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JPRS L/9623

23 March 1981

# West Europe Report

(FOUO 17/81)



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Beginning with this issue, this report will be divided into the following subject categories:

THEATER FORCES  
TERRORISM  
ENERGY ECONOMICS  
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WEST EUROPE REPORT

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THEATER FORCES

FRANCE

MILITARY FORCES COMMAND CHANGES NOTED

Paris VALEURS ACTUELLES in French 9 Feb 81 p 25

[Article by Frederic Pons: "Army--Giscard's Generals"]

[Text] In less than 6 months the two most important commands of the French armed forces have changed hands: The chief-of-staff of the armed forces [joint chief of staff] was changed on 2 July 1980 for the first time and then again on 28 January 1981, while the army chief-of-staff was changed on 3 September 1980.

Underlying these changes is the specific resolve of the French president. By personally appointing these two general officers, the head of state did not hesitate to circumvent the tradition (seniority and promotion) of the military hierarchy to place men with a chosen "profile" in these key positions. The individuals involved are slated to remain in office until 1985 and to designate the generals of the coming decades.

Heading the army in replacement of Gen Jean Lagarde, who resigned at the end of July 1980, is Gen Jean-Yves Delaunay, 58 years of age, a tank specialist. President Valery Giscard d'Estaing had met Delaunay, whose personality is completely different from his predecessor's, for the first time in Mourmelon in May 1975. The following year General Delaunay appeared at the head of his 10th Mechanized Brigade in Paris at the 14th of July parade. He was already "programmed."

Delaunay subsequently was assigned to command the Saumur school, the "Mecca of knights," and then all the army schools. His lightning-like advancement astonished his peers: In 2 months he was promoted from the rank of division general (three stars) to that of army general (five stars). On 3 September 1980 he was appointed army chief of staff, short-circuiting the expected promotion to this post of Gen Bertrand de Montaudouin, personal chief of staff to the French president since June 1979 but deemed too difficult to get along with.

At the Rue Saint Dominique [street], in the recently modernized offices of the general staff, the French president's choice was explained as follows:

"After General Lagarde, an administrative head, a real military chief was needed-- General Delaunay."

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A great sporting enthusiast, enamored of horseback riding and mountain-climbing. Gen Delaunay is well-acquainted with combat. It has left him a lifelong wound: As lieutenant in Indochina, he lost his right hand on 17 August 1949 when he was blown up by a mine.

He is a man of military language unencumbered by any complex. He gives priority to discipline and efficiency. In his "sights" (as he puts it) Delaunay targets lazy units with mediocre officers. His purpose is to endow his forces with the best possible operational level and to defend the authority necessary to achieve this goal.

"The French president probably prompted Gen Lagarde to leave his post. Legarde's structural revamping of the armed forces which he effected in the 5 years of his command succeeded, but there was no longer harmony between him and his major aides," it is now recognized in the general staff.

This impression is confirmed by annual reports of army morale. A man at home with files rather than in the field, Gen Lagarde had sustained a setback in January 1980: Against his advice, President Giscard d'Estaing refused to reduce the number of French paratroop regiments. It was a victory for the "operational" forces.

The appointment of Gen Delaunay should ease the task of Gen Jeannou Lacaze, 57 years old, new chief-of-staff of the armed forces. Long-time friends, the two men are slated to work together until 1985.

Gen Lacaze's promotion was not a surprise. Since July 1980 his name had been mentioned in connection with taking over from the outgoing Gen Guy Mery. In favoring Gen Claude Vambremeresch, 60 years, over Gen Lacaze at that time, President Giscard d'Estaing had chosen a strong military personality and a trustworthy man.

But the former chief-of-staff of the French president (from June 1975 to June 1979), this "strong functionalist," this valedictorian of his graduating class at Saint Cyr [military academy], was to be only a transition, as we know today. Already due to reach the age limit in January 1982, Gen Vambremeresch had to hand over his responsibilities early for health reasons, following the French presidential elections: His appointment made the step up of Gen Lacaze easier by one notch.

The illness of Gen Vambremeresch, who was hospitalized early in January 1981 with serious viral hepatitis, only accelerated things. Promoted in September 1980 to the position of military governor of the Paris region, commander of the III Army Corps, Gen Lacaze was in reality "kept in reserve."

A former fighter in the [World War II] French Forces of the Interior, this Gascon born in Vietnam served for 4 years in the "11th shock troops," the armed unit of the French secret service. A paratrooper legionnaire, he commanded the 2nd Rep. [sic--possibly Reg. for Regiment]. Then, for 5 years, from April 1971 to June 1976, he headed the intelligence-gathering unit in the SDECE [Foreign Intelligence and Counter-intelligence Service--France]. There he acquired the nickname of "The Sphinx" and a reputation for discretion and efficiency. He commanded the 11th Paratroop Division at the time of the operations in Chad, Zaire, and Lebanon. His promotion occurred at a crucial juncture: The sequels of the Chadian operation and the French setback.

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Generals Lacaze and Delaunay will likely gradually modify the command of the major army units. The first of these, the Toulouse paratroop division, spearhead of foreign operations forces, will have a new head this coming summer. An individual has already been designated, namely Gen Jean Schmidt, 51 years old, former corps commander in the 8th Navai Paratroop Infantry Regiment. This combat-hardened general now commands the 1st Army. His promotion will be the first of a new wave of generals.

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THEATER FORCES

ITALY

PROJECT COORDINATOR DESCRIBES NEW MEI-80 WEAPONS SYSTEM

Rome RIVISTA MILITARY in Italian May-Jun 80 pp 73-77

[Interview with LtCol Armando Caputo, head of the Artillery Section of the Bureau of Research and Studies of the Army Staff, by the editorial staff of RIVISTA MILITARE]

[Text] Within the framework of an equipment policy for increasing the overall effectiveness of the instrument, the Army staff intends to give special impetus to the air defense sector by operating with two guidelines: carrying out an improvement program for already existing systems and acquiring new weapon systems suitable for making it possible to overcome the present deficiencies in the low and very low altitude range.

While a modernization program has already been carried out with regard to the HAWK medium-range missile system, improved area air defense at medium and low altitudes, steps of a technical and administrative nature were taken at the same time, in this context, for acquisition, in the medium term (by 1986), of a light, short-range, all-weather, self-propelled missile system -- the MEI-80 -- for area air defense of major elementary units and of vital components of the field army against air attacks conducted primarily at low and very low altitude. In addition, on a short-term basis (starting in 1983), acquisition has been scheduled of very short range conventional air defense systems (multigunned -- 25 millimeters -- self-propelled) capable of providing self-defense for minor mechanized and armored units against direct air attacks at low and very low altitude. All the above-mentioned light and self-defense systems will be incorporated subsequently in a tactical command and control detection system for air defense of the field army, capable of ensuring distant detection, early identification of the invader and rational control of action. A definition study has already been started for this system and production is scheduled for the second half of the 1980's.

Within the overall framework outlined above, the MEI-80 program takes on great importance. In fact, the system, which is characterized by a capability of independent operation at the firing unit level, without, however, ruling out the possibility of centralized use by means of battery command posts or air defense

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control centers, or both, is to be capable of all-weather operation (radar) and under fair-weather conditions (optical tracking -- TV -- of the target), in order to ensure engagement of helicopters and aircraft at low altitudes or in the presence of very intensive electronic countermeasures (ECM), and also of antiradiation missiles, with extremely short detection and engagement times.

Its maximum range, on the order of 10 kilometers, is compatible with the maximum masking distance anticipated for low and very low altitude attacks, providing, at the same time, connection in altitude with systems of a higher or lower category. The high degree of on-road and off-road mobility required of a light system is obtained by means of installation on tracked vehicles that also makes possible rapid preparation for launching and moving times. Good resistance against saturation and high degree of survival capability are guarantees of appropriate technical measures (large number of missiles on the launchers, short engagement and reloading times, NBC [nuclear, biological, chemical] protection, employment discretion, and so on).

Finally, in view of the burdensome specialization of the personnel assigned to employment of the system, simplicity of employment and maintenance at the employment unit level is regarded as qualifying, deferring specialized maintenance to higher levels.

It should also be pointed out that the nation's industries most qualified in this special sector are devoting their best technical resources to development of the MEI program. After an adequate period of studies and technological research on the whole subject of missile system, these industries have acquired a good degree of technological qualification that leaves good expectations of the completion of a program of great importance to the Italian Army.

Approval of the prototype firing unit is scheduled for 1984. When positive completion of the experimental tests has been verified, a program will be started for acquisition of a certain number of systems (firing units with missiles, battery command posts, simulators and other training equipment, maintenance and repair equipment, and so on) entailing sizable economic resources to be drawn from the funds granted by the special law on modernization of the Army's weapons, materiel, equipment and facilities, within the framework of air defense.

RIVISTA MILITARE, therefore, believes that it is useful to provide its readers with advance information on the most important technical and operational features of the MEI-80 system, illustrating its essential characteristics and performance in an interview with the Army Staff officer who follows and coordinates the various activities connection with the program's development.

The questions were asked of LtCol Armando Caputo, Army General Staff, head of the artillery section in the Army Staff Research

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and Studies Bureau, and, therefore, coordinator of activities connected with the MEI-80 program.

This officer attended the Military Academy, the Artillery Application School, the War College, the Interforce Military Studies Institute.

He has served in the Ariete Armored Division and has been head of the planning section in the Army Staff Operations Bureau. He has commanded the Capua Self-propelled 12th Field Artillery Group and since 1977 he has been serving in his present assignment as section head in the Army Staff Research and Studies Bureau.

Coexistence of Several Field Army Air Defense Systems

[Question] In the Italian Army's policy on equipment, the acquisition of several systems for air defense of the same objectives has been scheduled. Why?

[Answer] In order to provide effective air defense for the units of the field army, it is necessary to have a uniform incorporation of weapon systems varying in category and nature, each perfected for operating at well specified altitudes and ranges that will provide, on an overall basis, a high degree of impenetrability of the space to be defended.

As an example, a medium-range (30 to 40 kilometers) missile system, not perfected for low and very low altitudes (0 to 600 meters), would be "redundant" and, at any rate, "unacceptable" for opposing an air threat at those altitude ranges. In fact, because of natural obstacles (vegetation, buildings, and so on) and the terrain morphology, invading aircraft will be "masked" at distances ranging from 5 to 20 kilometers and at low and very low altitudes. Therefore, they can be engaged only at ranges included between a few kilometers and 10 kilometers, obviously taking into account the system's reaction time and the missile's flight time. Moreover, longer range for a system involves weights and impediments incompatible with the characteristics of mobility and support required of air defense systems for the smaller units of the field army.

On the other hand, it may be pointed out that light, self-defense systems -- perfected, respectively, for low and very low altitude -- although limited in weight and impediments and, therefore, mobile and acceptable for the action of smaller units, have natural limitations in engaging targets at medium altitudes and at supersonic speeds.

Finally, it should be pointed out that every missile system can be neutralized by intensive, sophisticated electronic countermeasures of the potential enemy.

In those emergency situations, only conventional optical aiming systems can provide a certain degree of effectiveness to air defense.

Therefore, it seems obvious that it is necessary to have a mix of guns, machineguns and missiles with a variety of categories and performance, in order to offer effective opposition to the infinite variety of the air threat in the post-1980 years.

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[Question] How is that mix in field army units proposed to be accomplished?

[Answer] The Army Staff expects to achieve an effective integration of conventional and missile air defense systems by means of a well-designed, gradual program compatible with the funds available. A first stage of the mix -- which is to be combined in altitude with the HAWK-HELIP medium-range missile system -- will be carried out around the middle of the 1980's by means of the introduction into service of a light missile system, the MEI-80, and a conventional self-defense system, the multigunned -- 25 millimeter -- self-propelled system.

For purposes of integration of missile systems with conventional systems, finally, consideration should also be given -- with regard to the conventional component -- to the 40/70 system, which, even with the well-known limitations owing primarily to restricted tactical mobility, provides, in any case, good effectiveness in air defense of special objectives.

#### Operational Configuration of the MEI-80 System

[Question] What is the MEI-80?

[Answer] First of all, MEI-80 means Air Defense Missile of the Italian Army of the 1980's.

An acronym that may, perhaps, seem to be inappropriate is involved, because MEI-80 is used definitely to indicate the whole weapon system and not only the missile. Nevertheless, it was preferred to retain an acronym that, although created originally with a different meaning, represents basically the synthesis of years of intense, complicated activity devoted to achieving an Italian designed air defense missile weapon system.

The MEI-80, therefore, emerged from experiments started at the end of the 1960's and developed in subsequent years by means of a series of success and failures that, however, enabled the experts, both military and civilian, to acquire a very great and important amount of knowledge in a sector so complex and constantly more sophisticated.

The MEI-80's roots go down into the past, but it is intended to be the answer to present rather strict technical and operational requirements, specified in the system's military requirements worked out by the Army Staff at the end of the 1970's to face the threat of the 1980's and post-1990's.

It takes the shape of an all-weather light air defense missile system, installed on an M-548 self-propelled chassis, intended for defense of the elementary major units and of the vital components of the field army, primarily at low and very low altitudes, against attacking aircraft with a maximum speed less than or equal to Mach 1.2.

The basic structure of the system consists of the firing unit, assembled in three functional modules, all installed on an M-548 vehicle and defined as Unit 1, Unit 2 and Unit 3.

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[Question] Could you provide us with a description of the individual modules of the system?

[Answer] Very briefly, they are defined in accordance with the essential components of the system.

Unit 1 (U-1) is the heart of the system. It includes the search radar with identification friend or foe (IFF) and the tracking radar, optical aiming and tracking devices and missile guidance remote control devices, computer system (engagement, aiming, launching and missile guidance computers), operations console and telecommunications system.

The mission of this modular unit is carried out by means of detection and identification of any aircraft appearing in the surveillance area (radius of about 20 kilometers), engagement and tracking of the target with fire control radar or with remote camera, computation of data for aiming the launcher and for guiding the missile and transmission of commands to the missile, in order to make it possible to intercept the target. It should be pointed out that the above-described sequence of operations can be performed in an all-weather mode, by means of the fire control radar, and in a fair-weather mode, by means of the remote camera and the IR (infrared) detector. The fair-weather mode, in particular, makes it possible for the system to continue operating even in the presence of massive electronic countermeasures on the part of the enemy.

Unit 2 (U-2) consists primarily of two launchers, each with an INDIGO six-missile launcher firing box.

This missile is equipped with a guidance and remote control system and is propelled by a single stage solid propellant motor with very low emission of smoke providing a maximum speed of 850 meters a second (Mach 2.6). In addition, it has a preformed fragmentation warhead with proximity and impact fuze.

Compared with other missiles for light systems, INDIGO is preferred, especially because of the longer range (~ 10 kilometers) -- expressed in a decrease in the number of systems needed for covering an area of a specific size -- and because of the high degree of lethality of the warhead. In addition, its excellent maneuverability -- especially at ranges on the order of 5 to 6 kilometers -- makes it superior to others of the same type.

