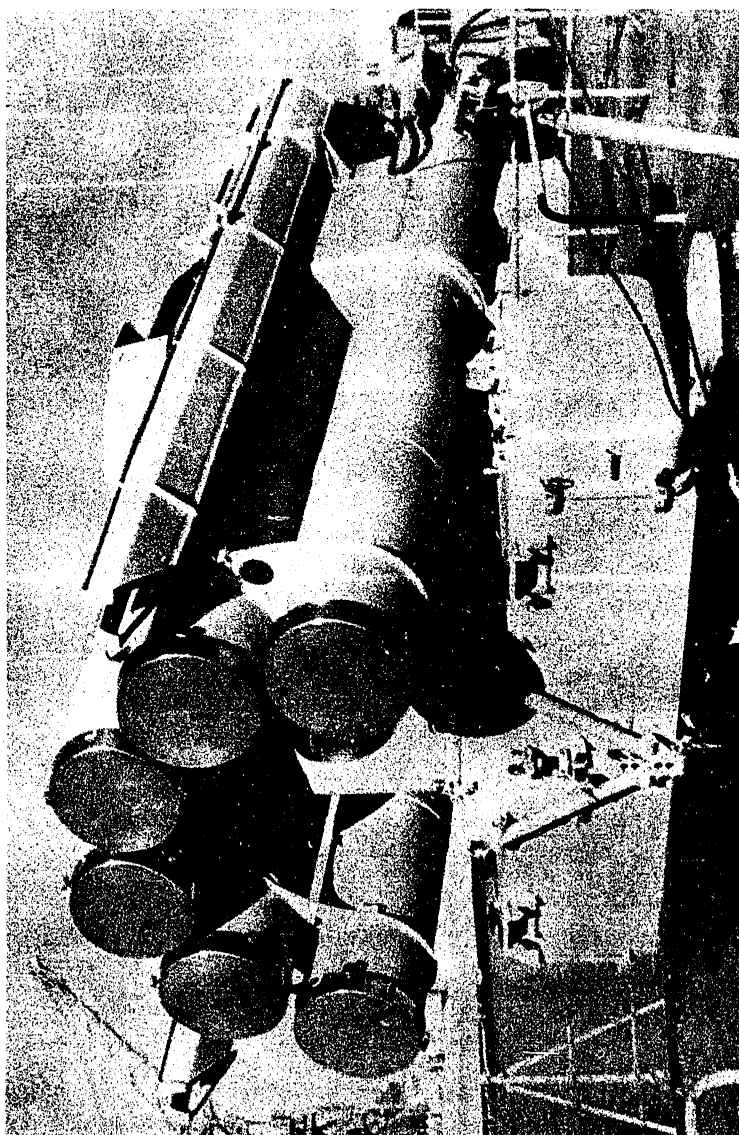
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TABLE 2 - Search for Ideal ASW Weapon

Weapon Characteristic	Intended Purpose	Problems
Short minimum range	Attack late-detected submarine	Low propulsive power
Long maximum range	Attack submarine at outer detection limit	High propulsive power, hence weight - Guidance necessary unless powerful explosive charge
High transit speed	Rapid delivery of weapon	High propulsive power, hence weight - Radiated noise (torpedo)
Homing	Accuracy of final trajectory	Noisy homing equipment
Silent operation	Surprise the submarine	Inaccurate final trajectory - Slow speed (torpedo)
Powerful explosive charge	Destroy submarine or put it out of action	High volume of charge at expense of propulsion and electronics

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375-mm Rocket Launcher Mount on "d'Estienne d'Orves"-class Frigate
(Photo Creusot-Loire)

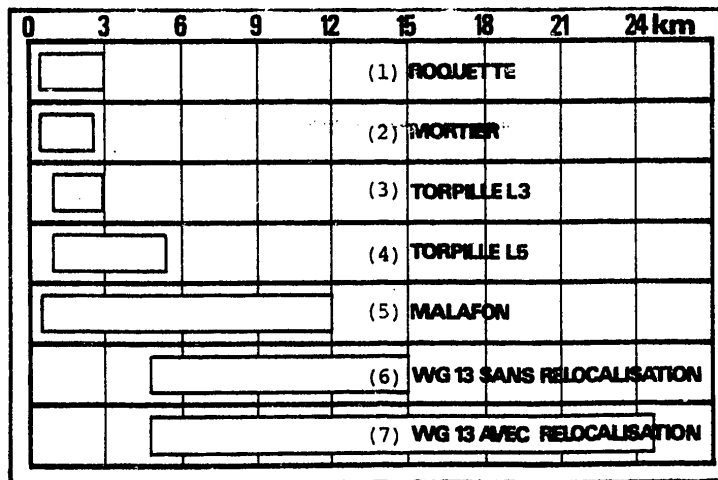
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Torpedoes In Use By French Navy

Model	Entered Service	Launchers	General Characteristics	Weight (kg)	Speed (knots)
L 3	1961	Squadron destroyers Corvettes Avisos A 69	Homing - medium range	900	25
L 5	1976	Frigates Corvettes	Homing - medium range	1,000	35
L 4	1964	Atlantic Malafon (Batsur)	Homing - circular initial search	500	30
MK 46	1977	WG 13 (Lynx) Atlantic-class frigates and corvettes	Homing - circular or linear initial search	260	-

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ASW Weapon Ranges



Key:

- 1. Rocket
- 2. Mortar
- 3. L3 Torpedo
- 4. L5 Torpedo
- 5. Malafon
- 6. WG 13 without relocalization
- 7. WG 13 with relocalization

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COUNTRY SECTION

FRANCE

NEW ASPECTS OF AERIAL ELECTRONIC WARFARE

Paris ARMEES D'AUJOURD'HUI in French Sep 80 pp 70-71

[Article by Lt Col Jean-Marie de Carpentier*: "Nondestructive War" in the column "Opinion"]

[Text] Articles appearing in this column express only the opinions of their authors.

After the Yom Kippur War, an Israeli Air Force officer, responding to a question by an American reporter who was interviewing him on the effectiveness of electronic warfare [EW], said: "The best countermeasure is still a 500-pound bomb placed in the right spot."

It was difficult to better summarize the dilemma faced by a combat commander who must maintain his freedom of maneuver in the face of anti-aircraft weapons systems of incessantly greater accuracy and effectiveness: to use to the fullest his conventional weapons to destroy the systems, thereby risking an unacceptable level of losses; or to degrade sufficiently the performance of those weapons systems by means of electronic equipment and then destroy them. Now then, to equip a combat plane for ECM

* After graduating in 1957 from the Air Academy in the Engineering Officer Corps with a B.S. degree, then from the ENSAE (Sup' Aero) [National College of Aeronautics and Space (Aeronautics)] with an engineering degree, Lt Col Jean-Marie de Carpentier served 3 years in Algeria, then, in 1964, was appointed officer in charge of the AS 37 air-surface missile, and, in 1966, officer in charge of the RAID [Automated Telegraphic Data Processing Network] and chief of RAID Relay Center 20/802 at Taverny. After serving as chief of the Automation Division of the EMMA's [Air Force General Staff] OMIS [expansion unknown] Bureau, he was placed in charge, in 1975, of studies on electronic warfare equipment in the EMMA's Equipment Programs Bureau. He is currently enrolled in the 38th Class of the ESGA [Armed Forces Air War College].

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[electronic countermeasures] subjects it to additional weight and space demands and necessitates cutting back on the destructive weapons it would otherwise be capable of carrying.

A New Use of Known Means

In Vietnam as well as during the most recent Israeli-Arab conflict, it was amply proven that without "countermeasures" equipment it had become practically impossible to "place the 500-pound bomb" in the right spot.

The general staffs of the different air forces therefore started developing more and more sophisticated and costly so-called EW equipment to pit against weapons systems that were being made more and more capable of dealing with its effects. In a modern version of the struggle between sword and shield, aerial EW modes of action were diversified with a view to supporting destructive aerial operations while limiting costs and safeguarding weapons-carrying capacities.

The Four EW Components

Aerial EW modes of action are determined by the characteristics of the antiaircraft weapons systems that could be used against an attacking air force. Such systems use electromagnetic radiation techniques to detect their target, track it and guide a munition to it.

To be able to deliver a destructive weapon to its target, therefore, it becomes necessary to collect the electromagnetic signals emitted by the enemy fire control radars and surveillance radars, so as to learn their "signatures" and locations. ELINT [electronic intelligence] measures thus have as their objective to determine the enemy's order of battle and the specific technical capabilities of the radars he is using.

Following this, specific equipment is defined and produced that will use appropriate electronic radiation techniques to impair the performance of the enemy's antiaircraft weapons systems by blinding them, making them "blink," or sending back to them false echoes from their target. Such ECM's can be designed strictly to protect the plane carrying them (self-defensive), or to "attack" weapons systems or operational guidance, communications and command systems for the account of a given aerial formation. We will call the latter mode of action "offensive ECM." It is this mode of action that offers the greatest possibilities for non-destructive operations, as we shall see.

Then, we must accept the idea that the enemy will "attack" our own weapons systems by electromagnetic radiation techniques, against which we must protect them by means of special devices.

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The object of ECCM [electronic counter countermeasures] is thus to prevent the enemy from impairing too much the performance of our own weapons systems and radars.

Lastly, the enemy's use of ECM, consisting essentially of jammers and airborne chaff throwers, raises difficult problems of radio and electronic interaction among planes in the same formation, and of determining the most appropriate tactics for optimizing the effectiveness of the ECM/destructive weapons combination. Thus, electronic defense evaluation and briefing measures within the EW environment are indispensable for the required adaptation of tactics and adjustments of equipment to the actual dangers that will be encountered.

The Question

Recent examples have shown that certain EW means can be used to create politically exploitable crisis situations, or simply to increase a government's freedom of political action. The fact is that by way of ECM, acting at a distance and without visible destructive effects, EW can be waged undeclared and probably even unlimitedly without in itself constituting a casus belli.

It was thus that the Warsaw Pact forces used EW jamming of NATO's radars to mask the movements of the troops that invaded Czechoslovakia. And thus the question arises as to whether ECM could not be used for "nondestructive" operations to create, manipulate, or halt crises to the best interests of the user of such ECM.

Enlarging the Field of Action

Press reports during the recent Sino-Vietnamese conflict indicated the presence of "electronic spy" planes, such as the Badger, based in Vietnam and capable of detecting and exercising surveillance over the Chinese army's electronic order of battle. This form of intervention is a very useful act of aerial reconnaissance to friendly troops and totally non-destructive.

But the use of electromagnetic spangles, aerosols and airborne jammers could be carried further and create provocative or harrassing incidents, particularly by upsetting the safety of civilian airways, intimidate governments by preventing their radars and telecommunications from operating, sow panic among populations by disseminating false radio and TV reports, degrade the performance of weapons systems thus diminishing their operational value.

It is possible, for example, to draw foreign planes over one's own national territory and then board them, accusing them of having violated one's national air space. Intimidating actions could include interrupting, at

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least temporarily, certain vital communications (offshore oil drilling platforms, high-level command communications, etc.). They could also include blinding civil aviation radars so as to ground it. Furthermore, it is hard to conceive of an army without radio communications and without radar, for in this case attacking planes could enjoy a field day.

Then, ECM's are effective as preventive actions against certain types of surface-air and air-air weapons systems that depend upon the properties of electromagnetic waves.

This is why it is tempting to seek to extend the intrinsic range of possible actions of EW equipment. Such equipment could become true electronic weapons and could be used to protect attacking planes, placing the enemy in an untenable position and leading him to the negotiating table without a destructive operation by throwing "sand" into his war machine, and in any case to exert a certain deterrent effect.

EW could then be identified more appropriately by the term "electronic defense [ED]."

These nondestructive electronic weapons should be capable of producing changes in the wave propagation environment, of emitting erratic interfering signals and/or energy bursts to impair sensitive components in weapons systems, of erasing data stored in electronic memories, of interfering with information display systems, and of producing reversible or non-reversible biological changes, particularly by way of optical systems.

Some Examples...

Changes in the propagation environment are already produced by chaff and aerosols. Other weapons using the effects of a nuclear explosion, or other effects, could produce temporary collapsing of the electromagnetic field over broad ranges of frequencies. A "blackout" produced by exploding a nuclear bomb under certain conditions could impair satellite links, communications to ground, tropospheric links, and a goodly number of radars. For the duration of these phenomena, essential weapons systems that were inadequately protected--operations command and control, reconnaissance and fire control--would be inoperative.

The erratic signals and radiations intended to impair electronic systems could be generated by the electromagnetic thrust produced by explosions of nuclear or other origin. Lasers and particle beams could contribute additional capabilities in this domain.

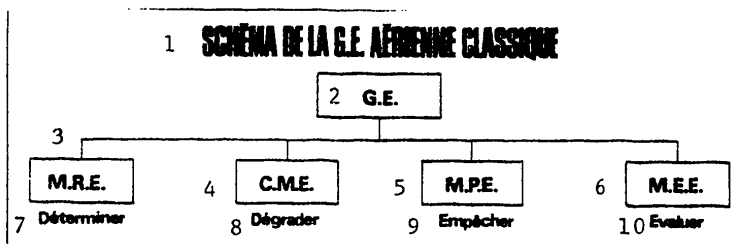
Highly intensive signals from the same source could destroy or modify the contents of electronic memories. Luminous flashes could induce biological effects in operators.

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Thus, electromagnetic phenomena generated by nuclear weapons, lasers and new uses of MHD [magneto hydrodynamics] can be used for nondestructive warfare waged from specially equipped planes.

At a time when destructive warfare raises the specter of suicidal mutual destruction, when modern nuclear, chemical, biological and other weapons represent a mortal danger to humanity, this brief survey of the possibilities being offered in the electronic domain by the aerial weapon shows that it would be possible to use new means of nondestructive warfare and thus increase our government's freedom of action.

Because of its ability to put into operation complex weapons systems, and what is more by its own facilities, and because of its flexibility of use, mobility, speed and power of action, and its reach and high-altitude capability of action, the Air Force would be the instrument of choice to test and make operational our nondestructive means of intervention. These could well constitute the principal threat in a few years, given the speed of technological progress and the dismal outlook for total-destructive warfare.

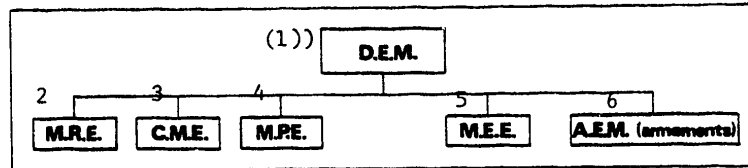


Key:

- 1. Scheme of Traditional EW [Electronic Warfare]
- 2. EW
- 3. ELINT [electronic intelligence]
- 4. Determine
- 5. ECM [electronic countermeasures]
- 6. Impair
- 7. ECCM [electronic counter countermeasures]
- 8. Prevent
- 9. Electronic defense evaluation
- 10. Evaluate

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Key:

- 1. Electronic Defense
- 2. EW
- 3. ECM
- 4. ECCM
- 5. Electronic defense evaluation
- 6. Electronic weapons

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COUNTRY SECTION

ITALY

FORLANI DISCLOSES NEW GOVERNMENT'S ECONOMIC PROGRAM

Milan IL SOLE-24 ORE in Italian 23 Oct 80 p 3

[Article: "The Economic Themes in the Government's Program Explained to the Chamber Yesterday by the Prime Minister--Forlani: A Challenge To Stay in Europe--'I Do Not Agree With the Description of Italian Society in Catastrophic Terms'--'We Are Not a Sedentary Thing Inertly Waiting for Zero Development'--'A Meeting of the Minds With the Social Forces Is Essential']

[Text] We publish the introductory part of the program statements relative to the economy presented to the Chamber yesterday by Prime Minister Arnaldo Forlani.

As regards the direction of economic policy, if we want to keep our country in line with the laws of an open economy, increase employment and competitiveness, overcome the imbalances in the Mezzogiorno and in the weakest sectors, we are going to go through years in which the increasing restrictions set by the international economic situation will necessitate substantial modifications of behavior, by individuals and among all the social forces, toward more coherent and rational use of resources.

We face enormous problems and great difficulties.

They have been manifested more strongly in recent years: the average rate of growth --to limit ourselves to the countries of the OECD [Organization for Economic Cooperation and Development]--has fallen by half, while the rate of inflation has doubled, and unemployment, which was 10 million in 1973 [as published], climbed to 18 million in 1979.

At this moment of turning of the economy of the industrialized countries and of the world economy in general, there are, however, some opportunities.

We can "read" the situation we face as a dark period, a period of stagnation, punctuated by bursts of disintegrative inflation, by a falloff in investment and employment, by the heightening of tensions and by conflicts of interest on the national and international levels. Dangers of this kind exist--indeed, the rate of risk is quite high--and besides, we have experienced serious drops in the past.

But it is also true that there are other conditions that open up to people the possibility of building a better international order in which the poorest countries are not forced to undergo a tragic deterioration of their situation; it is possible to do things in such a way that a new monetary system will ensure the development of

the world economy, forestall the rebirth of economic nationalisms or protectionisms; it is possible to bring about a reality that is not held fast in the grip of inflation and stagnation, and in which a different international division of labor would not mean chaotic and alienating growth for some and an irremediable dropoff in employment for the others.

These are problems of worldwide dimension, but we cannot escape them by passively awaiting the course of events.

No one can withdraw from his own responsibilities--neither individuals nor peoples. We too, therefore, must help toward the solution of these problems; and we can do so if in the first place there is coherence in our internal behavior, vis-a-vis a broader frame of reference, which, because of our particular position, has to be the European framework first of all.

We must reduce or eliminate the widening gap that has been opening in recent years between our country and the other countries of the European Community as regards rate of inflation, the overall course of the cost of labor, and productivity.

The aggravation of this condition of course constitutes a fact today, not an opinion--a fact which, were it to remain, would make it impossible to solve the most serious problems, first among which is employment for the young. That is, it would be impossible to meet victoriously the challenges of the 1980's, from energy to industrial restructuring to the technological evolution of the system of production and services.

Strict Control of Exchange and Inflation

Can anyone who is rightly concerned about a role for Italy in Europe and for Europe in the world help but see or face up to a process that has seen our country's principal yardsticks move away from those of the others? If we do not find the strength and national cohesion to react, it is useless and rhetorical to speak of a driving role for Italy in the construction of a European pole of stability and equilibrium.

I want to make what I think quite clear: I believe in this possibility of reacting. I do not agree with the description of Italian reality in catastrophic terms--a description that is so widespread in public statements, and not only Italian ones.

The very difficulties that are present in the Italian reality nevertheless still testify to the considerable human resources available to us, the great capacity of adaptation, of flexibility of initiative, that Italian society has shown.

The period that we have gone through, from 1975-76 to today, has been difficult and in some respects troublous; but it has also been punctuated by positive things that may not be undervalued; I point out to all the reconstruction of the currency reserves, the increase in real income, the rise in investment and employment.