From a technological point of view, the INDIGO missile, although in existence for several years now, is placed in the same class as similar "light" missiles in existence at present and in some respects it is more advanced today still. In particular, the remote control guidance system -- almost universally preferred in the category of "light" missile systems -- makes it possible to "load" on ground units the complex guidance sophistications, consequently reducing the weight and cost of the missile with obvious technical, economic and logistic advantages in supplying and operating the system.

Unit 3 (U-3) consists of the logistic module of the firing unit. In fact, the vehicle transports 12 replenishment missile immediately following the unit, thereby making it possible to resupply the launcher firing boxes (U-2) during action by means of servomechanisms for rapid loading of the launchers.

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[Question] Can the firing unit operate independently, or is its incorporation in a higher unit anticipated?

[Answer] The firing unit whose prototype is in the process of production at present can operate either independently or incorporated in a battery command post (PCB). It is pointed out, however, that independent employment of the individual firing units must be regarded as normal, just as is true of similar systems already in service. For the Roland system, for example, a PCB is being prepared only now, although it has been service for several years in the form of individual independent firing units.

In any case, the unit of employment of the MEI-80 is the battery for which a PCB capable of operating three to four firing units, coordinating their action and systematizing operational control, has been provided.

Developments Achieved and Future Expectations

[Question] In the area of the MEI program, what has already been achieved, what activities are in progress and what forecasts can be made for their completion?

[Answer] It seems useful to state, first of all, that every complete project is always marked with a certain number of operational, technological and financial limitations that have to be accepted at the time it is started. Subsequently, if the development of a program is evaluated with regard to parameters different from the ones on which it was originally based, the conclusions that are drawn may, perhaps, prove to be critical with regard to the program itself, especially from the technological point of view.

In any case, as pointed out already, at the end of the 1970's, the Army Staff surveyed the situation and put in final form the military requirements of the MEI-80 by designing a system fully adequate for the threat and in line with the present state of the art.

Having stated that, in order to answer your question it is necessary to make a brief "historical" outline of the principal activities connected with development of the MEI.

In a first phase (1967-1976), primarily theoretical studies were made that led to the production of a first prototype of a mechanically towed firing unit with search radar and a fire control center for guiding INDIGO missiles. Subsequent experimental trials made it possible to produce a preprototype self-propelled unit on which foreign-made radars were installed. It represented the first embryo of Unit 1, as provided at present by the program. Tracking mission activities were also carried out, in order to develop the radar component of the system and several dozen INDIGO missiles were launched primarily to ascertain its behavior in flight, lethality of the warhead and guidance accuracy.

In a second phase (1976-1980), the radar components were subjected to critical review, also in the light of evolution of the threat and of technological progress. It was decided to replace them, in order to adapt their performance to the new military requirements providing better coverage in altitude by the search radar, tracking capability at very low altitude even in the presence of ground echoes

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(clutter), multiple target discrimination capability, and also adequate defense against electronic countermeasures.

In addition, equipment was developed in that phase for guidance in fair-weather mode and the launching unit (Unit 2) was produced on a self-propelled M-548.

The activities performed up to now have taken time judged by some to be excessively long. Nevertheless, specialists in this work know full well that projects with a high degree of technological sophistication require times on the order of 10 to 15 years, both in Italy and other countries better equipped for that kind of work.

The time taken to arrive finally at the third phase that is to be concluded with approval and production of the system can definitely be regarded as rather realistic.

All the components of the system have been specified at present and the most critical phase of the MEI-80 program is starting, that is to say the phase that differs substantially from the two preceding phases in concreteness and decision. Today, the quite necessary experimental tests of the past are replaced by a very specific turning toward choice of the various components of the system, with access to already existing materials that, when opportunely incorporated and developed for the specific technical and operational requirements of the Armed Forces, can achieve completion of the MEI-80 in a reasonably short time.

The DG AMAT [expansion unknown; possibly Directorate General of Weapons and Materiel] is operating in that connection and within the scope of its constitutional powers.

In fact, evaluations for choice of the firing center and simultaneous development of equipment for the fair-weather operational mode will merge, at the end of 1981, in a completed prototype configuration of the system that will subsequently be subjected to technical and operational trials for approval.

[Question] What is being done in the same sector "elsewhere"?

[Answer] The best known light missile systems produced abroad are the Roland (France-Federal Republic of Germany), adopted recently with some modifications also by the United States, the Rapier (Great Britain), the Chaparral (United States), the SA-9 GASKIN and the SA-8 GECKO of Soviet production, the Crotale (France).

The expected performance of the MEI-80 is superior, in various aspects, to the above-mentioned systems, because they were designed and produced first and, therefore, were unable to use certain technological innovations that will, on the other hand, be present in the MEI system.

This superiority is especially evident, because it concerns the maximum range and the lethality of the warhead, while it can reasonably be assumed -- owing to the obvious secrecy in that sector -- with regard to the system's overall defense against electronic countermeasures. A substantial equivalence in performance can be pointed out in comparison with the SA-8 system (Soviet Union).

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Obviously, the MEI firing unit -- assembled on several operational vehicles -- has a mobility that is slightly inferior to the mobility of monovehicular versions (produced abroad: Roland, Chaparral, SA-9). On the other hand, it is less vulnerable than the above-mentioned systems, owing to distribution of the various pieces of equipment on several vehicles.

It is emphasized, moreover, that the maneuverability of the INDIGO missile -- regarded by some critics as not entirely satisfactory -- is excellent at medium ranges (5 to 6 kilometers), while it decreases at maximum ranges.

The phenomenon finds its technical explanation in the missile's structure itself, in which it has been preferred to adopt a launching motor (booster) that achieves an excellent initial thrust, optimum velocity values ( $V_0 = 850$  meters a second) and maneuverability (30 g) for intermediate ranges of 5 to 6 kilometers, where the requirement is most felt.

Other similar systems (for example Roland) also have, on the other hand, a cruising motor (sustainer) that keeps the missile's speed and maneuverability values constant during the entire trajectory. These values are, however, inferior to the values attained by INDIGO in the first part of its trajectory.

Passing, then, to our domestic productions, the intrinsic validity of certain Italian missile systems, produced by the intelligence and the optimum degree of technology attained by the Italian industry operating in the sector, cannot be disregarded.

In particular, the Spada/Aspide system, produced for the requirements of the Air Force, was, in its time, compared with the MEI for a possible standardization in the national area. The result of that comparison was that the intrinsic qualities of Spada/Aspide, absolutely valid, placed it in a superior category with regard to all that was required of the MEI system, giving rise to an unnecessary redundancy -- because it was already covered by other systems -- that found expression in a greater financial and logistic burden for the Armed Forces.

For these reasons, at that time -- until proved to the contrary -- the MEI was preferred, because it was regarded as more compatible with the air defense requirements of the field army.

[Question] Is the MEI program still valid?

[Answer] The answer can only be affirmative, when account is taken of the fact that the system now in completion phase has technical and operational characteristics that are up-to-date from the technological point of view and are perfectly consistent with the severe conditions imposed by the threat.

It should be realized, moreover, that the MEI-80 is a project that Army Staff intends to pursue completely in the national area, using components and subassemblies already produced by industry and that only require uniform, functional incorporation to make the system, as a whole, meet the military requirements. Only after making all the necessary and sufficient evaluations and in the presence of an unfortunate failure of the qualified national industries assigned to produce the system, will the Army Staff be able to examine other solutions that, although with characteristics different from the present ones, can cover the operational requirement in some way.

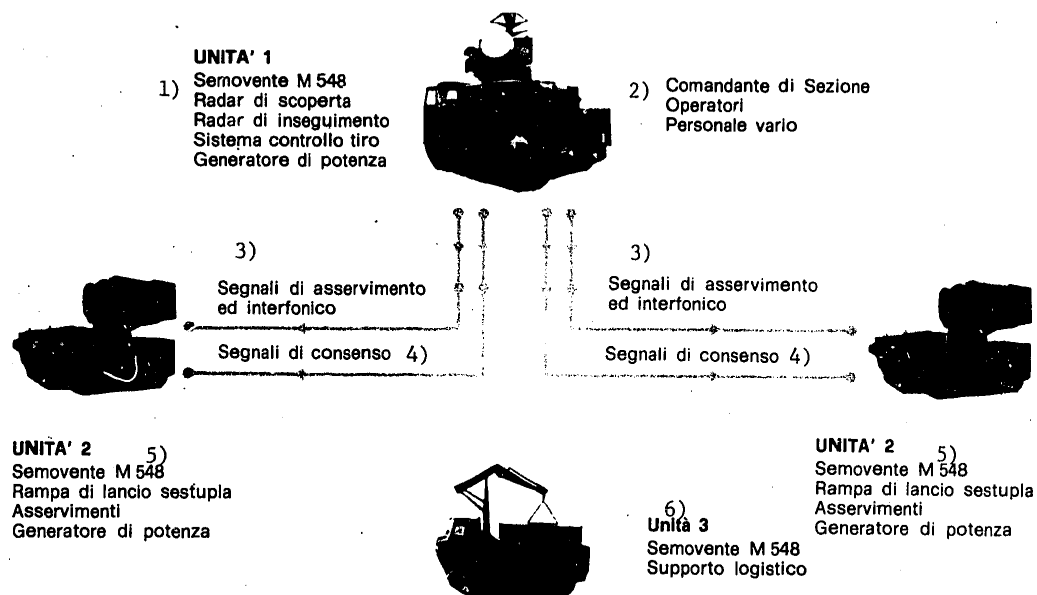


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The latest credibility goal has been set, at any rate, for the end of 1981, in order to allow a possible alternative choice and to obligate to it the funds available, within the validity limits of the Special Law.

In any case, the Army Staff believes in the validity of the MEI-80 program, because its basic requirements are in line with the operational conceptions and the technological progress of the 1980's and it believes that an adequate endeavor by Italian industry can make it possible to produce the system in a reasonably short time.

Deployment of the Firing Section



Key: 1. Unit 1, self-propelled M-548 [tracked cargo carrier], search radar, tracking radar, fire control system, power generator; 2. section commanding officer, operators [2], various personnel; 3. servo link and intercom; 4. firing box link; 5. Unit 2, self-propelled M-548, sextuple launcher, firing box, power generator; 6. Unit 3, self-propelled M-548, logistic support.

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ECONOMIC

INTERNATIONAL AFFAIRS

NEW WEATHER SATELLITE PLANNED: FIRST METEOSAT'S IMPACT

System's Function, Future

Paris FUTURIBLES in French No 38, Nov 80 pp 31-39

[Article by Drieter Lennertz of the European Space Agency's Earth Observation Program Department, Toulouse, France: "Meteosat Program"]

[Text] Meteosat, the European weather-forecasting satellite program, is an exemplary project in more ways than one. It is one of the very first applications satellites successfully placed into orbit by European countries. It is also a project with a large economic impact: saving a few days, even a few hours in forecasting the weather produces considerable savings in such fields as agriculture and construction. Lastly, Meteosat is a typical example of the vicissitudes of space research: an unprecedented technological success, Meteosat-1 was launched in 1977, but it became partially inoperative on 24 November 1979 and now no longer transmits weather photos of the earth.

All efforts made thus far to correct the satellites malfunction have been unsuccessful. We will undoubtedly have to wait until Meteosat-2 becomes operational--its launch by an Ariane rocket is scheduled for early 1981--to have weather pictures of Europe once again.

Meteosat-1's malfunction has been identified as originating in a resistor costing only a few hundred francs. Its failure has blinded a satellite whose estimated cost is several 100 million francs.

For all these reasons, we consider it useful to describe all aspects of the Meteosat project, namely its complexity, economic impact, and industrial applications.

Meteosat-1, the European Space Agency's (ESA) first meteorological and first synchronous-orbiting satellite was launched successfully in November 1977. Meteosat-2 is scheduled for launch in February 1981 by ESA's Ariane launch vehicle.

These two satellites, their associated ground facilities, and this system's utilization constitute the preoperational Meteosat program which ESA is conducting for eight of its 11 member countries, namely Belgium, Denmark, France, Germany, Italy, Sweden, Switzerland, and the United Kingdom.

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In addition to meeting the demands of European weather services, the Meteosat program is Europe's contribution to two programs sponsored by the World Meteorological Organization (WMO): the Global Atmospheric Research Program (GARP) and the World Weather Watch.

This contribution includes Meteosat's participation in a network of five geostationary weather satellites distributed around the equator. Their missions and functions are technically and operationally coordinated by a committee whose members, in addition to Europe, are Japan, the United States, the USSR and India.

Meteosat has three primary missions. These call for:

- a. Imaging of the earth's surface and cloud cover every half hour in the visible and infrared spectra, and transmission of the raw (unprocessed) data to a ground processing facility.
- b. Retransmission to user stations via the satellite of Meteosat data processed and put into suitable formats by the Meteosat main ground station.
- c. Collection and relay to a ground facility via the satellite of data acquired by sensors of self-timed or interrogated stationary or mobile platforms.

The diversity of missions and the large amount of data to be processed in real time required installation of a highly complex system viewed at the time as a veritable technological challenge. The system's different components--satellite and ground facilities--are briefly described below.

a. The geostationary spin-stabilized--100 revolutions per minute--placed on station at 0° longitude and carrying the following subsystems necessary to performance of its missions:

- (1) Earth observation unit consisting of a telescope-equipped radiometer for taking pictures of the earth and cloud cover in the visible and infrared spectra, and a digital link handling the routing of image data and general synchronization.
- (2). Data transmission and relay unit.

b. A ground segment consisting of:

(1) Meteosat ground facilities housed in the ESA Operations Center at Darmstadt and in the Odenwald Hills, Germany. These facilities include:

(a). A data acquisition, command control, and tracking station that receives data from the radiometer and on-board attitude control and maintenance system, and messages from data-collecting platforms, and that transmits, over two independent channels, platform interrogation signals, command control signals, and data in two formats: high-resolution using digital signals and Wefax data using analog signals.

(b). A ground responder beacon for measuring distances.

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(c). An operations control center that monitors and controls proper functioning of the satellite and its ground facilities.

(d). A data preparation and annotation center that establishes correlations between radiometers data, and that permits image rectification, projection conversion, and information transformation.

(e.) A meteorological information extraction center that processes the radiometer data to derive such specific meteorological information as sea surface temperature, wind fields and cloud analysis.

(2). User stations and other remote elements of the ground segment. These are of three types: primary data user stations, secondary data user stations, and surface data collection platforms for the remote collection of meteorological and environmental data.

Operation of the System

Meteosat-1 functioned very satisfactorily and achieved all of its mission goals during its two active years in orbit, i.e. until late November 1979.

The satellite accomplished the following during that period:

- a. Transmitted more than 140,000 images--about 130 per day--in the three bands of the spectrum to the main ground station in Germany
- b. Relayed more than 200,000 image formats to approximately 200 users in 34 different countries. This represented about 13,000 image formats per month during that 2 year period.
- c. Transmitted more than 3,700 messages per month from surface data-collection platforms operating from land, sea--buoys or ships--, and on board Boeing 747 aircraft.
- d. Furnished data needed to calculate various meteorological parameters such as sea surface temperatures, cloud analysis including cloud-top altitudes, and wind speeds (maximum of 32,000 per month). A large part of this data was provided in support of GARP's first global experiments from December 1978 to November 1979.