Rebalancing the Balance of Payments

This cannot be the result of extravagance within the framework of the world economy; I think it is the sign of a basic vitality of our system, which we have by virtue of a great many factors that cannot be laid at the door of the underground economy or illicit labor. In reality, what is characteristic of our society and distinguishes

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it even from countries of very different and older industrial tradition is the lively presentation to public view of new entrepreneurial initiatives, the growth of strong peripheral zones, the rooting of collective behavior in ancient values of the people, the permanence of a considerable store of will and commitment.

That there are serious problems, especially for the big systems, public and private, is undeniable; yet we are not a sedentary society inertly waiting for "zero development." It is possible to get out by going forward, interpreting this reality; it is possible to avoid retrogression if we accept the challenge of the times like an advanced country, if we do not fool ourselves by thinking we are caught in the traps and grey zones of the rear guard.

We must accept the challenge to keep the shares of the market that we have won, the challenge to remain in a Europe which we entered with millions of poor emigrants, the challenge to accept completely the rules of an open economy, rationalizing our productive system.

Our proposals, our programs derive from this line of interpretation, from the conviction that we are facing complex problems but are doing so like an advanced country--problems that are difficult to solve but are oriented in the direction of development, that are hard and serious to deal with but that do not permit of autarchic withdrawals or evasions.

Therefore, the government's economic-policy action has to be defined with reference to the situation of the principal industrialized economies. It is necessary to point out that there are considerable margins of uncertainty in foreseeing this evolution. This is true for two reasons in particular: the first lies in the evolution of the real price of oil, and the second in the evolution of the rates of exchange of the principal currencies.

In this difficult and uncertain international situation it is necessary above all to conduct a strict policy to reduce inflation: this is an unavoidable condition for being able to program coherently, for the medium term, the necessary structural measures that can give the Italian economy solid prospects of growth in these difficult years of the 1980's.

Two fields of action are necessary:

(a) a strict policy of exchange control, aimed at minimizing the heavy impact of the international prices--first of all, those of the energy sources--on our productive system; this is all the more urgent in this period of sustained strengthening of the dollar in relation to the European currencies;

(b) concrete action to contain all the "domestic" roots of inflation--roots that are expressed prevalently, if not exclusively, in an inefficient utilization of our productive capacities and an accentuated dynamic of nominal pay scales which, by fueling inflation, reduce the buying power of the workers. The government, for its part, accepting the invitation by the social forces, is pointing out to Parliament the necessity of prompt approval of the bill on mobility and on the connection that positive results can produce in terms of improvement of the productivity of our economic system.

These two elements--control of exchange and containment of inflation--are closely connected with one another.

Rigorous action in this direction should indicate to the Italian economy the startup of a necessary "process" which, in the containment of production costs and in the close control of aggregate demand and of its composition, can make it possible to contain inflation, and through this, to control exchange, the stability of which is an essential element for containment of prices.

Therefore there are not a first phase and a second phase in the government's economic-policy proposals.

Instead, there is the will to tackle the problems in a unitary manner--the necessity, that is, of narrowing the widening gap vis-a-vis the other industrialized countries as regards the rate of inflation. Reduction of this gap is an essential condition for monetary stability, of which the recovery of competitiveness and therefore the inversion of the present situation, which this year will see a serious deterioration of the balance of payments, are in turn an integral part.

Deceleration of prices and protection of savings are a constituent part of a policy capable of defending the buying power of the citizens, the workers, the pensioners, of giving the unemployed a prospect, of guaranteeing the competitiveness of the productive system.

The effects of disturbing phenomena that have developed as between 1979 and 1980 in relation to the rate of inflation and the balance of payments have to be kept clearly in mind.

Of course, a permanent rebalancing of the balance of payments requires adequate policies in the energy sector and in the industrial and political sectors--policies that will have to be implemented urgently but that can produce effects only in the medium term. In the shorter term, it is necessary to work toward settlement of foreign accounts by getting the domestic cycle into tune with the external cycle as well as defending or improving the competitive position.

Rational Use of Resources

The imbalance that has come about in the last 12 months has been partly compensated for (to about 5 points) by the average depreciation in the lira exchange rate, and as for the remainder, half should have been compensated for by the social-charges fiscalization provision contained in the decree of 2 July, and the other half by a coordinated effort to increase productivity.

It is necessary, therefore, to renew commitment as regards fiscalization of social charges and the policy of the public sector's income and expenditures.

An important element for shrinkage of inflation and for improvement of stability is a rigorous budgetary policy which, with decisive operation as regards both income and expenditure, can ensure rational use of resources.

As regards revenue policy, the priority objects that it is intended to pursue are reduction of the area of evasion, and simultaneously, in relation to control of domestic demand, a lightening of the tax load, which has grown by the effect of inflation through the overhauling of the IRPEF [Tax on family income] rate curve.

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Reduction of tax evasion requires urgent approval by Parliament of the bill to restructure the Financial Administration, which is the organizational-functional condition for an equitable and efficient revenue system. In particular--still for the purpose of combating evasion--the government will prepare for consideration by Parliament a law to restore preliminary tax examination, that provides the possibility --in clearly specified cases--of initiating and moving ahead with criminal proceedings even before conclusion of the tax trial, and a law providing for the gradual introduction, over a period of several years, of sealed cash registers, with forms of easy purchase terms.

In 1981 the government will effectively initiate the concentrated and selective assessment system and will present a provision for streamlining the procedures in tax disputes, while the other lines of action in the tax field will concern abolition of the tax collector's offices and a reevaluation of firms' capital assets through monetary balancing in order to reduce the distortions produced by the inflationary phenomenon and at the same time provide incentive to investment, especially in the Mezzogiorno, or contribute to the financial recovery of firms. A white paper on overhaul of family taxation will show how the existing disparity can be gradually eliminated, and another one, on taxation of real estate, will indicate the alternatives for reform of the various imposts on real property.

Selective Fiscalization of Social Charges

A target to aim at, in correspondence with the commitment to give unity to financial policy action, will also be that of coordinating general revenue policy, comprising not only tax revenue but also parafiscal and tariff revenue. It is a matter of fitting fiscal-policy maneuvering into the general objectives of development of production, distribution of resources between investments and consumption, rhythm of inflation, rate of exchange.

As regards public expenditure, order has to be established in transfer policy, criteria of greater efficiency must be introduced, and a price policy that is relevant to production costs must be applied for the public services.

Priority for Export Support

We are convinced that recovery of the public sector can be ensured only by expansion of tax revenue; expenditure has now reached such very high levels that they necessitate not only control of the public deficit but also, and especially, control of the level of expenditure.

For financing the new legislation in the course of 1981, the Ministry of Treasury will use the global funds indicated in the budget already presented--funds for which it is indicated that there will be specific bills introduced.

The unification and centralization that have occurred for public revenues require, on the expenditure side, the elimination of those transfers to the other public-sector decision centers that are not in line with the effective spending capacities, to avoid the creation of liquid assets in the banking system that are financed by a costly swelling of the Treasury debt.

All the potentialities of the recent reform of public accounting will gradually be exploited in order to make the Treasury account the basic instrument of programming and control of expenditure at the level of all the organisms in the public sector.

The course of cash management in the public sector in the final months of the current year and the first months of 1981 will be contained as much as possible, for the purpose of limiting the stimuli of aggregate demand deriving from public expenditure.

The government also proposes to upgrade the Treasury's inspection organs to permit in-depth monitoring of the efficiency and effectiveness of public expenditure in its various articulations.

The government will be committed to going ahead in the direction of modernization of the regulation of credit and of the financial markets, strengthening of the savings-guarantee control function, and reduction of the areas of fiscal discrimination among the various financial activities.

In the second line of action, the objective of shifting resources from consumption to investment is set. It is essential to give the broadest possible scope to all actions that could favor growth of exports.

To that end, absolute priority should be given to restoration of the measures already aimed at export support: selective fiscalization of social charges, and allocations for Mediocredito and for the SACE [Soc. p. az. Costruzione Elettromeccaniche].

It will also be necessary to generalize the practice of mixed credit--mixed credit including, that is, financial credit on special terms and aid credit on special conditions vis-a-vis the markets in which other industrialized countries practice analogous forms.

Investments for Development of the South

But since the increase in the prices of raw materials results in a net transfer of funds abroad, it is necessary, in order to be able to contain it, to increase the added value of the goods exported.

Special attention will therefore be given to applied research or technological renovation of production plant.

Recovery of productivity is also linked to more flexible conditions of use of plant and labor, to attention to the effects of inflationary multiplication connected with the diffuse mechanisms of indexing, and to the restructuring of social contributions, so as to bring the burden of them down to the lower levels in force in the other European countries.

Finally, control of the growth of the monetary and credit mass is essential in order to neutralize the inflationary thrust as much as possible and permit defense of exchange also by this means.

The lira is supported by a sizable volume of currency reserves, it has stood up well against speculative maneuvers, and any idea of making it an instrument at the service of sectorial interests, with provisions that would very soon prove illusory and would cause certain damage to the economy as a whole, is to be rejected. We have gone into the EMS [European Monetary System], and we should create the conditions for staying in it in the best way.

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The four lines and the measures that I have indicated--recovery in public finance and productive overhauling of expenditure; shifting of resources from consumption to investment; containment of costs and greater efficiency on the part of the enterprises and the system, and also in relation to the rebalancing of foreign accounts; stability of exchange--are aimed at creating the basic conditions for a policy of development in stability and are projected in a medium-term outlook--substantially, within the 3-Year Plan, which is in preparation and which we want to have ready by the end of the year.

The restructuring of the administration of the budget and for economic programming, which constitutes the organizational-functional condition for a revival of programming policy, is also to be considered within this framework.

In our opinion, the necessity of a meeting of the minds with the social forces on the problems of overall strategy, the rate of inflation, investments, employment, the cost and productivity of labor, and tax treatment of pay remains essential.