Degradation of an electronic component in the satellite's undervoltage protection device in late November 1979 caused a failure of the imaging and image data transmission functions, two of the satellite's three primary missions. Inasmuch as all attempts to recover these two missions have failed, this means Meteosat-1's services have been reduced to data collection.

To avoid the problems encountered with Meteosat-1, Meteosat-2 has been modified. The latter is now being prepared for an early 1981 launch by ESA's Ariane rocket.

Meteosat's Future

In early 1979, the meteorological services of the eight member countries participating in the preoperational program asked ESA to prepare a proposal for an operational Meteosat program consisting of, in its basic version, five satellites for the period

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1984-1994. ESA prepared the requested proposal and submitted it to the meteorological services in mid-1980. Plans call for this program to start in 1981, in which case the first operational satellite, Meteosat-3, could be launched in 1985.

#### Meteosat-1 Characteristics

Weight: 697 kilograms (at launch), including 345 kilograms for the jettisonable apogee motor and 60 kilograms for apogee motor and third stage fastening devices.

Dimensions: diameter of 210 centimeters and height of 319.5 centimeters without apogee motor.

On-board power: 210 watts at end of service life.

Stabilization: spin-stabilized, 100 revolutions per minute.

Service life: 3 years.

Reliability: 0.4 minimum, the goal being 0.5 (without degradation of any mission or recourse to back-up operating modes).

Orbit: geostationary at 0° longitude.

Station keeping:  $\pm 0.8^\circ$  north-south,  $\pm 1^\circ$  east-west, for 3 years.

Images are obtained by a telescope-equipped radiometer using the satellite's spinning motion to scan the earth line by line and the north-south shift of the radiometer's optical axis after each line scanning, the spin axis itself remaining perpendicular to the orbital plane.

The radiometer comprises: two adjacent channels in the 0.5-0.9 micron visible band, one channel (window) in the 10.5-12.5 micron infrared band, and one water vapor absorption channel in the 5.7-7.1 micron infrared band. When in service, the latter channel replaces one of the two visible channels.

Each infrared image is composed of 2,500 lines and 2,500 image elements with a spatial resolution of 5 kilometers at the subsatellite point. In the visible spectrum, this resolution is twice better--5,000 lines and image elements, and a resolution of 2.5 kilometers--when the two visible channels are in operation, in other words, when the water vapor channel is not in use.

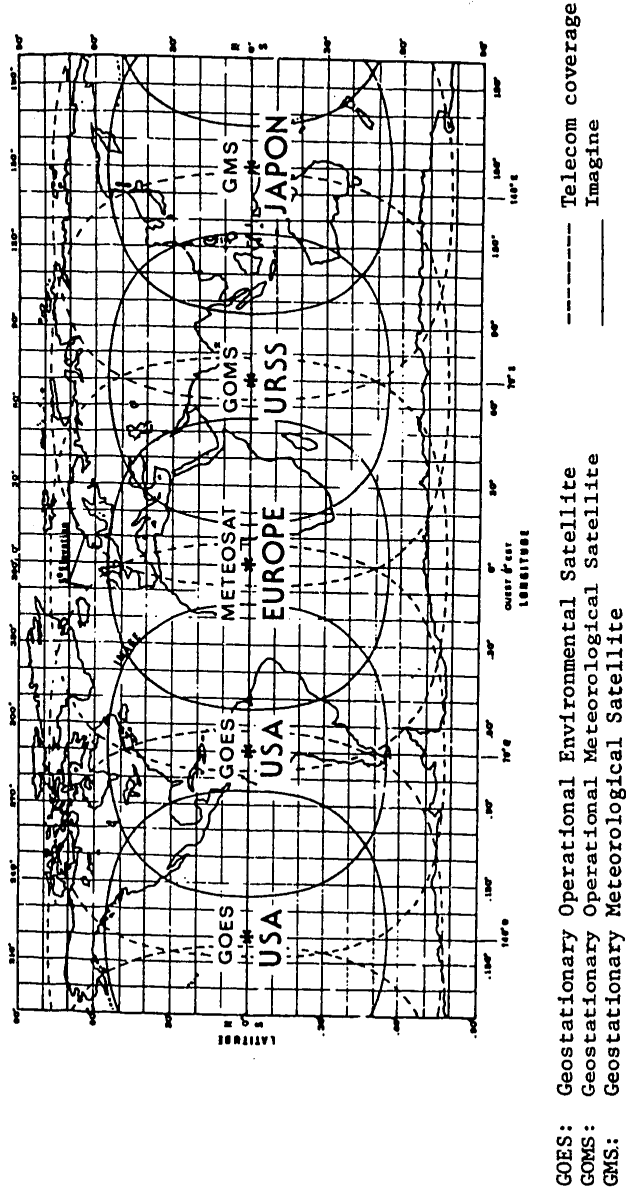
Under normal operating conditions, data produced by the "image" system are "time-stretched" by an electronic buffer storage unit (synchronizer) that enables the bit rate to be reduced from 2.7 million bits per second to 116,000 bits per second before the data are transmitted to the DATTS.

If the on-board buffer storage unit fails, image data are transmitted "in bursts" but with a higher PIRE.

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FIGURE 1  
Position and Coverage of Geostationary Satellites



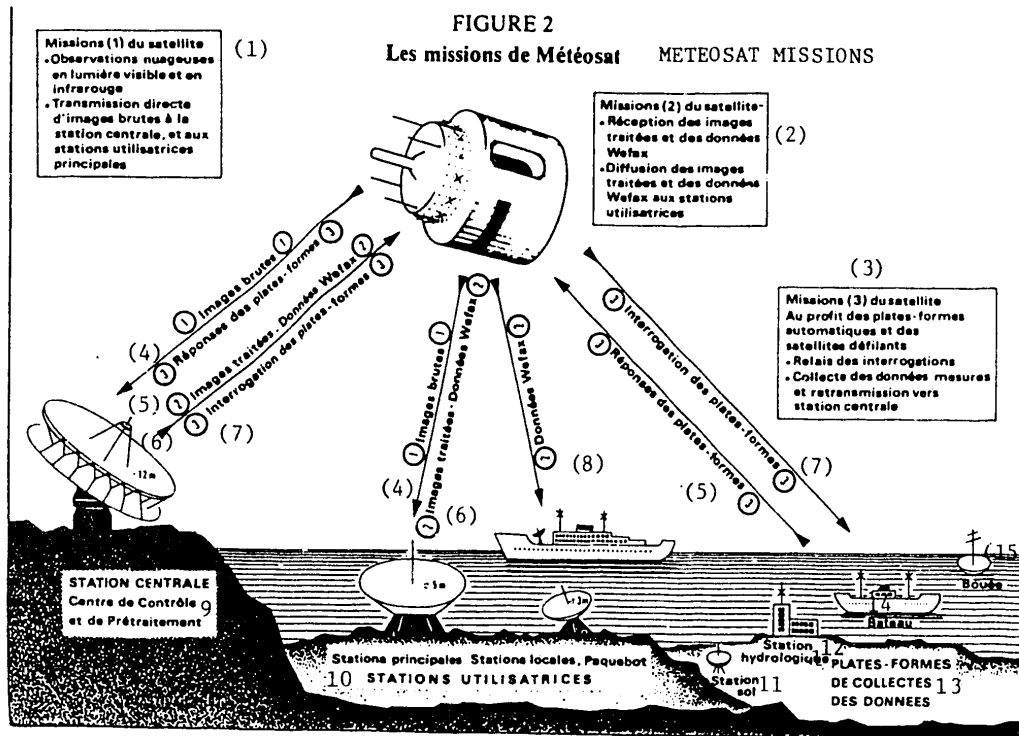
\*The GOMS satellite was temporarily replaced by a GOES at 58° East for the duration of the Global Meteorological Experiment from 1 December 1978 to 30 November 1979.

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Meteosat's Zone of Coverage

The above map depicts Meteosat's zone of coverage. The satellite is geostationary, in other words it remains in orbit at the same position above the equator. This restriction is said to have caused more than one British meteorologist to grumble. In fact, a glance at the above map shows that Great Britain is rather poorly situated to benefit from Meteosat's pictures. There is even an area in the north which the satellite does not cover. Considering the great interest the British have in anything related to the weather, one can judge how angry some meteorologists across the Channel must be.



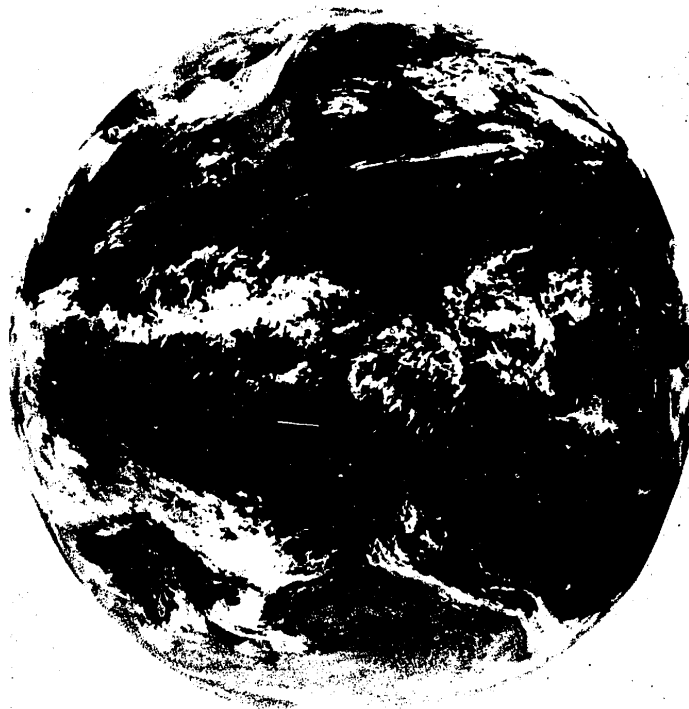
KEY: 1. First mission: cloud observations in visible and infrared light; direct transmission of raw images to the main ground processing station and principal user stations. 2. Second mission: reception of processed images and Wefax data; dissemination of processed images and Wefax data to user stations. 3. Third mission in behalf of automatic platforms and other satellites: relaying interrogation; collecting measured data and retransmitting them to the main ground processing station. 4. Raw images 5. Replies from platforms. 6. Processed images and Wefax data. 7. Interrogation of platforms. 8. Wefax data. 9. Main ground station, control and preprocessing center. 10. User stations; principal stations, local stations, passenger lines. 11. Ground station. 12. Hydrologic station. 13. Data-collection platforms. 14. Ship. 15. Buoy

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FIGURE 3

Meteosat Infrared Photo



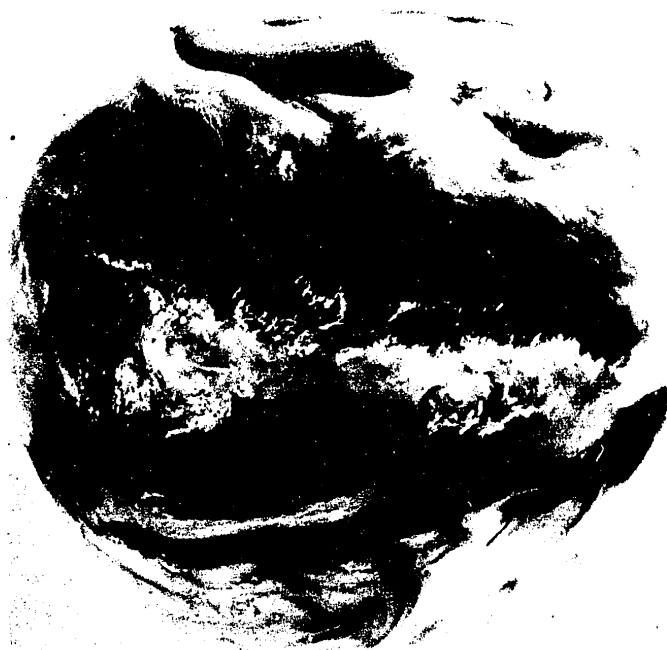
This imagery uses the channel (window) in the 11-micron infrared band in which the scale of "grays" represents temperatures. Space and high cold clouds appear white, lower clouds grey, and hot deserts appear very dark.

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FIGURE 4

Meteosat Photo in Water Vapor Channel



This imagery uses the channel in the water vapor 6-micron infrared band. The white areas represent low temperatures and these areas can be correlated with areas of high humidity. The dark shades indicate areas of lesser high humidity. This image shows solely the upper atmosphere and is not a photograph of the earth itself.

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Economic Impact

Paris FUTURIBLES in French No 38, Nov 80 pp 40-45

[Article by Jean Bernard Lagarde, systems promotion department, Eurosat Corporation, Geneva: "Meteosat's Economic Impact"]

[Text] Meteorology has made very great progress since the publication of the first weather forecasts in the early 1900's. The number of observations, their dissemination, and their processing are improving everyday along with the theoretical knowledge of meteorological phenomena proper. In this global process of enhancing forecasting meteorological satellites have shown their usefulness for the past 2 decades by supplementing or replacing conventional ground-based or seaborne means of observation. In late 1977, Europe launched Meteosat-1. And now it must decide whether to move on to operational--and no longer experimental--use of satellites of the same family providing continuous service.

In the final analysis, justification for weather satellites lies in the impact they may have on the different sectors of economic activity. The sequence from cause to effect is, of course, very long: weather forecasting would improve even if there were no satellites, and moreover there are numerous systems in place to protect certain highly weather-sensitive activities from extreme changes in the weather that are inordinately different from the expected weather or ideal weather.

In 1979, the Eurosat Corporation conducted a detailed study for the European Space Agency. The purpose of this study was to determine the quantitative and qualitative economic impact that can be expected during the period 1979-1990 from the operational availability of a Meteosat type European satellite system covering the entire area of Europe, Africa, and the Middle East. The findings of this study were then compared with the projected costs of maintaining the system in continuous operation. The resultant profit-cost ratios were incorporated in the supporting documents the different European meteorological services use to justify their budget estimates for the period in question. These will undoubtedly lead to establishment of a joint agency made up of European meteorological satellite users, namely Eumetsat.

The methodology employed was based on a combination of the following: a comprehensive statistical compilation, multiple interactions with European meteorological experts, and application of a sampling principle followed by extrapolation, with direct access to the principal users involved in order to check or consolidate projected quantifications. The paragraphs that follow outline the analytical process used and the results obtained.

The compilation work was organized along three main lines: updating and coordinating the gross national product figures of the most significant countries within the geographical area concerned, classifying the economic sectors common to all countries, and ranking the ultimately selected eight sectors according to their degree of responsiveness to improvements in weather forecasting. The "figures" aspect of the compilation necessitated certain assumptions and simplifying extrapolations, because of the extreme variety of national currencies and the years of reference. In classifying the economic sectors, certain activities were grouped and the following eight

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sectors were finally selected: manufacturing and processing industry, wholesale and retail trade, services at the individual or community level of society, construction, transportation, agriculture, electricity-gas-water, mining and extractive activities in general.