Every success that we manage to achieve with the policies of production-cost control and in expansion of exports will make possible an enlargement of aggregate demand and therefore a greater real growth of the economy. It will therefore be decisive, for the purposes of development, to orient the composition of demand--that is, the matter of "how" the resources are to be utilized--in the right direction.

For a country like Italy that needs to accelerate the investment process, especially for development of the Mezzogiorno, for the action of productive restructuring or in order to fill in the gaps in the field of collective services, it is essential to shift resources toward investment as much as possible.

The objective is the economic unification of the country. I do not consider the problem of the Mezzogiorno a problem of sector or of sectors but rather the central objective. There are specific urgencies in this regard, inasmuch as law 183, law 675 and law 650 expire simultaneously.

The extraordinary action in the Mezzogiorno will be based on a fuller and more ample involvement of the southern regions.

The new extraordinary action will have to have a 10-year term. The system of instruments for the extraordinary action will be endowed with functional and organizational autonomy, with the possibility of setting up executive organisms for special tasks and with "program contract" authorization in order to have the collaboration of big technical-economic institutions, public and private, in the building of horizontal supports (from energy to the upper tertiary sector to the communications system) for the activities of production, services, social organization. Finally, the system of incentives for the southern enterprises will be reformed, with the introduction of criteria of greater automaticity and transparency.

Within the framework of the infrastructures, energy policy is of decisive importance.

Energy: Nuclear Power Is an Obligatory Choice

In terms of prices and rates, no supply source can come in below cost. For this reason, the government's choices are aimed today at guaranteeing coverage of energy needs through constant alinement of the domestic price of petroleum products with the average European price.

As for the rates for electric power for industrial uses, the advisability of extending special rate conditions from aluminum to other sectors will be considered; but it will be kept in mind that if the construction of nuclear power plants and coal-fired power plants is not started, the level of the rates charged to Italian industry as a whole can only become higher than the corresponding rate for the competing businesses of the neighboring countries. As regards the rates for civil uses, if there are problems of income transfer they should be tackled with appropriate instruments that in any case would stimulate energy-saving.

As regards energy-saving and development of renewable sources, measures capable of reducing not only civil consumption but also industrial consumption, by increasing the energy efficiency of the installations, have been before the Senate for some time.

The government is asking the Parliament to approve by the fastest possible procedures Order 655, establishing "norms aimed at containment of energy consumption, at promotion and development of renewable resources, as well as at the constitution of strategic oil stores."

In case of emergency situations connected with serious political alterations in the world framework, provisions will be made through the Interministerial Emergency Committee, and also within the framework of the solidarity of the International Energy Agency and the actions provided for within the EEC [European Economic Community].

But the country must be provided with a greater quantity of energy by reduction of dependence on oil; exploitation of the hydraulic basins that are still not fully used in an optimal manner, and the potentiality of which has been specified by the ENEL [National Electric Power Agency] even to the limits of economic feasibility, should be completed.

But a decision that now cannot be put off is the one relating to production of energy from the nuclear source and from coal. It is now indispensable to put an end to the delays that have so far prevented the startup of the prearranged programs in the nuclear sector. It is clear that maximum attention will have to be devoted to the problem of safety, but postponements are no longer permissible, neither as regards site selection nor in relation to conclusion of contracts, the financing of them, the commencement of work and continuation of it for the plants already decided on. The nuclear solution remains an obligatory choice for a country that wants to maintain the present level of well-being and desires not only to solve the problem of development of employment and of the Mezzogiorno but also to keep from aggravating the problems of industry with difficulties in meeting the demands for electrical energy.

On these complex matters, the Council of Ministers will in the coming days examine and forward for examination by Parliament a new formulation of the energy plan for the period 1980-1990, indicating the specific actions to be started in the next 3 years and committing the Parliament to the most far-reaching and open debate but also to the most rapid approval.

A real commitment of economic policy is that of getting an industrial policy going that supports the enterprises both large and small, with measures of pure incentivization kept down as much as possible. In other words, this involves the development of coordinated commitments in:

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--the maneuvering of public demand, especially in the sectors that require greater innovation and greater commitment to research and technological development;

--the prearrangement of real services (especially in the matter of marketing and trading) that can function as support for industrial activity proper.

Law No 675/1977 goes out of force on 31 December 1981, and it is therefore necessary to get back also the fund of 1.5 trillion lire provided for technological innovation by decree-law 503.

Furthermore, the problem arises of extension and of refinancing (which will come about starting in 1982) and of more decisive action within the framework of sectors on which future development is heavily dependent.

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COUNTRY SECTION

ITALY

TEXT OF PROPOSED LEGISLATION FOR AID TO CHEMICAL INDUSTRY

Milan IL SOLE-24 ORE in Italian 22 Oct 80 p 10

[Article by G.D.D.: "Rescue of Chemical Industry"]

[Text] Rome--The recapitulation of GEPI [Industrial Participations and Management Company] and the revamping of the SIR [Rovelli Industrial Company] and Liquichimica-Liquigas groups are the subject of the second series of norms of the ineffective decrees devoted to recovery by the La Loggia Committee. The bill which contains those norms and which we are publishing below has been announced to the Montecitorio Assembly but has not yet been assigned to the proper committees for examination in legislative headquarters. However, the parliamentary groups who submitted the bill are hoping it will be passed without delay. A majority vote of the deputies is needed for this purpose. In addition, the recovery provisions themselves are not less urgent than the norms already submitted for approval.

The increase in GEPI's capital is aimed not only at a recovery of the operability of that company but also at further development of the South through subsidies (in the amount of 100 billion lire) for the restructuring of companies located in Calabria and Naples Province.

For the South's benefit it is therefore planned to implement a specific set of norms on the switch to methane in the South. Article 4 of the bill sets a rather short time limit for approval by CIPE [Interministerial Committee for Economic Planning] of the first phase of the general plan and authorization of an initial expenditure of 600 billion lire.

As for revamping the SIR group, the recovery measure is aimed not only at making the entire ineffective legislation operative again but also at taking advantage of grants already authorized by the Ministry of Treasury but paralyzed to a great extent by the complexity of the organizational and procedural stipulations of the decrees.

The urgency to rectify this situation is especially due to the fact that the judiciary authorities, mostly called upon to declare the bankruptcy of the group's companies, might be forced to make a decision detrimental to those same creditors. The group is burdened by a debt of more than 4 trillion lire and is obviously deprived of sufficient activity to satisfy their creditors' demands to any great extent.

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Moreover, the possible declaration of bankruptcy would have a negative effect on the remaining possibilities for revamping the group and salvaging a productive complex of considerable size employing more than 12,000 people.

Complete Text of Bill Presented to Chamber

Article 1

An expenditure of 168 billion lire is authorized to permit the Italian Credit Institute (IMI), the EFIM [Manufacturing Industry Holding and Financial Company], the ENI [National Hydrocarbons Agency] and the IRI [Industrial Reconstruction Institute] to participate in an eventual increase, in like amount, in the share capital of GEPI S.p.A., as provided by Article 5 of the law of 22 March 1971, No 194.

For this purpose the Ministry of Treasury is authorized in 1980 to bolster IMI's holdings in the amount of 84 billion lire; and the endowment funds of EFIM, ENI and IRI are increased by 28 billion lire each through allocations by the Ministry of State Participations on behalf of each of the above entities.

GEPI will allocate the entire sum of 168 billion lire exclusively to new subsidies in territories covered by the consolidation act on subsidies to the South approved by the president of the republic on 6 March 1978, No 218, reserving 100 billion lire of the above sum for new subsidies for the restructuring and reconversion of plants located in the region of Calabria and in Naples Province.

In cases expressly defined by CIPI [Interministerial Committee for Industrial Policy Coordination] after proper deliberation within 90 days from the time this law becomes effective and based on the seriousness of the plant crisis expressly indicated by individual plants in relation to the economic situation of individual communes and provinces and within the scope of the territories of the South, as covered by Article 1 of presidential decree No 1523 of 30 June 1967, as well as that of the areas of crisis of the textile restoration plan approved by CIPI on 8 July 1980 and located in depressed areas immediately adjacent to the areas first described, GEPI is authorized to establish credit companies to promote productive initiatives to make it possible to rehire the workers of the above crisis firms.

CIPI will specify the number of workers laid off by a given firm who may be rehired in accordance with the provisions of the preceding paragraph.

Where necessary, the above workers will be covered by Law 1115 of 5 November 1968 and subsequent modifications for a period not to exceed 12 months from the date of CIPI's deliberations.

Article 2

To effect the necessary revamping of the group controlled by the financial company SIR S.p.A. within the scope of the urgent action being taken to reorganize and restore the chemical industry sector, ENI is authorized to assume responsibility for the management of the above company.

The responsibility is being conferred through endorsement by proxy of the shares of the financial company SIR S.p.A. for the time necessary to take over the duties of that company's management or, at the latest, by 31 October 1981.

Article 3

Also, to hasten the conferring of the responsibility mentioned in Article 2, the committee established through parliamentary decree dated 5 September 1980 is authorized to participate--by underwriting the shares, not to exceed 60 percent of the capital--in the consortium company through "Bank Consortium S.p.A.-CBS" shares, upon previous ascertainment of the execution of the latter's obligation to cover the losses incurred by SIR up to 30 June 1980, even resulting from the cumulative losses as of the same date of the companies controlled and with previous conferring--by members of the same consortium company--of capital shares having an overall value of not less than 40 billion lire.