Ranking the eight sectors according to their capacity to benefit from improved forecasts necessitated making a multicriteria analysis in three stages: intrinsic influence of the weather on the initial parameters within the sectors and on the facilities used, climatic factors according to the number of seasons per year and the orography of the countries concerned, reactivity of the sectors to improved forecasting according to the economic development level of the countries and the aggregation rate of the sectors.

A special activity within the comprehensive study was the effort to determine the specific contribution of satellite's to the improvement of conventional meteorological services. This task was difficult because of the novelty of using geostationary satellite data in the area concerned--Meteosat-1 was launched in November 1977--and because of the fact that weather forecasting is not an exact science and has not even reached maturity. The cooperation and constructive criticism of most of the European meteorological agencies were extremely valuable in this special activity which had to strictly separate improvements due to satellites from those due to the general improvement of weather forecasting. It was determined that three categories of conventional meteorological services or products were especially improvable by Meteosat. These three are: very short-range forecasts of less than 12 hours, short-range forecasts of 12 to 96 hours, and medium-range forecasts of 4 to 10 days.

The accuracy of forecasts is an essentially asymptotic parameter which varies with the quality and quantity of the observation facilities and associated processing techniques. Hence determining that accuracy was the subject of many discussions. The reference period of 1979-1990 was divided into two equal parts so as to make allowance for the time required to obtain a working knowledge of how to integrate satellite-produced data. Because of the degree of expertise already acquired on the Old Continent, improvements in Europe were also separated from those expected in Africa and the Middle East. The percentages of error reduction ultimately expected are given in Table 1.

Table 1

## Percentages of Forecasting Error Reduction Obtained With Meteosat

Forecasts	Europe		Africa- Middle East	
	1979-1984	1985-1990	1979-1984	1985-1990
Very short-range	4	5.3	11	20
Short-range	7	8	14	23
Medium-range	7	13	16	25

Sampling followed by extrapolation was the method chosen to estimate the benefits or profits the different sectors derive from improved forecasting. The limited time and manpower allotted to the study dictated this choice of method, as did also the guiding principle followed in the entire study, namely, minimizing the benefits as much as possible and estimating them quantitatively only in the most sensitive or responsive fields, hence where there is the least margin of error. The mechanism linking sectors to benefits was subjected to thorough investigations, namely for agriculture in France and construction in the Federal Republic of Germany, by using

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certain verification points in Spain, Turkey, and the West African countries. The compilation of similar studies, but of meteorology in general, discussions with persons directly involved in these two sectors, a survey of the use of specialized meteorological services and products in each sector, and the verification of orders of magnitude with recognized experts, all served to produce the following two figures, in percentage of the sector's value added:

- a. 0.1 percent for agriculture in France, the equivalent of 100 million francs in profits per year;
- b. 0.06 percent for construction in the FRG, the equivalent of 57 million deutschmark in profits per year.

These figures were then extrapolated to the other six sectors in both countries, and subsequently to all other economically significant countries within the area being considered.

The cost analysis of an operational European weather satellite system was limited to integrating ESA's recent cost figures on the space segment with the assumed deployment of a certain number of receiving stations and data-collection platforms. The accepted order of magnitude is slightly higher than 20 million francs per year. A standard discount rate of 10 percent was then applied to all profits and costs, by making allowance for a certain number of assumptions on the growth of the various gross national products for the period 1979-1990.

The ratio of profits to costs thus obtained is 16 to 1 for Europe, Africa, and the Middle East as a whole, assuming there is an optimum increase in the use of satellite data. For Europe alone, this ratio is a minimum of 2.9 to 1 in the most conservative case, and some 8 to 1 if Meteosat data rapidly comes into general use. A more refined analysis of the most conservative case was made for the eight European countries that have contributed to the Meteosat-1 program--with the Netherlands and Spain in addition--so as to allow for each one's specific characteristics, such as climatic conditions, latitude, relative size of the different sectors, and the recent Meteosat data utilization ratio. These countries are the natural candidates for funding the European operational program in the 1980's, and the benefits they can individually expect therefrom may decisively influence their participation in this funding. By postulating standard participation percentages identical to the contributions of these countries to ESA's general and scientific budget, and by considering that these countries alone will assume financial responsibility for the entire system, the corresponding ratios of profit to cost were calculated and are given in Table 2 below.

It will be noted that potential profits are relatively higher in southern countries --Spain, France, and Italy--than in northern countries. Qualitative factors that account for these differences include: climatic conditions and their variability, the preponderant importance of agriculture in the south, and the better accommodation of the northern countries to coverage provided by satellites in low polar orbit.

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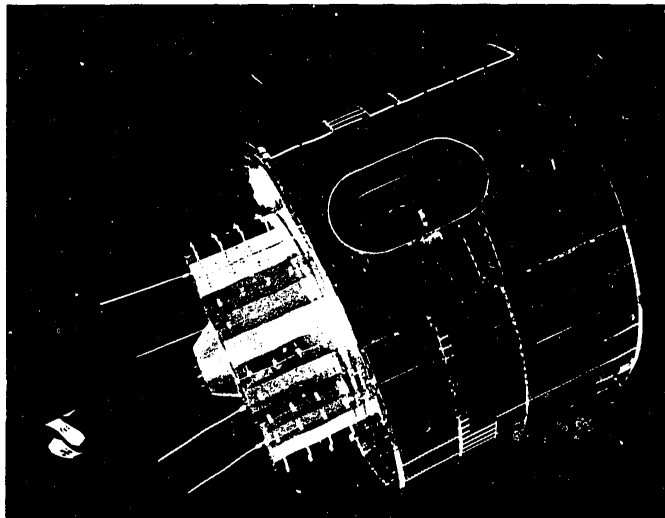
Table 2

Profit-Cost Ratios for European Countries

Country	Assumed share of funding	Profit-cost ratio
Belgium	4.29	2.3
Denmark	2.29	3.3
Spain	4.73	7.8
France	21.07	3.4
Italy	12.19	4.3
Netherlands	5.60	1.1
FRG	25.57	2.6
United Kingdom	15.35	1.6
Sweden	4.41	1.7
Switzerland	3.96	1.7

Overall profit-cost  
ration 2.9

In conclusion, it may be said that meteorology in Europe is preparing itself for a new evolution thanks to the geostationary satellite. Sectors of economic activity are becoming aware of the quality of weather forecasts and are going to increase their reactivity to these forecasts. The resultant general profits will exceed corresponding expenditures by a factor of approximately 3, and possibly as high as 7 in certain countries. Consequently there is no doubt whatever about the fact that operational strengthening of such a tool is warranted.



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Industrial Use

Paris FUTURIBLES in French No 38, Nov 80 pp 46-48

[Article by Patrice Brendle, research fellow in the Department of Theoretical and Applied Economics, Louis Pasteur University, Strasbourg: "Meteosat's Effects on European Industry"]

[Text] The preceding articles shed little light on an important aspect of the Meteosat project, namely the fact that producing such a complicated system mobilized a large number of engineers--up to 800 persons during peak periods--including the most competent, in some 50 European firms for approximately 5 years. Like all European Space Agency programs, it demanded of these firms not only a considerable research and development effort but also a major organization and coordination effort. While these efforts definitely had a direct effect, namely successful completion of the project, they also had some indirect effects for the firms involved.

Technological Repercussions

These indirect effects stemmed from the novelty and extreme complexity of certain components of the Meteosat system. Although the spacecraft itself was of relatively standard configuration, production of its payload, and particularly the radiometer--the first optical system of such importance installed in a European satellite--occasioned the development and application of new techniques: fabrication and installation of the telescope, improvement of infrared and water vapor sensors, etc. The considerable innovative work done by manufacturers involved in this project produced considerable technological fallout, including the following:

- a. Acquisition of skills in space instrumentation, optics, and electro-optics.
- b. Increased knowledge in the field of cleaning procedures, knowledge which has been reused in the manufacture of printed circuits.
- c. Development of a heat-leak detector derived from the satellite's infrared sensor. This device can be used in mines and in the construction business.
- d. Meteosat has enabled some contractors to develop new products. For instance, one European company has been able to sell about 200 sets of a data preprocessing, correction, and filing system developed for the Meteosat project. In addition, it has negotiated a very large contract with an American firm for production of this same system under license.

Commercial Repercussions

These are related to the importance of the system and its applications. First, the mere fact of having participated in such a program gives the firms involved a "space quality seal of approval," because of the strict reliability, performance, and other standards required of space equipment. This "seal" can at times be the clinching sales argument. Secondly, and this effect is truly specific to the Meteosat project, the advantages of the Meteosat system as a weather forecasting instrument are capable of interesting a large number of countries within the satellite's area of

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coverage. This represents a substantial market for the firms to which ESA has assigned the task of developing user stations, a market that includes 14 European countries, 10 Middle East countries, and 22 African countries.

#### Organization and Management Repercussions

These positive effects result from the great mastery of international project management problems, a mastery that participation in a project like Meteosat implies. For example, in carrying out its responsibilities for systems analysis, integration, tests, cabling, etc., the satellite's prime contractor has profited especially from an improvement in the skills of its employees in such areas as: task analysis and definition plus cost control of a complex project, technical modification management with the help of computerized programs, and quality control by monitoring the control procedures of its subcontractors.

The following are examples of the benefits society can derive from Meteosat's enhancement of the quality of weather forecasts.

#### For agriculture:

- a. Farmers will be able to make more judicious use of fertilizers and tree-care products by preventing them from being washed away by rain.
- b. Crop losses due to frost or hail will be appreciably reduced.

#### For the construction industry:

- a. Savings will be possible through more judicious deployment of construction equipment.
- b. Certain "inclement weather" indemnities charged to construction costs could be avoided.

#### For airlines and shipping lines:

- a. The safety and profitability of air and sea traffic will be enhanced.
- b. Flights and ocean crossings will be optimized with large fuel savings and reduced idle periods.

#### For highway traffic:

Rain, snow, and ice will have less harmful effects on road traffic: timely sanding of superhighways, heating of bridges, etc.

#### For the production of electric power:

Electric power producers will be able to coordinate demand for electric power with available resources more efficiently.

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In this article, we have outlined only a part of the findings of a study now being conducted in Strasbourg, a study meant to determine the indirect benefits European industry can derive from participation in a project like Meteosat. If, as these few lines show, this project's contractors benefited from induced effects dealing with all the essential functions of a business enterprise--production, sales, organization--it is certainly because of the project's particular characteristics. As a matter of fact, the project implied research and development efforts rich in possible applications. Furthermore, the importance of Meteosat's mission, coupled with the size of its area of coverage, has opened a promising market to European industry.

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ECONOMIC

ITALY

FIAT'S 1980 PROGRESS REPORT BY SECTOR

Milan IL SOLE-24 ORE in Italian 23 Jan 81 p 9

[Article: "After the Crisis, FIAT on the Rebound"]

[Text] 1980 was a year of deep change for the FIAT group. Many innovation, all of great relevance, have occurred. The group is preparing to face the decade with its house in order, to be capable of stopping the competition from making further gains.

The graph here shown indicates the performance of FIAT stocks in the stock market. The gain has been consistent and the trend also continued after the holding completed a capital increase, a sign that savers still have faith in the most important Italian group.

We are indicating here relevant data on the performance of various FIAT sectors during the last fiscal year.

Automobiles

The sector's gross receipts were 8,540 billion lire (7,115 billion in 1979). FIAT plants in Italy produced 1,278,000 motor vehicles with a decline of 2.4 percent compared to 1979. In Italy, 933,000 Fiat, Lancia and Autobianchi cars and commercial vehicles were sold, against 767,800 in 1979. The group's share of the market in Italy was 51.6 percent (50.3 percent in 1979). Abroad, FIAT has seriously suffered from the market's widespread crisis and from the strong gains of Japanese automakers. In all, exports diminished by 20 percent compared to 1979, reaching a number of 458,000 vehicles. The good results obtained in Italy have more than made up for the decline of foreign sales in terms of market share: the FIAT quota in Europe increased from 11.4 percent to 12.8 percent in 1980, into a clear second place. From a financial point of view, 1980 will not achieve better results than 1979. The actions to reduce stock inventory and the mandated capital increase of 500 billion lire will produce in 1981 an improvement in the financial position.

Industrial Vehicles

The gross receipts of the sector in 1980 were 4,080 billion lire (3,534 billion in 1979). IVECO produced, in 1980, 111,000 industrial vehicles with an increase of

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1 percent compared to the previous year. Sales have also registered a small increase versus 1979, thanks to the fact that the Italian market held its own and that non-European markets sustained a positive performance. Other West European markets, instead, suffered a decrease in demand. Programs planned permit a certain optimistic outlook for 1981. In spite of the fact that a market rebound is not foreseeable, the economic results should substantially improve.

#### Farm Tractors

In a year of unfavorable economic conditions, sales of FIAT tractors were lower than those of 1979 with respect to assembled tractors (60,058 against 64,287 of 1979), while shipments abroad of parts destined to be assembled locally came out considerably higher (approximately 16,000, against 9,800 of 1979). FIAT tractors once again took first place in the number of vehicles registered in Europe.

#### Excavators

FIAT-Allis sales reached a number of 9,830 vehicles against the 10,053 of 1979. The U.S. market remained at rather low levels, while in Europe the signs of a substantial market arrest were confirmed. In Italy the market held its own with an excellent performance of sales for all product lines.

#### Metal Industry

The gross receipts of the sector were 1.695 billion lire, (1.426 billion in 1979). The fall in the demand for steel in Europe prompted the EEC to declare a crisis for this sector and to apply drastic reductions in production; as far as Teksid is concerned, results for the period from January to July were positive, while from September a reversal in the tendency was experienced. Regarding the economic results, the anomalous behavior of the last part of 1980 has practically wiped out the profits registered in the first part of the year. The result, nevertheless, is better than that of the previous year.

#### Components

Gross receipts were 1,780 billion (1,454 billion in 1979). The market situation varied in function of the activities in which the sector is involved, and the performances were irregular throughout the year. The sector's profitability, though always at high levels, underwent a contraction due to the automobile crisis.

#### Tool-making Machinery and Production Systems

In spite of the international crisis of the automobile industry, companies in this sector managed to regenerate their sales portfolio which, up to 31 December, 1980, totaled 400 billion lire, of which more than 70 percent was for foreign sales. One of the most important contracts was the furnishing of Robogate plants to General Motors USA.

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Civil and Environmental Engineering

Gross receipts of the sector were 1,356 billion lire (955 billion in 1979). Construction firms still achieved good results, winning a record number of new contracts for over 1,500 million dollars.

Energy

In the field of aeronautic and civil motors, the great success achieved by the joint-venture FIAT Aviation, Pratt and Whitney, and MTU, which managed to win the contract to supply engines for the new Boeing 757, must be pointed out. FIAT Ttg is completing numerous turbogas plants in Italy and abroad.

Railroad Products and Systems

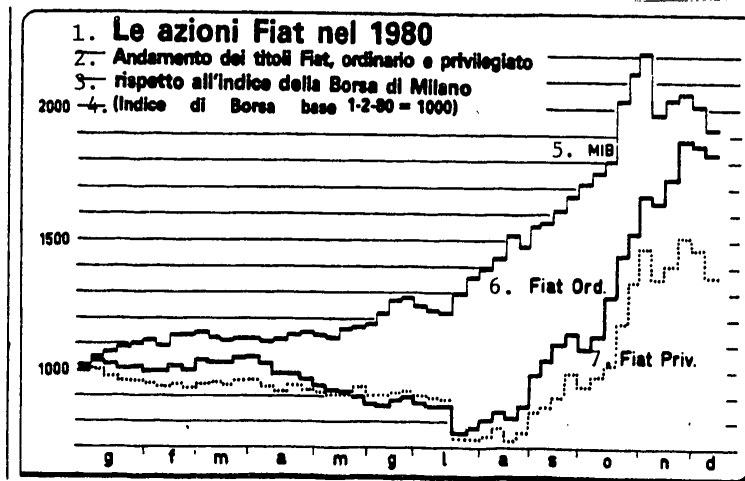
Gross receipts were 200 billion lire (136 billion in 1979). The success attained in 1979 will allow FIAT Railroad Savigliano to achieve favorable results.

Tourism and Transportation

1980 was characterized by a certain arrest in the national tourist market. The sector's gross receipts improved from 72 billion lire in 1979 to 90 billion in 1980.

As far as other companies in the group are concerned, Telettra, in spite of a critical operational situation, confirms positive results. Nebiolo increased its gross receipts by more than 40 percent. In spite of these improvements, 1980 remained an unprofitable year. Biomedical activities in 1980 registered an increase in gross receipts of 34 percent compared to 1979. FIAT made its appearance in the publishing sector with the establishment of a new company, Itedi, which, when transfer is completed, will control the publishing house La Stampa, Publikompass, Publihertz and will maintain minority interests in other companies. Sava's undertakings registered a 5 percent increase. In 1980 the FIAT research center carried out more advanced and innovative research and development activities. Fidis underwent deep changes. Last November this company in fact increased its capital from 15 to 125 billion lire. The new financial means were utilized to purchase a substantial interest in some of the leading companies of the FIAT group. As is known, Mediobanca is about to issue bonds in the amount of 250 billion lire, partially convertible into Fidis shares starting in 1982. It is foreseen that Mediobanca Fidis bonds will soon be quoted in the Italian financial markets.

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KEY:

1. FIAT Stocks in 1980
2. Performance of FIAT common and preferred stocks
3. compared to the index of the Milan Stock Exchange
4. (Stock Exchange Index base Feb. 1, 80 = 1,000
5. M/B Milan Stock Exchange
6. Fiat Common Stocks
7. Fiat Preferred Stocks

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POLITICAL

ITALY

POLL SHOWS PCI AS GAINING GROUND IN ROME

Milan IL MONDO in Italian 13 Feb 81 pp 14-15

[Article by Mario De Scalzi]

[Text] Four months away from elections, the parties are already sharpening their weapons. Voting for the Rome government will take place in May, and already there are those who can count on the results of public opinion surveys. This is the case of the PCI [Italian Communist Party]: According to a private poll, the salient details of which IL MONDO is able to provide, the communists should strengthen the supremacy they won in the 1980 regional elections. After having plunged to 29.7 percent in the 1979 political elections, the PCI obtained 31.7 percent last year and, in May, should rise to around 33 percent. This is a trend that is being underscored with much satisfaction at the Rome federation of the PCI, since such a result would be approaching the vote it achieved in the last municipal elections in 1976: 35.5 percent.

The communist poll was taken about 1 month ago by camouflaged activists, door to door, using the conventional simulated-voting method. Its other results indicate a DC [Christian Democratic Party] that will lose ground: 34.2 percent (1979 political), 31.6 percent (1980 regionals), 30-31 percent according to the forecast. In the last municipals, the DC got 33 percent of the vote.

The poll further shows the PSI [Italian Socialist Party] standing still at its 9.8-percent level in the 1980 regionals: In the politicals it had got 8.3 percent of the vote and in the 1976 municipals 7.6 percent. A big surprise is in store for the PR [Radical Party], to which the PCI (using as a basis for comparison the PR's 7.1 percent in the politicals, since it did not run in the regionals) attributes a loss of one third of its votes: It would thus obtain 4.5 percent (although at the last municipals the PR obtained only 1.74 percent). The PSDI [Italian Social Democratic Party], which the communist poll places at the same results it obtained in the 1980 regionals (almost 5 percent), merits a further comment: "It is the only party, however," the PCI's Rome federation admits, "that never respects our forecasts." As regards the other parties, only very minor fluctuations are indicated. At Piazza Nicosia, headquarters of DC in Rome, the

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order of the day is to block the communist advance: "in the 1980 regionals," recalls Deputy Salvatore La Rocca, "the PCI got one councillor more than did the DC, thanks to a difference of only 1,000 votes. Everything, therefore, teeters on a razor-edge."

The battle has begun within the parties, meanwhile, to draw up their lists of candidates. The fact is that the Rome municipals are well-known for having a political significance that goes beyond their results in terms of having chosen the capital's administrative officials. The PCI has no problem with its list: Heading it will be the incumbent Mayor Luigi Petroselli, who 5 years ago won a smashing personal victory with 82,000 votes, almost double the number given to his opponent, Giulio Andreotti.

In the DC, on the other hand, the question is still up in the air. It has discarded Milan-type solutions (wherein the list was headed by former Prefect Libero Mazza, "who recovered the votes of the moderates," according to Piazza Nicosia, "but left those of the left wide open"), and has decided to resort to a name of undisputed prestige. Favored by the National Secretariat of the party was Giuseppe Lazzati, rector of Catholic University. Notwithstanding the imprimatur of approval by the Catholic world, particularly by Cardinal Ugo Poletti, his approval by Amintore Fanfani, and his acceptance by the DC's left wing, it appears that Lazzati's designation has been blocked by complications originating with Andreotti, who would prefer "more youthful solutions." In substance, the former prime minister has launched the candidacy bid of Publio Fiori, who entered Parliament with 100,000 votes. In the stalemate that has developed between Lazzati and Fiori, the name of Antonino Zichichi, president of the European body of physicists and probable upcoming candidate for the Nobel Prize, has come forth. But the Catholic reaction toward it has been cool. The DC's Rome committee has recently given consideration also to the name of Giorgio Pedrocchi, dean of the Faculty of Law in Rome, thus reflecting an evident preoccupation with finding a likeable personality that can also run strongly on his qualifications as a mayoral candidate--that is, one having a certain amount of administrative experience.

Viewed by some as unfortunate, by others with indifference, and by still others with concern, there is also the unknown of whether or not the PR will run in the municipals. Having bypassed the regionals, Marco Pannella has stated to IL MONDO: "For the time being, we are still gathering up all the pros and cons. The [boccia] balls have not yet come to a stop: In fact, with all the other games being played, it seems to me no one has even picked them up to start the play as yet." But several facts make it hard to believe the PR will not run: First of all, Rome is the radicals' stronghold. Secondly, viewing the PSI and PR results in the 1979 politicals (8.3 percent and 7.1 percent respectively), the radicals are cherishing the idea of becoming the capital's third party. And lastly, there is the prospect of taking on the MSI [Italian Social Movement], which is also very strong in Rome "but two thirds of whose constituency." Pannella emphasizes with satisfaction, "in the referendum on divorce, disregarded Giorgio Almirante's exhortations."

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The PSI finds itself in a problematic situation. To begin with, its national congress is close at hand and internal wrangling over its candidacy list has been put aside. Secondly, its left-wing leaders are involved in talks with the PCI on the tense climate that exists between the two parties. The Rome Socialists, for example, are complaining against "constant attacks" by the daily PAESE SERA, which leans toward the PCI. "It is a serious matter," says Paris Dell'Unto, socialist deputy from Rome, "and PAESE SERA must change its tune."

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POLITICAL

ITALY

DOCUMENT ISSUED ON MEDIUM-TERM ECONOMIC PLAN

Rome ENERGIA E MATERIE PRIME in Italian Nov-Dec 80 (Insert)

[Titled: "Draft Medium-Term Plan (1981-1983) - Document Issued by Ministry of Budget and Economic Planning"]

[Text] Preamble

In three meetings on 12 November, 10 and 18 December, the CIPE [Interministerial Committee for Economic Planning] has approved the underlying policy, content and procedure of a draft economic plan for the 3-year period 1981-1983.

The proceedings and outcome of these policy deliberations are summarized in the following report of 18 December:

In today's meeting, the CIPE agreed that the Medium-Term Plan (1981-1983) is a body of sectoral policies designed to foster increased investments within a de-flationary framework.

Specifically, the CIPE has agreed on the following points:

1) The Medium Term Plan (1981-1983) will be in the form of plans of action drawn up by the administrative bodies concerned, in agreement with the Ministry of Budget, and in accordance with the following objectives:

--reduce dependency on foreign sources of energy, food products and wood products, and increase exports of manufactured goods and tourism;

--reduce the wasting of resources at the crisis points (centered in the steel, chemical and shipbuilding sectors) and improve the use of resources through restructuring and reorganization processes with government assistance;

--use the opportunities thus created to improve essential public services (housing, health, transportation) and the activity of some sectors (such as infrastructures, industrial farming, electronic components, telecommunications, technological innovation) capable of raising the average productivity of our system.



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2) The broadened public sector's budget performance must evidence the following simultaneous characteristics: a downtrend in the current deficit with respect to the GPD [Gross Domestic Product]; an uptrend in capital investment expenditures with respect to the GDP.

3) The reconstruction and development plan for the zone damaged by the 23 November earthquake is an integral part of the Medium-Term Plan and the related financial requirements are to be considered high-prioritized.

4) Decisions to fund plans are made subject to an overall verification of their effectiveness toward attainment of the objectives of growth in national income, employment, and an increased level of investments in Southern Italy, all within an economic framework characterized by a reduction of inflation and of the current balance of payments deficit.

5) For the evaluation of plans from the standpoint of responses to these objectives, it recommends the creation of an "Evaluation Group under the General Secretariat for Economic Planning, to be responsible for evaluation of the technical aspects of proposed capital expenditures submitted to the CIPE for approval."

The CIPE also approved in its initial meeting of 12 November the index of the document the General Secretariat for Economic Planning has assumed responsibility for drawing up in cooperation with the ministries concerned. During that meeting, it was explicitly requested that a 3-year plan be included for tourism and one for the aeronautics sector; the latter was passed over in the course of work for lack of an organic plan.

The directory index of the 1981-1983 Plan approved by the CIPE now stands as follows:

1. Terms of Reference

1.1 Problem of recovery of economic sovereignty over cost centers: raw materials market; labor market; capital market.

1.2 Problem of reduction of the destabilizing impacts of the public sector budget.

1.3 Problem of expanding the developmental function of budget policy.

1.4 Problem of self-reliance of the productive sector.

1.5 Problem of size of business.

2. Correction of Trends Produced in the Economic System by International and Domestic Impulses

2.1 Plans for direct reduction of foreign dependency (2.1.1 3-Year Energy Plan; 2.1.2 3-Year Farming Plan; 2.1.3 3-Year Forestry Plan; 2.1.4 3-Year Export Plan; 2.1.5 3-Year Tourism Plan).

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2.2 Plan for reabsorption of inefficient use (at crisis points) of resources (2.2.1 3-Year Chemical Plan; 2.2.2 3-Year Steel Plan; 2.2.3 3-Year Shipbuilding Plan; 2.2.4 Law 675).

2.3 Plans for take-up of the current slack in domestic demand (subdivided into 2.3.1 Plans for Public Services, and 2.3.2 Plans for Development of Production and Employment. The first of these are further subdivided into 2.3.1.1 3-Year Housing Plan; 2.3.1.2 3-Year Health Plan; 2.3.1.3 3-Year Transportation Plan. The second are subdivided into 2.3.2.1 Special Intervention in Southern Italy; 2.3.2.2 Plan for Resurgence of Earthquake-Stricken Zones; 2.3.2.3 3-Year Plan for Expansion of Infrastructures; 2.3.2.4 3-Year Farming Industry Plan; 2.3.2.5 3-Year Electronic Components Plan; 2.3.2.6 3-Year Telecommunications Plan; 2.3.2.7 3-Year Technological Innovation Plan).

2.4 Plans for reorganization and development of the tertiary sector (2.4.1 3-Year Plan for Commercial Intermediation; 2.4.2 3-Year Plan for Financial Intermediation).

3. Growth-Oriented Public Sector Budget Plans

3.1 3-Year Current Outflow Plan.

3.2 3-Year Current Inflow Plan.

3.3 3-Year Capital Accounts Outflow Plan (3.3.1 Regional Distribution of Funds).

3.4 3-Year Public Finance Summary Plan.

4. Behavior of Marketplace Operators

4.1 Labor Policy.

4.2 Capital Policy.

4.3 Procurement Policy.

4.4 Public Administration Policy.

Wherein exports and tourism--which respond to the demands of essential national economic activities in difficulties owing to loss of competitiveness--are omitted from the body of the Plan, their inclusion as separate individualized Plans must respond to the requirements explicated in the CIPE's report and set forth in more subsequent detail.

The inclusion of separate individualized Plans or interventional policies in the Medium-Term Plan (1981-1983) is, at the current stage of deliberations, a choice on principle, on the assumption of their potential response to at least one of the three requirements set forth herein, namely, reduction of foreign dependency,

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improvement in utilization of resources, and growth of employment and collective well-being, particularly in Southern Italy. Approval of public funding for separate Plans must nevertheless be conditioned upon verification, by a Group constituted for this purpose, of their effective contribution to the five economic policy objectives: real growth, inflation, employment, investments in Southern Italy, and foreign trade balance.

For this reason as well--besides that of the different stages of completion--the Plan is, for the time being, divided into two documents, of which the first alone represents a policy commitment of the proponent ministry; to this commitment is added that of putting the ministry in the position of an active promotional body within the planning.

The Terms of Reference

The Medium-Term Plan (1981-1983) consists of a body of sectoral plans and of policies on budgets and on operative production-factors within the framework of a fight against inflation; it is aimed at the policy objective of increasing employment and broadening the productive base of Southern Italy.

To attain this objective, it has been deemed necessary to operate sectorially, as well as on the aggregate level with regard to tax and monetary policies, toward obtaining the following results, valid for the entire economy:

--reduction of dependency on foreign sources for energy, food products and wood products, and development of exports;

--reduction of wastage of resources at current points of crisis (centered in the steel, chemical and shipbuilding sectors), and improvement in the use of resources through restructuring and reorganization processes;

--utilization of the gaps thus created to improve certain essential public services (housing, health, transportation) and the activity of certain sectors (such as the infrastructure, the farming industry, electronic components, telecommunications, technological innovation) capable of raising the average productivity of our system.