Through promissory notes already verified in the application of Article 23 of Decree Law 301 of 9 July 1980 and the obligation of institutions covered by successive Article 12 to supplement--within the interpretation of the previous paragraph--the coverage already made up to 30 April 1980, coverage of the losses involved in the previous annulment of the share capital of SIR S.p.A. is to be borne proportionally by credits not backed by fixed-property guarantees to which the credit companies and institutions are entitled as of 30 June 1980 and, where this is not sufficient, that coverage is to be borne proportionally by credits backed by fixed-property to which the credit companies and institutions are entitled as of 30 June 1980.

From the date this law becomes effective, the committee is authorized, upon ENI's request, to grant the companies of the SIR group funds to meet their operating needs, cover their losses or increase their capital.

The funds are in return for a valuable consideration and at a rate equal to the official discount rate increased by three points.

Article 4

By 31 July 1981, ENI, in collaboration with the committee, is to prepare a program which will call for:

- a. Proper restructurings and supplementary earnings for the plants.
- b. The agency itself taking over--at an estimated value--the shares of firms or plants which, together with the chemical activities already incorporated in ENI's domain, make it possible to have a rational and efficient administration of the public chemical industry.
- c. The transfer of other shares, companies or plants to third parties.
- d. The liquidation of firms or companies not transferred or capable of being salvaged.

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During the fiduciary administration ENI is to assure the maintenance of current employment and the up-to-dateness of the overall program.

By 31 December 1980 the committee, in collaboration with ENI, is to forecast the economic output and financial operating needs for the period extending to 31 October 1981.

The forecast figures referred to in the preceding paragraph and the program are to be presented to the minister of state participations who will submit them for approval to CIPI within 30 days from the time of presentation.

The program is to be submitted to parliament in keeping with Article 13 of Law 675 of 12 August 1977.

The estimate of the value of the plants referred to in b. is to be made by three experts appointed respectively by Bank Consortium S.p.A.-CBS, ENI and the presiding judge of the Court of Appeals of Rome of the State Council.

Once the program is approved, ENI is authorized to purchase the shares, companies or plants referred to in b. and the purchase is to be completed by 30 October 1981.

Following approval of the forecast account, the minister of treasury--at the committee's request and with the proper decree--is to authorize payment of the sums referred to in Article 6, second paragraph, of this law.

Article 5

The committee, acting directly or rather in the exercise of the powers and authority due it as shareholder of Bank Consortium S.p.A.-CBS, is to carry out the directives and objectives of CIPI and, for the duration of the mandate in collaboration with ENI, the industrial revamping and financial rebalancing of the firms of the SIR group; and for this purpose it specifically recommends:

1. Control of the administration and financial management of the above firms and a renewal of the pertinent social organs.
2. Promptness and economy in the execution of the restoration program formulated in accordance with Article 4.
3. The structural and financial reorganization of the group.
4. Investments immediately needed for the recovery and development of productivity.
5. The liquidation of firms beyond salvaging.
6. Any other initiative capable of assuring the pursuance of the objective referred to in Article 8.

The committee is to prepare a plan for the payment of credits in the form of amortized capital up to 100 million lire and a payment plan, also deferred and partial, of credits of a capital nature, different from those referred to in Article 7, of a

greater amount, in both instances following a graduated scale as provided by the laws in force. The executive shares and even the consortium shares on the holdings of the SIR group are suspended until 31 December 1981, provided payments are made in accordance with the payment schedule specified in the plan. Upon authorization of the expenditure referred to in Article 9, the sum of 75 billion lire is reserved for the payment of credits up to 100 million, or the sum of 75 billion lire for the payment of credits of a greater amount.

To carry out the tasks specified in the proposed legislation, the committee may use personnel, even on the management level if necessary, made available by the Ministry of State Participations or other administrations, ENI or IRI as well as personnel and technical organizations of the committee instituted by Ministerial Decree of 14 April 1977 and by Article 4 of the Decree Law of 7 April 1977, No 103, converted with modifications into Law No 267 dated 6 June 1977, concerning reimbursement in the latter instance, at the expense of the appropriations specified in Article 6 pertaining to administrative expenses to an extent determined by the vigilant minister.

The members of the committee and the personnel referred to in the preceding paragraph may be placed in various roles of the pertinent administrations for the time necessary to carry out the tasks specified in the proposed legislation.

Article 6

The sum of 269 billion lire is allocated to the committee to carry out the objectives of the preceding articles.

With the decree covered by Article 4, last paragraph, the Ministry of Treasury is authorized to make available any other necessary amounts up to a maximum of 150 billion lire.

At the termination of the administration, the committee will submit an accounting of the sums thus received to the Ministry of Treasury which will approve the figures submitted with the appropriate decree.

The sums specified in this article are to be deposited in a current noninterest-bearing account at the central State Treasury and withdrawn at the request of the committee instituted by decree of the chairman of the Council of Ministers on 5 September 1980 in amounts not less than 10 billion lire.

Article 7

An autonomous department is to be set up at the Savings and Loan Association to serve as intermediary in the granting of credits by special credit institutions to companies of the SIR group, using as collateral plant property at 30 June 1980 values, at the net amount of the credits granted to the consortium's capital and of those invalidated to cover losses as referred to in Article 3.

Commensurate with the above credit allocations, the autonomous department is to release noninteresting-bearing, nonnegotiable securities with a 10-year duration and at a face value of like amount.

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The handling of these securities is to be shown in the balance sheet of the credit institutions at the appropriate accounting section.

Amortization of the above securities is to begin on 1 January 1981.

Registration of the credit allocations referred to in the first paragraph is to be made gratuitously by the appropriate courts and real estate offices.

When withdrawals have been made for grants or liquidations as referred to in Article 4, the sums withdrawn and due the institutions in accordance with the first paragraph of this article are to be paid to the autonomous department.

Possible subsequent financial transactions involving the securities will be paid in advance by the Savings and Loan Association and reimbursed by the State Treasury in the manner and conditions to be established by decree of the Ministry of Treasury.

The relative amount will be incorporated in the forecast of expenditures of the minister of treasury of the next term of office.

Upon liquidation of the autonomous department, any remaining funds will be turned over to the State Treasury.

The securities, deeds, requests and any other documents relative to and resulting from the granting of credits and the issuance and administration of the securities themselves are exempt from taxes, duties and rights of any kind.

If not otherwise specified by this decree, the autonomous department covered by the first paragraph will be subject to the regulations in force for the communal and provincial autonomous credit department of the Savings and Loan Association.

Article 8

For the duration of the fiduciary mandate, the company of the SIR group known as Italian Resin Company is exonerated from the obligation to pay the security deposits called for by current regulations relative to customs duties on materiel and manufacturing taxes, consumer revenue tax and revenue duties, aside from the subsistence of the provisions required by Article 90 of the individual text of the legislative dispositions on the subject of customs approved by Decree No 43 issued by the president of the republic on 23 January 1973 and by Article 19 of Law No 1161 of 15 December 1971.

Possible executive action undertaken with respect to the companies indicated in the preceding paragraph to recover the taxes mentioned therein and due up the time this decree becomes effective are suspended for a period equal to that of the above exoneration.

Large firms in a state of crisis and subjected to extraordinary administration in accordance with Decree Law No 26 of 30 January 1979, converted with modifications into Law No 95 of 3 April 1979, are exonerated from the obligation to pay the security deposit referred to in the first paragraph during the period of the extraordinary administration.

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Article 9

With regard to the provision of Article 6, authorization is to be given for an expenditure of 419 billion lire to be divided in the amounts of 269 billion and 150 billion lire respectively for the years 1980 and 1981, and this is to be included in the budget forecast of the Ministry of Treasury for the same fiscal years.

Article 10

To preserve functional unity and continued production, beginning with the date this law becomes effective, the commissariat will assign and ENI will take over the management of the plants of the Liquigas and Liquichimica group. This extraordinary administration, together with ENI's normal activities, will assure a rational and efficient management of the activity of chemical and oil sector.

Within 3 months from the above date, the plants referred to in the preceding paragraph, real property belonging thereto and the personal property of any kind necessary for the exercise of the individual productive activities, including patents and licenses, are to be offered for sale by auction in one complete package by the extraordinary commissariat.

The base auction price is to be established in accordance with the best offer received by the commissariat within 2 months from the date indicated in the preceding paragraph. Income from the sale is to be distributed by the commissariat to the various companies who were owners of the property sold; this is to be done upon approval of the supervisory committee in proportion to the value of the property as determined by an inventory made in each of the plants by the same commissariat.

Within 1 month from the date of the adjudication, the mandate provided for in the first paragraph is to cease.

Article 11

Within 2 months from the time the proposed legislation becomes effective and upon proposal by the minister of industry, commerce and crafts in collaboration with the minister of extraordinary interventions in the South and after consultation with a committee of representatives of the southern regions--the National Association of Italian Municipalities (ANCI) and the Italian Confederation of Public Services of Local Governments (CISPEL)--CIPE is to approve the first phase of the general program for methanization of the South with advice from the communes reentering the territory as referred to in Article 1 of Presidential Decree No 218 of 6 March 1978, interested in carryout out that program and in the time involved in completing the project.

The general program is to be approved by CIPE with the same procedure as that referred to in the preceding paragraph within 6 months from the time this law becomes effective.

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To carry out the program mentioned in the preceding paragraph, an expenditure of 605 billion lire is authorized to cover the following objectives:

- a. Promotion of the urban and territorial distribution network of the [word missing in original] as well as studies and projects for the liquefaction, storage and distribution of GPL [liquid propane gas] and other methane derivatives for their use in the territories referred to in Article 1 of the individual text approved by Presidential Decree No 218 of 6 March 1978.
- b. Technical and financial assistance on behalf of the communes and their consortiums to establish the networks and carry out the studies and projects referred to under a. as well as converting and expanding existing networks for the purpose mentioned.
- c. Granting the communes and their consortiums funds for the accomplishment or conversion or expansion of the work referred to in a.