Economic debate in the past has focused above all on the issues of income distribution and financial imbalances. Despite their diverse interpretations, the problems raised by that debate maintain their economic validity, but the times required to transform the proposed solutions into policy decisions have proven longer than the times required for the precipitation of sectoral and balance-of-payments crises.

The seeking of coherent behaviors and conformance to compatibilities are the natural approach to adjustment of the imbalances in the Italian economy. An increase in the productivity of capital, within the many constraints of cost, has nevertheless been considered an instrument still available to the economic policy authorities to start the crisis on its way to a solution; investment is the vehicle of this productivity.

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By means of the Plan, the economic policy authority seeks to give rise to the coherent behavior among the market operators that is necessary to lead the country definitively out of the crisis; specifically, to bring about a solution to the age-old problem of the labor-cost, financing-cost, capital-returns dynamic. Nevertheless, the government has decided to start its interventional program even while awaiting positive developments in these three variables.

The inability of our economic system to give rise to more employment and to promote the development of Southern Italy is owing to the economic system's poor average productivity performance in the face of rising costs with which it is unable to deal. The poor productivity is undoubtedly linked to the economy's low overall capitalization, but also to a deliberate policy of reducing optimal use of existing capital, a policy that has crystallized recently in the new configuration of the factors involved.

Should the productive diligence shown in the recent past by the work force continue and all efforts be centered on greater productivity alone to resolve the crisis, existing capital would be insufficient to guarantee a growth capable of meeting the demands arising from the increases in the "real take" by countries that produce goods essential to our economy, and, at the same time, leaving resources for the creation of new jobs.

The real facts on which the Plan is based therefore justify the emphasis it places on investments and on productivity, but do not diminish, and indeed they point up, the need for a contribution which a slower growth in the cost of labor, cost of money and cost of raw materials would make, enabling action on the determining causes of these, toward a solution of the economic crisis in which the country is immersed.

Considering that changes in the international markets are leading to a progressive deterioration in the rates of exchange between Italian and foreign products --which is reflected in an ongoing manner in declining exports and rising imports--the Plan deems it insufficient to aim at investments for the sake alone of investment; its aim must rather be those investments that guarantee first and foremost a lesser degree of dependency on foreign sources by our economy: specifically, investments to satisfy domestically part of our energy needs (which during 1981-1983 will represent oil billings totaling 95,000 billion lire), part of our food needs (which during the same period will give rise to a foreign trade imbalance of 18,000 billion lire), part of our wood products needs (estimated at 9,000 billion for the period) and other needs, to satisfy which the country is currently net dependent upon foreign sources. Of course, the more that can be saved by internal economic management, absorbing the substantial deficits being incurred at the crisis centers (estimated at not less than 3,000 billion lire during 1980), the less need there is to operate on imports. It is preferable, however, to devote these potential savings, flowing from a more rational management of existing resources, to the collective well-being, employment and growth in Southern Italy, rather than to outpayments abroad. This explains the 3-tier

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layering of plans and interventional laws, and their sequence, which responds to a precise choice of the manner of proceeding to satisfy the mentioned needs: the diminishing of foreign dependency, recovery of efficient use of resources, and use of the "opportunities" thus created toward collective well-being and growth.

As to the manner in which the Plan operates with regard to the market, the choice that has been made has not been that of predetermining in a detailed interventional program the public expenditure and the private one implicit in the economic policy design, but rather that of establishing a "learning praxis" that will enable the evaluation of the Plans and the timely identification of divergences between actual domestic and international conditions and the desired ones, as they affect the growth of employment and of Southern Italy, taking into account the behavior of inflation. The principal instrument for this action will be management of the public sector's budget rather than direct involvement in the productive activity; this management will be directed, more so than in the past, toward encouraging market behaviors that operate conjointly in the direction of the desired growth.

Policies with regard to the sectors of market and credit intermediation and with regard to the productive factors--which involve the entire economy--will operate together with this supply-oriented policy and are a necessary adjunct for the attainment of the Plan's objectives. Their explication differs qualitatively from that of the sectoral plans and interventional laws, these being predominantly interlinked with the government's investment approach, while the others depend predominantly, in the current legal and de facto institutional configuration, upon forces outside the economic policy authority (with the sole exception of procurement policy).

The articulation defined herein is a nontraditional one of a complex industrial policy and, more generally, of an economic policy that unfolds vertically (sectoral plans and incentive laws), horizontally (intermediational and productive-factors policies) and territorially (regionalization of interventions and of Southern Italy). An integral part of this scheme is a policy of tariffs and of prices that are government-administered or -supervised, oriented toward growth and employment.

In this context, each sectoral Plan (or interventional law) is analyzed from the standpoint of its contribution to the attainment of the five intermediate objectives, and it is with respect to this contribution that policy involvement is being undertaken, not with regard to macroeconomic outlooks the results of which are beyond the control of the economic policy authority. Of course, the scopes and motivations of the separate Plans extend well beyond this evaluation as to "ends"; but those aspects are explicated in the detailed regulations, outside the Plan, administered by the various ministries concerned.

These policies do not deny to aggregate demand its role as the "natural" frame of reference for market operators, but aggregate demand is not given the central position to which an economic policy aimed at cyclical control of the economy had accustomed us. Control of aggregate demand is therefore coupled with supply-side policies, both having structural aims.

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Precisely because of this, the policies described herein impose, in the current circumstances of the Italian economy, a policy of restriction of the "current" domestic demand--nourished by vague indications in the productive activity and in the public sector's budget--aimed at creating the deflationary climate that is deemed essential to the desired growth of employment and to the international acceptability of the Plan under our financing needs.

Moreover, exchange rate stability during the entire operative period of the Plan is another essential condition for determining real adjustments and heading off attempts at inflationary adjustments by market operators.

These policies appear capable--as has also been suggested by the CNEL in its memorandum of 6 December--of modifying the economic trend lines, but they cannot affect substantially the cyclical variations in the principal economic factors, above all if these variations are induced by international events (price rises of the principal products, energy source shortages, armed conflictual events, etc) and by domestic events beyond the control of these policies (earthquake, crises of various origins). The Plan therefore excludes frequent policy changes for purposes of cyclical control.

Although the Plan does not set out to compel the Italian economy to adhere to a predetermined conjunctural course, it nevertheless provides a positive contribution--appropriately quantified--to the five macrovariables chosen as intermediate objectives: real growth, inflation, employment, extent of investment in Southern Italy and rectification of current account imbalances abroad. The instrumentalities being used will be reexamined on a regular semiannual basis from the standpoint of improving their effectiveness.

The decision to set forth quantitative objectives even in the face of uncertainties exposes the Plan to crises of credibility during its implementation, but it has the advantage of providing to the operators a road map and a more solid policy base to gain their consensus around it.

In this context, budget variables, expressed as percentages of the GDP, will be manipulated in accordance with attainment of the following intermediate objectives, which, once attained, will make it possible for the five macrovariables to make the contributions originally expected of them.

	1981	1982	1983
Total revenues	44.0	44.0	44.0
Current deficit	4.5	3.5	2.5
Capital account outlays	5.5	6.5	7.5

The assumed freezing of the percentage of GDP absorbed by total revenues in the broadened public sector not only responds to the need to stabilize the impulses to the economy arising from this aspect of the public budget, but also enables

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implementation of an equitable tax policy by way of structural modifications in the total revenues, backed by the benefits of the fight against tax evasion, and the correction of the tax drain to the benefit of those who pay taxes.

The choice of this objective commits the economic policy authority to an energetic legislative effort around which it is necessary to obtain a broad consensus. It is specified that, without legislative changes, the public budget would bring about a spontaneous rise in revenues, as well as in expenditures in the opposite direction to the desired one of growth of employment and of Southern Italy; the higher the rise of inflation, the greater would be this twofold effect.

The stabilization of revenues is an implicit counterpart to the reduction of the current deficit--imposed by the need to utilize the savings to develop employment--and hence of current expenditures, to a level comparable to that of the rest of the world. This stabilization also implies, over the short term, a greater direct burden on the citizen in payment for public services, but a more stable supply of such services over the medium term. Attainment of the objectives of real growth of income and of employment will in fact enable the financing of more public services based on the creation of product and not on the creation of money and credit as is currently being done.

As regards budgetary choices, it was decided to maintain the total need of the broadened public sector to be satisfied by the domestic budget constant at 37,500 billion lire, that is, at the 1980 level, to enable a lowering of the dynamic of monetary factors without mortifying, as to quantities and cost, the productive sector's credit needs.

The rising percentage of capital account public investments, for a constant value of domestic needs being satisfied, entails a requirement for international credit to satisfy the needs justified in individualized 3-year plans which, having successfully passed the joint tests as to efficiency of proposed implementation and policy advisability of their undertakings, cannot be satisfied out of the public sector's capital budget.

Access to international credit resides in the acceptability of our economic policy according to standards acceptable to other nations. At this time therefore, and with all the more reason, the Medium-term Plan must needs be accompanied by restrictive "internal" budgetary and monetary policies and by a coherent exchange policy within the EMS [European Monetary System] and with respect to the dollar. Financing, the need for which will be substantial at full operation of the Plan, must be backed by a number of international banks; the possibility of obtaining this backing will not depend, as in the past, upon our presenting a total need by the Italian state--either from the standpoint of our public budget or from that of our trade balance--but upon a showing that the individual Plans are economically viable and adequate to the attainment of their stated objectives. The Plans will therefore be accompanied by a real and true detailed study made by an appropriate Evaluation Group reporting to the General Secretariat for Economic Planning and operating according to standard international evaluation criteria.

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As regards the Plan's necessary accompanying policies, it is planned to impose on the "internal" monetary variables a decremental rate of not less than two percentage points annually with respect to current values, even through circumstantial sterilization of foreign flows.

The Medium-Term Plan (1981-1983) also addresses five problem areas: recovery of sovereignty over production cost control; reduction of cyclical impulses deriving from public inflows and outflows as well as from financing of deficits related thereto; increased use of the broadened public sector's budget to stimulate growth; increased areas of self-reliance on the part of productive enterprises; resolution of the imbalances that contradistinguish the operations of enterprises of different sizes. These problem areas are examined briefly under respective headings that follow herein but--where mention is not made of an undertaking in regard to overall revenues, current public expenditures and funding needs to be satisfied internally by the broadened public sector--their solutions are not yet integral parts of the Plan's policy commitments, depending as they do in large part upon factors outside the province of the authorities and/or upon unknown factors. Nonetheless, the Plan contributes positively, even though not exactly quantifiably, to their solutions; wherever possible, it stipulates what Plans, laws or policies are to provide these contributions.

Problem of Recovery of Economic Sovereignty over Cost Centers: Raw Materials Markets; Labor Market; Capital Market

A nation, like Italy, whose foreign trade involvement in terms of imports and exports is of the magnitude observed in 1980 of over 50 percent ((imports + exports)/GDP) and is situated, from the standpoint of the international division of labor, within the class of products characterized by high price-elasticity and hence subject to foreign competition, is compelled to maintain its international competitiveness in costs and prices. The steering of the ultimate fate of such an economy necessitates the exercise of a sufficient degree of economic sovereignty over its cost centers: raw materials; labor; capital. Those responsible for these centers must be capable of and in a position to settle on combined costs of production factors, and hence the final prices of products, such as will keep the enterprise competitive in the international markets as well as in a domestic market open to the sale of foreign products. During the past several years, this sovereignty has been largely lost and the Italian economy has been left exposed to foreign impulses instead of being steered by its internal forces; under these conditions, economic policy undergoes changes imposed by events and is reduced to mere stopgap actions.

Some of the institutional remedies created by the nation--such as the indexation of public expenditures and that of wages, revenue shelters (protectionist policies) and inefficiency shelters (rescue policies)--have exposed the economy's flank to foreign attacks on the question of its soundness and on its outlook for growth and employment. Throughout the period since 1973, moreover, Italy has been involved in world conflicts on the distribution of incomes and wealth, with characteristics and effects not unlike those observed throughout the 1960's issuing from the distributive conflicts of capital and labor.

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The nation has still not found consensus on an unambiguous response to the array of domestic and foreign conflicts and is therefore still not in a position to exercise a sufficient degree of control over the imported raw materials, labor and financing cost centers.

The procurement policy, labor policy and capital policy (the latter together with the 3-Year Plan for Financial Intermediation) provide an initial contribution to the solution of the problem. The fight against inflation, together with the stabilization of exchange rates during the implementation of the Plan, are moreover a useful supplement to consensual cost-center interventions.

In the institutional structure of our Republic, cost centers are not under the direct control of the economic policy authorities. This connotation of our economy requires that there be independent participation in the choices under the Plan by the potential holders of sovereignty over cost centers: the union movement associations of workers and the associations of enterprisers in real and financial assets.

Having not yet had the benefit, for reasons beyond the control of the Plan, of the awaited contribution from the cited organizations, it has been decided to draw up independent proposals, using the instrumentalities still available to the authority; this necessitates a completion of action by the social entities and the Regions, which, by way of consultations to define their proposed actions, will indicate the contributions these are intended to make to the effectiveness of the proposed policies.

Problem of the Reduction of Destabilizing Impulses from the Public Sector Budget

The fact notwithstanding that the intellectual climate remains favorable to the use of fiscal policy as an instrumentality of economic growth, the fact is now openly admitted that fiscal policy in Italy has not accomplished the task of steering the economy toward full employment while maintaining a noninflationary environment.

The fact is that during the 1960's, OECD [Organization for Economic Cooperation and Development] studies, and subsequently other empirical studies, had already warned that Italy's fiscal policy, instead of acting as a counterweight, had frequently exacerbated the spontaneous evolution of the economic cycle, the latter itself in turn becoming the origin of destabilizing impulses.

The causes are numerous and not easily removable. The legislative process is too slow with respect to the rapidity necessitated by an anticyclical fiscal policy; budget expenditures are more easily disbursed independently of the legislative authority than in other industrialized nations; the basis of knowledge underlying circumstantial policy choices is weak, if not misleading.

The magnitude attained by Italy's public budget and by its deficit has reduced even more the role of fiscal policy in the steering of the economy and has even taken over mastery of monetary policy to satisfy the cash requirements of the treasury.

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The ineffectiveness of fiscal policy has been transferred to monetary policy and together they vie with each other in imparting impulses to the economy in directions opposite to those required for growth and employment.

The channels by way of which these impulses are radiated are numerous and tend to increase the unproductive use of resources with respect to the need for their efficient allocation, this need having now been rendered increasingly compelling by the income-redistributional effects that have taken place within the country and that are continuing to take place in the country's relations with the rest of the world.

In the last several years, the category of public expenditure that has expanded the most and that can be considered a summary indicator of the progressive loss of effectiveness of the fiscal policy is that of total financing charges, which has reached a magnitude greater than the overall current-balance deficit of the broadened public sector.

The use of the resources available to the public administration has now attained a cost which, measured against the interest rate being paid on the public debt, exceeds the possible yield from alternative uses.

The Medium-Term Plan intends to reverse this trend during the 1981-1983 period, bringing the returns on public investment expenditures back into proper alignment with the costs of financing, measuring them against returns on alternative investments and thus restoring to the public sector its role as a moving force of growth.

Problem of Enhancing the Public Budget's Function as a Growth Factor

The supply-oriented policy proposed by the Medium-Term Plan is the equivalent of a recharacterization of the public expenditure that energizes fiscal impulses, increasing productional opportunities.

The public budget is positioned in the Plan as the instrument of a modern state called upon to fulfill three principal roles: the state as a producer of assets; the state as the sustainer of certain key productive sectors; and the state as the regulator of the economic operators. As a producer of assets, the Italian state, through public enterprises and state participations, performs a supportive function in the economy. The state of bankruptcy of many large public enterprises reflects a profound crisis of objectives and of management criteria. The objectives and criteria chosen by the Plan offer new points of reference on which to base the action of the state as a producer.

As sustainer of certain key productive sectors, the Italian state has more and more enlarged its own role, without setting for itself rigorous criteria governing the efficient allocation of resources. The Plan identifies the key sectors that are to receive assistance, but imposes that their projects satisfy comparative yield criteria. The Plan provides for allocating sufficient resources to take them out of crisis, on condition that their prospects for recovery be such as to compensate the requisite costs.

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As regulator of the behavior of the economic operators, the Italian state has followed lines of action unlike those of many other industrialized nations, accentuating individual encumbrances and authorizations to the detriment of even-handed regulation of the markets. The Plan embodies policies in regard to the productional factors (in accordance with heading 4) aimed at selected growth objectives that are parameterized in terms of yield for each initiative proposed. This choice entails the planning of a public budget that is consistent with its objectives (compare heading 3).

Problem of the Self-Reliance of the Productive Sector

The planning and implementation of medium-term economic policies in a democratic frame of reference, characterized by a noncentralized sovereignty over its cost centers, requires time and complex proceedings.

In an economic situation characterized by profound and rapid changes requiring equally profound and rapid responses, a response to the uncertainties by the "medium-term plans" cannot reasonably be expected to be forthcoming. These plans can only create points of reference for the operators, that will be all the more reliable, the more they are positioned within normative and behavioral frames of reference that empower the decision-making centers, allowing them a maximum of authority but requiring of them a maximum of responsibility.

During the period the Medium-Term Plan (1981-1983) is operative, economic legislation, understood also as including the deregulation of encumbrances the purposes of which are not aimed at growth of employment and Southern Italy, and the public administrative activity will be based on the approach set forth in the Plan, as regards prices and tariffs as well.

The public administration will equip itself with structures adequate to the purpose of instituting a close relationship between self-reliance and responsibility and will organize itself for effective direct interventional action based on use of the market forces.

The planned reorganization of the Ministry of Budget and Economic Planning and the setting up of the Plans Evaluation Group under the General Secretariat for Economic Planning recommended by the CIPE in its 18 December meeting will be based on the stipulated guidelines.

Problem of the Size of Enterprises

The problem of the size of enterprises--defined as the overall set of conditions by virtue of which the form of an enterprise represents an obstacle to the attainment of the Plan's objectives--has until now been addressed fragmentarily and has in some of its aspects presented strong sociological connotations (exaltation of the small-sized enterprise) or ideological ones (the cooperationist "movement").

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An evaluation of the contribution made by the different sizes to the growth of the five macroeconomic variables in the frame of reference has yielded the following results:

## Average Annual Percentage

Variable	Period	Large	Medium	Small (1)	Total Enterprises (2)
1. Development	1972-78	+ 2.9	+ 4.5	+ 3.7	+ 3.1
*3. Employment	1972-78	+ 0.1	- 0.1	- 2.8	+ 0.1
4. Investment in Southern Italy (3)	1971-78	-19.4	-20.4	-14.0	-17.1
5. Exports (4)	1975-78	+24.9	+30.8	+28.4	+28.0

(1) Exclusive of firms with less than 20 employees.

(2) This total, with the exception of Variable 4, includes firms with less than 20 employees.

(3) Absent detailed information, the estimate is based on employees in new firms and indicates the average annual variation of the new employment arising from "new" initiatives.

(4) This figure represents variations in billings.

Source: Study by General Secretariat for Planning based on ISTAT [Central Statistics Institute] and SVIMEZ [Association for the Industrial Development of the South] statistics.

\* [as published]

As regards prices an indirect indication has been obtained from an examination of the frequency distribution of sectoral price rises prior to the heavy 1973-1974 inflation and following it. The results show a displacement of the frequency and of the intensity of rises in the sectors in which large industries do not prevail. The Medium-Term Plan (1981-1983) is not in a position to provide an itemization of its interventions according to size, but it is oriented toward solutions that take into account the fact that the growth of employment and that of incomes, as well as contribution to the development of Southern Italy and to the balancing of the payments account, are sometimes more prevalent in the medium- and large-enterprise sectors than in the small-enterprise one; and that, moreover, the rate of inflation is lower in the large-enterprise sector, the latter evidently being more exposed to international competition and less to revenue shelters.

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During the operative period of the Plan, economic legislation and the behavior of the public administrative bodies will take into account the contribution being made by the different variables to the chosen policy objectives, not, however, imparting to policy actions the variations in criteria with respect to large and small sizes that have characterized the past. The orientation shall be toward an equalization of treatment that eliminates the disadvantages of size.

Based on this choice, the approach to solutions of the crisis centers (concentrated in the large-enterprise sector) will also include taking into account in the 3-year plans for exports, tourism, housing, the farming industry, commercial intermediation, and special intervention in Southern Italy, as well as in sectoral plans in which the problem arises, the operative conditions of small enterprises (small industrial and commercial firms, handicraftsmen, owner-farmers) and of the cooperatives.

The needs of small business as yet unsatisfied are given specific treatment in the 3-Year Plan for Financial Intermediation, as regards credit and its cost, and in the Plan for Technological Innovation, as regards their aspects concerning dissemination of technology.

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GENERAL

ITALY

MINISTERS REVEAL THEIR PROGRAMS FOR 1981

Milan IL MONDO in Italian 6 Feb 81 pp 33-38, 71-76

[Text] What are the programs which each minister wants to carry out in 1981? And through what initiatives does each minister intend to improve his ministry's operations? IL MONDO asked every one of the 26 members of the Forlani Cabinet this question. Out of the 26 ministers in the administration of Arnaldo Forlani, 21 answered the question put to them by IL MONDO. The following did not respond: Treasury Minister Beniamino Andreatta, Transportation Minister Rino Formica, Justice Minister Adolfo Sarti, Merchant Marine Minister Francesco Compagna, and Minister for Relations with Parliament Antonio Gava.

Introduction by Donato Speroni--Promises Made by Ministers

What programs do you think your ministry can realistically complete during 1981? What are the major initiatives on which you will ask your stewardship to be judged and what is the time frame within which you expect to attain your objectives?

IL MONDO asked these two questions of all ministers in the Arnaldo Forlani Cabinet. In the following pages we publish their answers, preceded by a statement from the premier for IL MONDO.

The document can be read as a sum total of intentions and good proposals and we may be allowed a pinch of skepticism if we compare everything the ministers would like to do with what little has been done over so many years.

But these promises are interesting from two angles. After the earthquake and the events under the heading of terrorism, it is a good idea to look into the other problems which the administration believes it has already focused upon and which it intends to tackle right away. Within some time, furthermore, it will be possible to compare the good intentions expressed here with results obtained by each minister. Even if the cabinet should fall. Upon taking over, each new minister receives the work load of the outgoing minister (there is a term for this type of document which the top bureaucracy must frequently produce and that word is: the charge sheet) and the new minister rejects that charge sheet only in case of a drastic political turnabout--a rather rare possibility in Italy. It will therefore always

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be possible to check the results. But this document right now offers some starting points concerning considerations regarding the work method of the men in power.

The premier clearly outlines three priorities: earthquake, terrorism, and three-year plan, the latter also being used as an instrument for the coordination of the sector tasks. We must ask ourselves whether this same clear sense of priorities emerges from the statements made by the other members of the administration. Besides, the programs almost never contain any coordinated efforts, any joint initiatives involving several ministries.

There is a sense of precariousness which dominates the operations of many ministers. Giovanni De Michelis even goes so far as to consider the request for a program for each year to be provocative. We should not be astonished that even the most capable persons in the end wind up concentrating on initiatives which can yield immediate political dividends.

For many, the job of being a minister consists in promoting or waiting for reforms. For each minister, that involves his own sector, the various subdivisions of his own ministry, reforms to be worked out or to get parliament's approval on. In some cases, the program merely consists in asking parliament to approve the ministry's reform; in summary, the minister could also close his shop down and go to Montecitorio. More generally speaking, for almost all of them, legislative activities seem to call for more attention than administrative activities.

But there is no lack of positive aspects, at least on paper. Ministers from all majority parties proved to be committed to achieving specific results: from Franco Reviglio, who announces initiatives in the fight against tax evasion, to Filippo Maria Pandolfi, who stakes his credibility on the launching of new electric power plants; from Michele Di Gesi, who seeks to remedy the postal mess without too many illusions; to Oddo Biasini who focuses most of his activities on the recovery of cultural assets damaged by the earthquake.

Will these commitments and those assumed by the other ministers and by the prime minister himself be pursued? We will see sometime soon, without having to stray from the general excuse to the effect that political uncertainties make it impossible to accomplish any more. Every delay, every failure to accomplish something entail specific responsibilities in the ministries or in parliament. By publishing this document, IL MONDO also tries to bring out these areas of responsibility.

Forlani: My Commitment Is To Issue Clear Directives--By Premier Arnaldo Forlani

On the occasion of the latest parliamentary debate, which ended with another vote of confidence for the administration, I showed how busy we had been and how unfounded was the impression of paralysis which the opposition and a part of the press were trying to spread. All you have to do is re-read the weekly reports to see that every cabinet meeting brought important and working decisions of an economic, social, and institutional operations character.

The earthquake in Basilicata and Campania then produced an exceptional action program and an unexpected mobilization of money and resources. In spite of the difficulties, the demagogy and the political speculations which arose in connection

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with this tragedy, I believe that the steps taken and those in the process of being taken will enable us, with the active participation of the local and regional entities (but also associations and private individuals), to carry out the reconstruction program better than would have happened under other circumstances of this kind.

Regarding terrorism (but I could also mention here the mafia and crime in general), those who were supposed to take action did have clear directives because the administration's ideas are clear. Naturally, every assumption relative to possible international links is being considered and every bit of information which has a reasonable foundation is included in the operations and search plans of our agencies. We did not allow ourselves and we will not allow ourselves to be distracted and confused by artificial polemics. Criminals on the loose must be arrested and stashed away in a secure place; that is the problem and to solve it we must have ever better government security facilities.

Looking at government activities in general, our main concern is not to move beyond an overall view and a well-reasoned attempt at harmonizing the various programs, also in terms of steps in various sectors and in correspondence to certain particular requirements. This means that we must consider the drafting of the 3-year plan to be a central reference fact. That plan is now going to be examined by the cabinet, after getting together with the social and production forces, so that the administration may fully assume its responsibility with relation to the most important aspects of compatibility between spending and revenues; among other major issues under discussion, we have the policy for the South, the policy for the state participations, the energy plan, the health plan, steps for housing construction and the program for the reconstruction of earthquake-damaged areas. And we must not forget that economic policy in support of production activities and social policy in support of modernization will be tailored to the requirement for a progressive reduction of inflation and a restoration of our balance of trade.

Pandolfi: Moving Energetically--By Industry Minister Filippo Maria Pandolfi

Energy, energy, and more energy. Here is the top priority which I have assigned to myself from the very first moment I entered the cabinet as minister of industry. Some people might argue that I have other fundamental objectives I must deal with, such as industrial policy and, more generally, the policy for the production system which also includes the so-called market third. That is true: my program comprises a strict commitment also in that sector and it could not be otherwise. In connection with that I would only like to say that I have also already laid the foundations--with my colleague Gianni De Michelis--for a unified industrial policy for the public sector and the private sector and, along with him, I worked out complete understanding with Minister Giorgio La Malfa to fit industrial policy actions rapidly into the directions and procedures of the medium-term program.

So long as people do not ask me for a manifesto but for a listing of specific operations, I will assume responsibility and I will take upon myself the risk of asking that I be judged, in the energy fields, on the basis of the number and the output capacity of the power plants whose construction will be decided upon and started in 1981. I know that we need consensus, above all. But I also know that the country needs to know, not in abstract terms, who has to make the decisions and



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what is to be done, in other words, the country needs to know that there is somebody who in the final analysis will decide something. We are preparing what I would call the prerequisites for consensus. I would like to list four of them here: security, energy savings, commitment toward renewable forms of energy, integrated development policies for areas in which power plants are to be constructed. The itinerary, whose first stages I have outlined here, is very long. And the stakes are very high.

Colombo: Will Put Out Fires of War--By Foreign Affairs Minister Emilio Colombo

There are too many variables, unknowns, and unforeseeable situations to which a foreign policy program must respond. Such a program therefore presupposes the existence of a solid framework, of reliable coordinates which will furnish a precise frame of reference for problems and situations in which the country might find itself on the international scene. With the Atlantic framework, on which our security and, in the final analysis, depend, remaining strong, the other fundamental coordinate for Italy in 1981 is the community effort which unites us with other European countries in an original, peaceful, and democratic construction undertaking.

Under this umbrella of certainties, Italy intends to pursue an active policy, together with other friendly and allied countries, to eliminate tensions and foci of war. Above all, we must do this by actively working toward the success of the Madrid Conference and, hence, inter-European developments in the humanitarian sector and within the prospects of the convocation of a European disarmament conference. Regarding the European projections of East-West relations, the contribution which, in the context of NATO, firmly sticking to the modernization decision, we will make to support negotiations on long-range theater nuclear systems will be just as active, with a view to their reduction to progressively lower levels. It is our conviction that specific achievements in each sector of disarmament can be recorded only within the framework of an effective detente, which requires all power concerned to act in such a manner as to respect its global nature and indivisibility, hence also going beyond the European orbit, starting with Afghanistan.

We will furthermore commit our efforts toward the effective pursuit of peace initiatives in the Middle East. If these initiatives are successful, they will make themselves felt in a positive manner also regarding stability in the Mediterranean --another priority objective which we assign ourselves here in a quite coherent fashion. In a similar manner, we will never fail to make our contribution to the resolution of problems which threaten world peace, ranging from Cambodia to Namibia, from the Horn of Africa to Latin America.

Looking at the economic situation, we intend to pursue the consolidation and diversification of community policies. For this purpose, we will launch initiatives so that the mandate of the European Council given to the foreign ministers--to review the balance criteria for a restoration of the balance in community spending --may lead to concrete results. We will pursue our action aimed at a search for new markets for Italian exports, in addition to the search for the safest possible energy sources. On this last point, the resumption of the dialogue which we have just achieved with Saudi Arabia will be followed by further contacts with other

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petroleum producing countries. Finally we will push the initiatives already undertaken within the UN also at home.