To accomplish the preceding, authorization is given to:

- a. Granting the communes and their consortiums funds in the form of capital equal to 30 percent of the estimated expenditure for the projects indicated in the preceding first paragraph.
- b. Granting the communes and their consortiums 20-year secured loans--at a rate of 3 percent in relation to the subsequent 30 percent of the expenditure--for the projects referred to in the preceding first paragraph.
- c. Granting ENI funds in the form of capital in a maximum amount of 40 percent of the estimated expenditure for secondary addition products, having the characteristics of public infrastructures and particularly aimed at helping to carry out the first phase of the general program of methanization of the South--as foreseen in the first paragraph of Article 1--at an overall amount of 100 billion lire.

The singling out of secondary addition products entitled to funds will be determined contextually and according to the procedures given in the first paragraph.

The criteria and methods for granting the secured loans referred to in b. of this article, adhering to the principle that the annual payments for modernization will be made at the expense of the communes or the consortiums of the communes to begin on 1 January of the year following that in which work is begun on the new networks or on the completion of the conversion or expansion of existing networks, are to be established with the collaboration of ANCI and CISPEL by a decree from the minister of labor.

After approval of the program referred to in the first paragraph, CIPE is to establish the division of the sums allocated for the funds referred to respectively in letters a. and b. of this article and the procedures for the granting of the funds indicated in the above letter a.

In determining the criteria and methods for the granting of the funds called for by this article, CIPE must, moreover, establish the method for granting the communes and their consortiums a loan from the Savings and Loan Association each time that the assistance provided for by this law or other possible assistance provided through national or regional laws do not assure the total financing of the work to be accomplished.

Article 31 of Law No 146 of 24 April 1980 is abrogated.

The terms called for by current legislation--national or regional--for the approval of action by the communes and their consortiums regarding the carrying out of the program to switch to methane in the respective territories are reduced 50 percent.

The communes and their consortiums which, at the time the present law becomes effective, may have decided to subcontract the administration of the service and which, to achieve the new distribution networks or convert or expand existing networks, wish to obtain funds and secured loans as provided by this law in reaching their conclusions, should reconsider the subcontracting of that administration in view of the conditions involved in obtaining the benefits assured to the communes in accordance with the regulations of this law.

In no case may the request for those funds and secured loans be delegated by the communes or their consortiums to firms subcontracted for the administration of the service.

Communes included in the methanization programs which, when the present law becomes effective, have a service for the distribution of gas for civilian use being handled by third parties but plan to take over than administrative service in due time or in accordance with the subcontract are entitled--in addition to the assistance provided by this proposed legislation--to obtain from the Savings and Loan Association a secured loan to offset the expenses which, according to legal and contractual regulation, the communes are forced to incur in the normal or anticipated termination of the subcontract. Where the communes do not have the necessary delegations to negotiate for the secured loan, the state's guarantee will be offered as collateral through decree issued by the minister of treasury.

The funds granted by the terms of this article on the basis of criteria and methods established by CIPE through decree of the minister of treasury will have previously been subjected to technical investigation by the Fund for Southern Italy.

To promote its use, methane gas used as fuel for civilian use in the territories referred to in the first paragraph of this article is exempt from consumer tax established by Article 10 of Decree Law No 15 of 7 February 1977, converted with modifications into Law No 102 of 7 April 1977.

By 30 June of each year until completion of the program of methanization of the South, the minister of industry, commerce and crafts, in collaboration with the minister of extraordinary interventions in the South, is to present parliament with a detailed report on the progress of the program.

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For the financial years 1980 and 1981, authorization of the expenditure of 605 billion lire will be included in the appropriate section of the state budget of the Ministry of Treasury. For the financial year 1980 the amount of the allocation remains at 190 billion lire.

Article 12

To the financial burden stemming from the implementation of this law in the financial year 1980, estimated at a total of 168 billion lire--resulting from the difference between an overall burden of 437 billion and 269 billion relative to disciplinary acts or provisions in accordance with legislative action taken to regulate juridical reports issued on the basis of Decree Law No 288 of 3 July 1980, Law No 301 of 9 July 1980 and Law No 530 of 30 August 1980--provisions are being made through a reduction of 168 billion lire in the allocation included in Item 6856 of the budget of the Ministry of Treasury for the same financial year, and, if necessary, using the appropriation "set aside for property imbalance, for special administrative measures to assure against the disablement, old age and survivorship of the planters themselves, tenant farmers and sharecroppers."

The ministry of treasury is authorized through the proper decrees to adjust any variations which may occur in the budget.

The financial law will be used to determine the amount of the expenditure for the financial year 1981 using as coverage the funds provided for that coverage based on the financial burden incurred in that year and in accordance with Decree Law No 503 of 30 August 1980.

Article 13

The preceding law is to become effective on the day following its publication in the GAZZETTA UFFICIALE.

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COUNTRY SECTION

SPAIN

GOVERNMENT, POLITICAL PARTY PROGRAMS TO COMBAT UNEMPLOYMENT

Madrid CAMBIO 16 in Spanish 5 Oct 80 pp 52-56

[Text] There is a jobless person in one out of every four Spanish families, and half of them are not collecting unemployment insurance. The fact that this is a common problem (there are some 20 million jobless persons in the industrialized countries) does not lessen the suffering that this new public enemy number one causes so many homes.

Now that the government has issued its program, CAMBIO 16 wanted to find out what the other political and union forces, as well as various experts, were proposing to do about unemployment. The conclusion is that the time has come to stop talking about catastrophes and take action. Spanish society can no longer tolerate unemployment of 1.5 million, a figure that will increase another million by 1983, according to the forecasts of various teams of economists.

Very few dare to spell out a program for combating unemployment. "The government is the one that has to 'get its feet wet,'" say most of the sources consulted by CAMBIO 16. The rest set down general guidelines for action but decline to get into the realm of numbers.

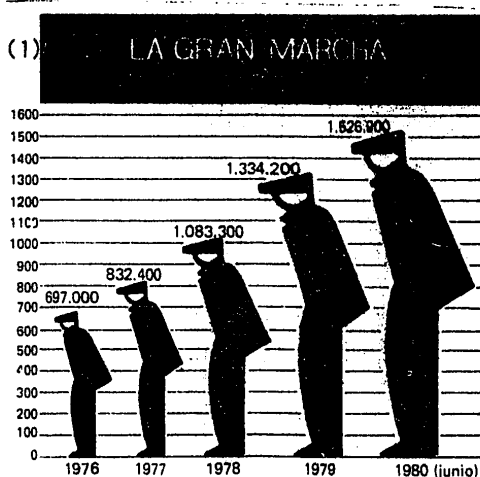
Nevertheless, everyone: political parties, unions, employer associations, experts and other organizations, agrees on the measures to be taken in the short run. Early retirement, cutting the workday and overtime, eliminating moonlighting, and mandatory school enrolment until age 16 are steps that can be taken right away, according to those consulted.

This is because one fact is clear: there are not enough jobs to go around. Even if Spain's economy gets moving again, there will still be a shortage of jobs. So then, they all point out, "let's apportion the jobs we have among all of us."

Joblessness Highest Among Youths

During the first half of this year, the Active Population Survey (EPA) found that there were 1,527,000 Spaniards without jobs, of whom only 42 percent were collecting unemployment insurance.

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Key:

1. Mounting Unemployment (the number of jobless persons according to the active population survey)

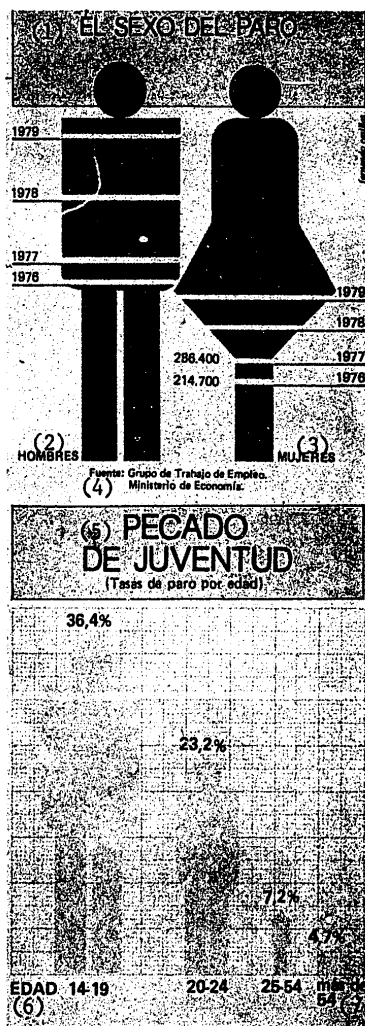
Young people age 14 to 21 have the highest rate of unemployment. Some 36.4 percent of Spanish youths from 14 to 19 are without work. The main reason for this high rate (in comparison to other European countries) is the low index of school enrolment. ...

Within the 14 to 18 year age group, Spain has an active population rate of 4 percent, which is 11 times higher than the average in EEC countries and 15 times higher than in France and Italy. Some 628,000 Spanish youths between the ages of 15 and 16 are not in school, and another 700,000 from 16 to 18 are not attending classes. Of the latter group, "a very high percentage are in the labor market," a high-level official in the Economy Ministry told CAMBIO 16.

By sex, there were twice as many men unemployed as women in late 1979 (the jobless rate among men stands at 11.27 percent, while for women it is 13.16 percent), with boys having a lower level of schooling. Thus, 20 percent of all unemployed males are illiterate or have not gone to any school, and 54 percent have attended just primary school. The percentages for the other sex are 6 and 41 percent, respectively.

As far as marital status is concerned, the ratio of unemployed bachelors to unemployed married men is the same as the breakdown by sex: double. Married men have a lower cultural level than bachelors among the unemployed, but in both cases about half of the jobless men have completed only primary school.

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Key:

- 1. Unemployment among men and women
- 2. Men
- 3. Women
- 4. Source: Employment Task Force, Economy Ministry
- 5. Rough Times for Young People
- 6. Age
- 7. Over 54

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Unemployed Construction Workers Head List

By economic sectors, construction and services have the highest number of unemployed workers, 309,000 and 283,000, respectively. Special mention should be made of those seeking their first job, who make up almost one-third of the total.

In 1979, Extremadura was the region with the highest unemployment rate among its active population, 16.76 percent; it was followed by Andalucia with 15.32 percent. Galicia and the Balearic Islands, in that order, were the regions with the least joblessness.

The duration of unemployment is not the same for all people. One-fourth of those who have lost their jobs take from 1 to 3 months to find another; one-fifth take from 3 to 6 months; 22 percent have to wait from 1 to 2 years, and just 6 percent have to wait longer than 2 years to find a job.

Among those seeking their first job, 21 percent wait up to 3 months to find a position; while 46 percent must wait from 3 months to a year, and one-fourth take from 1 to 2 years.

There are the statistics, facts that have jolted the awareness of the government (for the first time, unemployment has become the number one economic and social target), political parties, union and employer associations, and experts and that have even prompted a slew of statements from the Spanish bishopric.

Recently, the bishops of Almeria, Guadix, Granada and Malaga appealed "to social, political and government leaders" to "do whatever they could to come up with reasonable and efficacious solutions of a radical and permanent, not just emergency, nature."

The bishop of Teruel, Damian Iguacen, was more forceful in his arguments that same day, Thursday the fourth. He said in a sermon that unemployment had become a "national calamity," adding that "unemployment could give rise to war; unemployment could cause starvation for the jobless masses. We are in a state of emergency that demands urgent and efficacious solutions."

And this is what the government is now trying to do with its new economic program for the 1981-83 period. But before President Adolfo Suarez appeared before the plenary session of Congress on Wednesday the 17th to outline the new economic policies that the new cabinet would be pursuing, Labor Minister Felix Manuel Perez Miyares broached the problem first.

Reviving Investment

"Subsidies, community employment and unemployment insurance," Perez Miyares asserted, "are just stopgap measures. We have to attack the problem at its roots, the creation of new jobs, and to do this we have to revive investment."

It is along this path (getting Spain's economy moving again by reviving investment) that the government's efforts are now going to be channeled. Adolfo Suarez made this quite clear in his address to Congress.

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"The government's basic objective," he asserted, "is to gradually achieve an economic growth rate of four to five percent by late 1983, which will enable us to create enough jobs to reverse the upward trend in the unemployment rate."

Although he did not say so (the president was very careful not to get into the chancy realm of numerical forecasts), the government program calls for the creation of 200,000 new jobs a year from now to 1983. Nevertheless, sources close to the Fuentes Quintana-Rojo team, who are in charge of the government's economic program, contend that unemployment will continue to rise until 1983.

The forecasts by other economic sources point in the same direction. "According to studies that have been done," Carlos Romero, the assistant director general of production and employment at the Economy and Commerce Ministry, told this magazine, "forecasts indicate to us that a cumulative growth rate of 4 percent in the gross domestic product until 1985 along with a rise in per capita productivity of 3.5 percent will probably not be able to bring about a drop in our 10 percent jobless rate among an active population of 14.5 million by that year."

Other sources in the same ministerial department point out that to achieve unemployment of around 5 percent of the active population by 1990, we will have to create 155,000 jobs a year, 85,000 for men and 70,000 for women.

As of now, the government's forecasts extend only to 1983, the next general election year. As far as we know, the administration still does not have any specific plans with regard to mandatory schooling until age 16 or early retirement. All of the sources consulted by CAMBIO 16 pointed to these two steps as effective and perfectly feasible in the short term (but not enough) in the struggle against unemployment.

The government president's vote of confidence address focused on the steps to be taken (a mere rundown of principles) to get the Spanish economy moving again.

Adolfo Suarez emphasized investment (private and public in that order), overhauling sectors in crisis, agriculture, savings and "wage moderation."

Public investment will be bolstered and housing construction spurred to boost investment in the economy, the primary engine in the battle against joblessness. Juan Antonio Garcia Diez, the minister of economy and commerce, asserted that public investment would increase 30 percent in 1981; in other words, an additional 160 billion pesetas would be earmarked for this next year, giving a total of 700 billion pesetas.

The second lever that Suarez pulled was encouraging energy investments. "Energy," he said, "is today and will continue to be for quite some time, the main conditioning factor in our potential for long-term economic growth."

With regard to the industries in crisis, he said that "not all of the sectors having difficulties can regard themselves as qualifying for government support for their overhaul." Such overhauls "will often be impossible without major cuts in personnel and closures of facilities."

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The government will also bolster agriculture as a special sector in Spain's economy and will step up the agricultural programs that are underway, while granting the sector priority consideration in public investment programs.

The president then pulled the savings lever. "All of the above will be possible," he pointed out, "if there is a parallel rise in domestic savings."

In this regard, the government promised to see to it that the public sector furnishes an example. "We must decisively moderate the growth of current public expenditures," which he said would not increase faster than the GDP over the next few years.

Private savings will also be bolstered, "by moving forward with our policy of loosening up the financial system and making it more flexible." He acknowledged the legitimacy of business profits, which he intends to spur by, among other things, reviving demand for goods and services.

Everyone faults the absence of numbers in the government's economic program, especially in connection with the battle against joblessness. Does the government have a specific and detailed program for combating unemployment or doesn't it?

The sources consulted by this magazine all say that it does not, for the time being. But the fact is that most of these sources have no plan either.

Some, such as the PSOE [Spanish Socialist Workers Party], justify this by saying that when they are in power, they will issue the decrees. Others, such as the CCOO [Workers Commissions] and the UGT [General Union of Workers], assert that this is not their job. Only the PCE [Spanish Communist Party] and the CEOE [Spanish Confederation of Business Organizations] have ventured to outline a plan for combating joblessness, independent of existing sector or business programs.

But they all agree that there is a package of measures that can be taken right now to alleviate unemployment: early retirement, mandatory schooling, reducing the workday and overtime and eliminating moonlighting.

The CEOE's 'Driving Forces'

The program to combat unemployment that the CEOE proposes is based on the principle that "private investment must be the main investment engine for creating new jobs." And "as the sole way of emerging from the crisis," it proposes a series of actions that it calls "driving forces."

The first centers around the "stimulus sectors." One of them is the public sector, in which it calls for railway modernization programs, investments in the telephone company, infrastructure projects and agricultural development.

The other is the private sector, which will head up the energy program, housing construction and shipbuilding. With regard to the PEN, it asserts that

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"clearance for the as yet unapproved nuclear powerplants is urgently needed." It proposes streamlining bureaucratic formalities for housing construction and reactivating shipbuilding ("where there is potential domestic demand and where overseas demand is also reemerging").

Although the CEOE program does not, in general, list figures for investment needs or the jobs to be created, it does offer numbers for the energy sector and housing construction. In connection with the former, it calls for investment of some 1.041 trillion pesetas for the 1980-82 period, of which one-third would be earmarked for nuclear powerplants.

Some 426 billion pesetas of these investments would be financed through the obligatory private bank investment ratio, with the remainder coming from self-financing, bond issues and loans.

As indirect financing measures, the CEOE proposes "a drastic reduction" in the state's consumption expenditures; the encouragement, promotion and protection of savings; freezing the cutbacks in investment ratios for banks and savings institutions; modifying the tax reform; flexibility regarding regular staff; wage moderation and a larger government contribution to social security.

"Spanish businessmen," the employers' association asserts, "are quite willing to assume their share of responsibility in reviving the economy and investment and in generating jobs. But this will be possible only if the administration takes the appropriate measures."

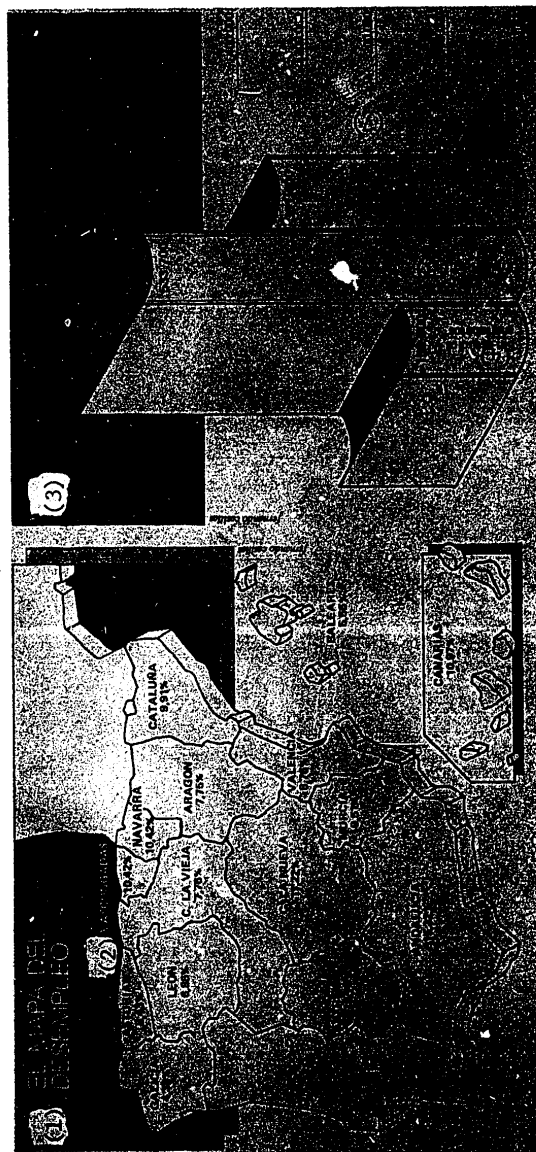
PSOE: More Funds for the Public Sector

"When we are in power, we will issue the decrees," said Joaquin Almunia, a member of the Executive Board of the PSOE, when CAMBIO 16 asked him about his party's program for combating unemployment.

"We can only give general guidelines for action and areas on which we should focus, but we would rather not give numbers. The government is supposed to do that."

In any case, he pointed to housing, irrigation, public works and mass transportation as the areas into which investment ought to be channeled to create jobs. He advocates revamping the sectors in crisis and strengthening the ones in good shape. "The public sector has to play the leading role in investment," he pointed out.

Parallel to these recent comments by Almunia, a book published last year, entitled "The Economic Strategy of the PSOE," asserts that "the success of the socialist strategy for combating unemployment hinges largely on investment trends in private sector companies."



Key:

1. The Unemployment Map
2. The unemployed as a percentage of the active population
3. Educational level of the unemployed
4. No schooling and illiterate
5. Primary school
6. Secondary school
7. Higher schooling

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UGT-CCOO: Apportioning Jobs

"It is not up to us to formulate a program against unemployment," replied Manuel Chaves, the UGT press and information secretary, and Alfonso Vazquez, from the Confederated Technical Cabinet of the CCOO.

"We can act by negotiating short-term measures," Chaves continued, "such as the ones contained in the Inter-Confederation Model Agreement. However, these measures (reducing the workday, controlling overtime, lowering the retirement age, etc) have not been accompanied by government initiatives."

The UGT, which has estimated that retirement at age 64 will cost 14 billion pesetas in the second half of 1980 and create 60,000 jobs, feels that an investment program for combating joblessness has to be negotiated among the government, the unions and the employer associations.

Although the CCOO feels that it is not its job either to formulate a program to combat unemployment, it is drawing up a solidarity plan. There are three basic parts to the plan: press for public investment in agriculture and construction mainly; apportion existing jobs and set up three employment programs subsidized by the National Employment Institute and aimed at those over age 25, young people in general and the hardcore unemployed, whether they receive jobless benefits or not.

Other points in the CCOO solidarity plan refer to boosting community employment, amending the Employment Law and the joint efforts that the entire society must make in connection with this problem.



Key:

1. Beneficiaries of unemployment insurance

PCE: 500 Billion for Public Investment

Laureano Lazaro, a PCE economist, proposes earmarking a half trillion pesetas for public investment, with the following financing: a 100 billion increase in the national debt. "This amount of bonds would be issued by financial institutions and figured into the mandatory investment ratio quota." Another 100 billion would come from overseas loans, and 150 billion more would be secured through increased taxes by enforcing the existing law. The rest would be derived from a one-third cut in business tax breaks.

All of this investment, Lazaro asserts, would create 200,000 direct jobs a year. He then lists the sectors that should be given priority in earmarking these investments: farming and foodstuffs, electronics, public services, construction and energy (nonnuclear).

"In 1981," the PCE spokesman said, "50 percent of the investment budget for that year will have to be appropriated, and about 35 to 40 percent of it will actually have to be spent."

Antonio Garrigues: Let's Accept Unemployment

Antonio Garrigues, president of the APD, an adviser to major businesses and an expert on the issue, poses the following question with regard to the unemployment problem: "Can the current unemployment level be absorbed by an economic revival in the short or medium term, or on the contrary, we will have to institutionalize it?" Garrigues leans toward the second option.

"There are expected to be 15 million jobless persons in Western Europe by 1985. And I fear that we are not going to be able to absorb our unemployment because there will not be enough jobs for everyone in Spanish society."

"Since there are not enough jobs to go around," he goes on to say, "let's apportion the jobs we have through early retirement, mandatory schooling, reducing the workday, eliminating moonlighting and instituting a sabbatical year."

He points to the shipbuilding, nuclear powerplant and housing construction industries as sectors that we ought to bolster. He also makes an appeal to businessmen: "Businessmen have to accept their social responsibility. They cannot institutionalize their arguments, which would be ruinous."

Carlos Romero: First of All, Clarity

In the opinion of Carlos Romero, the assistant director general of production and employment at the Economy and Commerce Ministry, the first thing that must be done to alleviate our serious jobless problem in the short run is "to objectively inform the public about the employment situation in Spain, the trends in it and external and internal conditions."

"Furthermore," Romero continues, "we have to hammer out a national plan with the various social sectors." Such a plan "would have to be based on an increase in private investment in sectors with a future and with the most potential for generating jobs, on an active role for a decentralized public sector, on developing public and private investment in collective services, on apportioning jobs and on an all-out development of jobs in agriculture."

Luis Marco: There Will Not Be Jobs for Everyone

Economist Luis Marco proposes two steps as part of an active policy for the labor market. In the short run, we have the measures that everyone agrees on, "although," he cautions, "they will not do that much good." In the long run,

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we have to cut labor costs through greater productivity and wage increases that are slightly below the rise in the cost of living.

So that the standard of living of workers does not decline, "we have to expand social infrastructure in education, public transportation, health care, etc."

He underscores that there will not be jobs for everyone and that the state's operating methods will have to change because: unemployment is zero in the public sphere, as opposed to 13 percent in the private sector; public sector deficit spending makes credit unavailable to others, thus reducing private investment and pushing interest rates upwards, and because an expanded social infrastructure could lessen inflationary pressures by creating jobs.

Regional Plans: Catalonia and Andalusia

The Catalan Legislative Assembly has had its Labor Council draw up two plans for combating unemployment. The first is designed to aid workers not receiving unemployment benefits and with serious family problems in the districts of Valles (18.3 percent unemployment), Bajo Llobregat (14 percent) and Barcelona (13 percent). It will be a 3-month program, with investments of 30 million pesetas.

The first experiment under this plan will be in Olesa de Montserrat, where 40 percent of the population is without work. The program will provide jobs for 150 unemployed persons, who will earn a minimum monthly salary of 30,000 pesetas.

The second program involves the creation of an employment fund. Its goal is to promote new jobs, and it will have to be worked out among unions, employer groups and the Legislative Assembly. "We want it to be the groundwork for an institutional struggle against joblessness," Lluís Ducet, head of the Administrative Secretariat of the Labor Council, told CAMBIO 16.

The program, which will be implemented early next year, will have a 15 billion peseta fund, which is equivalent to 1 percent of total collective wage bargaining in Catalonia, and will promote the creation of jobs for young people, individuals with heavy family burdens and persons over age 55.

The Emergency Plan for Andalusia (PUA) calls for the creation of 300,000 jobs through investments of 1.2 trillion pesetas, which would boost the Andalusian GDP by between 3 and 3.5 percent. Under the plan, investment would be channeled mainly into agriculture, and if PUA policies are adhered to over the next few years, Andalusia could have full employment by 1985.

The PUA would be financed in equal amounts by the Federal Government and the Andalusian community. Next year the government would contribute 205 billion pesetas from the general budget, and the state-run enterprises in the region would be responsible for 35 billion.

Sector Programs: Housing, RENFE [Spanish National Railroads] and Telephones

In addition to political parties, unions, employer groups and experts, a number of economic sectors have also formulated investment plans for the battle against unemployment and to get the economy moving again.

One of them is a housing construction plan drawn up by the National Association of Developers and Builders for the 1980-83 period. The plan, which the government might accept, calls for the creation of 1,375,000 direct jobs and 3,025,000 indirect jobs by means of overall investments of 1.655 trillion pesetas to build 1,145,000 housing units, 62 percent of which would be government-sponsored.

The financing would be handled mainly by the state (522 billion pesetas) and savings banks (990.1 billion).

The 12-year General Railway Plan (see issue 460 of CAMBIO 16) entails investments of 1.2 trillion pesetas and will create 100,000 direct jobs and 15,000 indirect posts.

The Telephone Company Investment Program (see issue 448 of CAMBIO 16), which covers the 1980-84 period, calls for investments of 787.6 billion pesetas and the creation of 8,000 jobs. Financing would be handled through foreign loans (110.5 billion) and the issuance of debentures and bonds (162 billion), while self-financing would increase from the current 37 percent to 73 percent.

¿Dónde trabajan los parados? (1)					
Sector	1976	1977	1978	1979	1980 (1)
Agricultura (2).....	73.200	90.700	101.600	91.700	118.000
Industria (3).....	99.100	113.500	167.300	214.300	248.600
Construcción (4).....	146.200	160.800	202.300	263.000	308.700
Servicios (5).....	124.700	144.600	194.200	235.700	283.000
Primer empleo (6)....	253.800	322.800	415.900	529.500	568.600

(1) Segundo semestre. (7)
Fuente: Encuesta Población Activa. (8)

Key:

1. Unemployment by sectors
2. Agriculture
3. Industry
4. Construction
5. Services
6. First job
7. Second half
8. Source: Active Population Survey

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Tiempo de paro (1)	
	Personas
Menos de un mes (2).....	75.800
De uno a tres meses (3).....	230.300
De tres a seis meses (4).....	234.200
De seis meses a un año (5).....	199.500
De uno a dos años (6).....	242.300
Dos años o más (7).....	78.000

Fuente: INE (8)

Key:

1. Duration of unemployment
2. Less than a month
3. From 1 to 3 months
4. From 3 to 6 months
5. From 6 months to a year
6. From 1 to 2 years
7. Two or more years
8. Source: National Statistics Institute

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