Lack of space does not allow me adequately to cover the other salient aspects of Italian foreign policy, such as care for emigrants or aid for emerging countries, since the peculiar nature of these subjects obviously does not enable us to establish a rigid time frame for the implementation of the various initiatives. The thing that counts is that Italy's action abroad can be carried out to the maximum extent within the country's possibilities. Those possibilities certainly are not negligible, provided they are supported by operational continuity, by a certain degree of political stability, without which any action undertaken loses a large part of the credibility necessary to pursue it to its successful end.

Rognoni: Three Reforms to Be Instituted--Interior Minister Virginio Rognoni

I believe that the activity of the interior minister in 1981 cannot involve any break in continuity as compared to the actions last year in the course of which the administration was heavily committed in three fundamental institutional sectors: law and order, territorial affairs (local autonomous levels of government, regional, provincial, and community affairs), civil defense and fire-fighting.

The Senate is reviewing the bill on the reform of the police which has already been passed by the Chamber. It is the administration's intention rapidly to complete parliamentary processing of this bill which certainly is a major initiative of ministerial action, especially since it is intended to give the administration of public safety a higher degree of efficiency and operational effectiveness.

Terrorism will be granted no truce in operational terms. The fight against subversion will be a long and bitter one and, in addition to the effort of the security services, it will demand the united commitment of all citizens.

Regarding the second sector--the sector of local autonomous government levels--the ministry is drafting its own bill through which--fully recognizing the fundamental function of the plurality of local entities in which the territorial administration is organized--we try to bring into being a system of interconnection on the various levels of government between the federal government and the local autonomous government levels so--while absolutely implementing the constitution--we may restore unity and efficiency to public administration.

We are furthermore going to tackle the problem of reforming the civil protection services and the fire department in the light, also, of the experiences of the 23 November earthquake. In other words, we are going to have to revise the 1970 Law on civil defense in order to adjust the standards to the requirements of more effective and vaster preventive efforts (in addition to earthquakes and floods, we must also properly take into account phenomena of land, maritime, and atmospheric pollution due to the most varied causes) and a greater action capacity on the part of the most representative local organs of government (prefectures and local communities).

Through the reform of the police, of local entities, and of civil defense, the interior ministry therefore promises to define its own organization in a unified

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framework which will not break the administration up into three separate compartments but which will bring about better coordination among the agencies of the federal government and between the latter and the local entities which make up the republic's organization.

This is why I believe that 1981 can be called the year of relations between the federal government and the autonomous levels of government.

La Malfa: Will Carry Out Plan--Budget Minister Giorgio La Malfa

The year 1981 began under the sign of the medium-term 1981-1983 economic plan. The challenge which awaits the Budget ministry this year therefore is the challenge of translating the plan into a specific and efficient programming policy. That is no easy task. Operationally speaking, we are going to have to go through three stages: the stage of the political processing of the 3-year plan, along with its examination by the cabinet and parliament and consultation with the social partners; the stage of determining the economic and technical premises for its implementation, above all regarding the revision of public spending and the establishment of organs which will have to evaluate the validity of the investment programs of the individual ministries and their correspondence to the plan's objectives; finally we are going to have to make the individual sector plans operational in an overall fashion. That is a task for the various money-spending administrations which the plans spell out.

The budget minister's commitment is quickly to move along that line and to show, through actual facts, that the new economic policy management method--which will have to be adopted in order to carry out the planning effort specifically--makes it possible to make public spending more efficient and to identify additional resources at home and abroad which are capable of guaranteeing that economic growth which will be compatible with the fight against inflation, something which otherwise, under the conditions prevailing in Italy's economy today, would not be absolutely possible.

Reviglio: Recovering 3 Trillions--By Finance Minister Franco Reviglio

The fight against tax evasion--that will be the main commitment of the finance ministry also in 1981 with the objective of recovering 3 trillions in unpaid taxes this year. The fiscal agenda for 1981 is rich in innovations to be proved by specific facts. First of all we have those which were introduced into our system through the 1980 financial law. That includes "concentrated" tax assessments, the corps of superinspectors, and the service centers. Starting in January, as a matter of fact, the internal revenue service will conduct its checks on the basis of objective criteria to concentrate assessment activities on the most dangerous categories and taxpayers. Starting as of the beginning of this year likewise we are going to have our tax superinspectors after so many difficulties; they involve a new instrument created in order to make the taxation system efficient and to control the ethics involved in it. The Milan and Rome service centers will become operational this year and will help speed up the processing and thus release resources for assessment activities; in substance, they will serve to handle the income tax declarations in a managerial fashion.

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To continue on the road of maximum openness in relations between the citizen and the internal revenue service, we will publish our books starting in February. The Red Book, dealing with presumed IRPEF [individual income tax?] evaders, the similar book dealing with the companies, and those dealing with presumed VAT evaders. We will also publish volumes with statistical data and studies concerning the IRPEF declarations submitted in 1978 (including an analysis of the Form 101, for the first time) and the VAT statements submitted in 1979. We will start this publishing effort in February and we will continue it, book by book, until June. Very shortly, we are thus going to publish three white books which will constitute not only a contribution in terms of knowledge and information but which above all will provide a stimulus for a political debate which must lead to three reforms: real estate tax, family taxation, and state monopoly company taxation.

I would like to underscore the importance of FY 1981 because of the other aspects which together involve the activities of the finance ministry and those of parliament and the political forces: parliament is right now examining three highly important bills. The reform of the finance administration, a necessary condition for modernizing the treasury, so as to equip our administration to move against tax evaders, and to improve tax services to citizens. Next we have the law for the imprisonment of tax evaders in order, at last, to deprive dishonest taxpayers of the criminal impunity which they have as a matter of fact enjoyed so far. Finally, we have the bill which will on a mandatory basis call for the use of cash registers [recorders] for certain categories of economic operators.

Growing public opinion concern must be paralleled by the commitment of the political forces toward a rapid examination of these legislative initiatives.

Here, in summary, is the year 1981 which, as far as the taxation system is concerned, looks to be full of commitments in the light of which we can then evaluate every level of responsibility.

Lagorio: Military Personnel Pay To Go Up--By Defense Minister Lelio Lagorio

I think that 1981 will show two things: that the Defense Ministry is concerned not only with weapons but also with the human component of the military establishment; that the ministry has a policy for top military leadership but that it is devoting special attention to the rank and file of the armed forces so that the military establishment will open up toward civilian society.

Indeed, half a million men in uniform plus 50,000 civilian employees have many things to ask of the minister. In this respect, contacts between the minister and parliament are good and are producing positive results. Long-awaited laws and initiatives are as a matter of fact making headway. Let me recall those steps which we can realistically expect to accomplish in 1981: the reform of the draft and of officer and NCO careers, the law on military housing and individually owned housing, the new operational allowance (which, among other things, should remedy the military pilot drain), the reform bill for the new Criminal Code and the reform of military courts, the increase in draftee pay, and an improvement in the tax situation of civilian personnel. I think that 1981 will also be a year of three big mass debates: on the institution of (voluntary) female military service; on the organization, at last, of a mobile force to tackle civil defense problems;

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on relations between the armed forces and society (laws: local entities), on government-owned real estate where the time has come at last to restore such land to the free use of our cities.

Then of course we have the policy commitments which are connected to strategic questions and the issue of peace. I think that in 1981 in particular we are going to have to think of the Mediterranean and the countries along it in an effort to get Italy to play a more authoritative role in creating an atmosphere of calm.

Ambitions? If I had to indicate one, I would say that I would like to be a reformist defense minister, in other words, a minister who feels that he must watch over the best values of the armed forces and, starting with that, a minister committed to making every effort so that the armed forces will not only be renewed and efficient but that they will be the armed forces of the Italian people.

Bodrato: Secondary School Reform--By Public Education Minister Guido Bodrato

It is undoubtedly risky for a minister to come up with remarks on the program he intends to carry out within a year, considering the fact that the implementation of such a program does not depend exclusively, nor generally, on him alone but, in this case, also on the breadth and complexity of the problem.

As a matter of fact, no initiative can be completed without the cooperation of all of the political and social components, especially parliament. Talking about my bailiwick, in particular, the objectives which seem most urgent to me--but which at the same time cannot be dropped in political terms--are as follows: the definition of the senior high school reform and the start of the ministry's own reform. These are two objectives we cannot drop. The reform of senior high schools is something we have been waiting for since 1963, in other words, ever since the single middle school was instituted; from that moment on, we have increasingly noted the urgent need for a link between what actually is the last 3-year period of mandatory schooling and the following courses of study. The current state of uncertainty aggravates the already noted aspects of crisis. Moving rapidly in order to do away with this uncertainty does not mean moving blindly; it means using the large volume of work done by parliament in order to make conclusive decisions.

The ministry's reorganization thus is a prerequisite for the implementation of all of the necessary reforms in the school sector.

This topic involves not only the central structure but also the peripheral branches. We must absolutely have a more flexible instrument in handling our administrative procedures and in managing our personnel. This is why, as we know, we must now put an end to the long phase of preliminary investigation and move on to a phase of preparation, selection, updating, in keeping with the requirements of a high-grade and efficient school system.

In judging how this ministry works, we have to keep in mind that planning in the school system means carrying out an operation which is extended in terms of time to a much greater extent than in other fields.

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Di Giesi: No More Retiree Lines--By Post Office and Telecommunications Minister  
Michele Di Giesi

There is one very immediate point that has to be brought out. By the end of January, we complete our private TV and radio transmitters. Together with the planning of frequencies, this will enable us to implement the regulation of private broadcasts. In particular, this will enable my ministry to complete the now absolutely urgent law on private TV, on which we already have a study by a specific committee.

It should be evident to everybody that the solution to this problem can no longer be postponed. The absence of a law has created a chaotic situation in the ether and on the TV screen, a difficulty in relationships between public service and private television [networks] and between the latter and the motion picture operators. We must as quickly as possible take care of that and I hope that the political forces will collaborate toward rapid processing of these provisions in parliament.

As a citizen, I am presently familiar with the trouble we are having in the operation of the postal service or, more accurately, the failure of the service to operate properly, but as a minister I intend to do whatever I can to try to improve the service. In my opinion, some steps can be taken quite readily and it is my intention in this connection also to ask the labor unions for the necessary cooperation. For example, I will try to find out whether it is possible, at least in the big cities, to restore twice-daily mail delivery. I would also like to study the possibility of paying pensions no longer through post offices but through treasurer's checks.

Other initiatives might call for citizen cooperation. In earlier interviews I already mentioned an idea of mine to stimulate the use of CAP [ZIP code?] which is now absolutely indispensable because of the introduction of mail sorting machines. This is what somebody called Free ZIP Week, a kind of exemption or faster handling for those people who correctly give the ZIP code number on their correspondence.

I realize that these are not the only things that can create the kind of efficiency in a postal service that is necessary in an industrially advanced country. The 1981 program as a matter of fact provides for specific allocations amounting to more than 431 billions for the renewal of the operational and organizational structures of the postal and telegraph services, for the strengthening of the offices, for the mechanization of the postal network, and for the progressive automation of postal banking services, for the development of technology in the telecommunications sector and the progressive switch from the traditional system to the electronic system, for the development of promotion in scientific research and job training.

I will merely touch upon some of the other initiatives. They involve reorganization, already planned by the two outfits, and, regarding the telephone sector, they call for action aimed at restoring balance throughout the sector, with particular reference to relations with the concessionaire and in particular the need for a review of relations between the government agency and SIP [Italian Telephone Company].

During the year we also going to have to work out and get approval for the national telecommunications plan, indicating the program decisions and the implementation

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deadlines. In this connection I would like to underscore the really strategic importance of the role of this ministry as a link--which is also going to be tightened up--between the ministries of state participations and of scientific research.

A coordination and action policy between these three ministries is essential for a planning policy which--also through the role of industries with state participation--will promote scientific research and will extricate the country from its dependence on imported technology whose cost carries by no means minor weight in the balance of payments.

Hence, my commitment toward boosting the guiding and operational role of the Ministry of Post Office and Telegraph as a subject of a telecommunications policy. I therefore intend to convene a national conference dedicated to this specific topic for the end of March.

Bartolomei: EEC Draws the Line--By Agriculture and Forestry Minister Giuseppe Bartolomei

I can tell you what I would like to do, not what I imagine I might achieve: in this sector, we have to deal with a widespread tendency to give preference to immediate convenience to the detriment of more long-term action, typical of agricultural seasons.

Among the urgent points which I can see most immediately we must make an effort to restore an income level which today has been heavily eroded away by inflation. Not everybody realizes the anti-inflationary role played by agriculture. But overlooking this fact could cause investment loss phenomena with negative effects upon employment and the food shortage.

This raises some immediate needs which can in part be satisfied by fixing new community prices, by adequately handling taxation and farm credits plus channeling a certain flow of investments toward the agricultural sector. All of this however should not be done hastily and should be tackled in the context of Italy's membership in the EEC and the latter's enlargement to include other Mediterranean countries. In other words, we must increasingly involve Italian agriculture in the activities of other agricultural areas which are more favored by nature and which are technically more advanced.

In conclusion I would therefore like to say that 1981 looks like a year of much hard work, involving a very complex need for initiatives ranging from a profound review of community agricultural policy to a rationalization of the Italian production system with respect to a market policy that will be better supported by a more modern and dynamic distribution organization, by research and experimentation which also must be more modern and which must be more in keeping with the needs of the direct operators.

I would therefore be very satisfied if, in 1981, I were to be successful at least in creating the premises for seriously tackling any of those problems.

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Nicolazzi: Getting Housing Construction Moving Again--By Public Works Minister Franco Nicolazzi

The general framework within which I propose to operate involves the transformation of the ministry from an agency that merely awards construction contracts to a dynamic management center for achieving the high objectives illustrated in the following points.

The following will be ready for approval by the cabinet: a bill calling for the refinancing of the 10-year plan for the completion of programs authorized during the first 4-year application period of Law No 457; starting the mechanisms provided for under Law No 25, concerning credit facilities for construction and home purchase; a congruous increase in allocations for the urban development of areas; elimination of obstacles of an urban character which considerably interfere with current construction efforts; simplification of procedures provided for under Article 81, DPR [Presidential Decree] 616 for government construction projects and infrastructure facilities as well as the collection, in a single law, of all of the regulations dealing with public and loan-supported residential housing construction. Still looking at the residential housing construction sector, we must introduce some amendments in Law No 10 and we must quickly take the necessary steps deriving from the well-known ruling handed by the Constitutional Court. We must furthermore take specific steps in the matter of fair housing after the survey conducted in connection with the second reading. In this context, one urgent problem is the problem of reorganizing the autonomous low-cost housing institute.

We now can no longer hold off on solving the problem of reorganizing the public works administration; we must however figure on the delays deriving from the impossibility of achieving a complete reorganization outside the more general reorganization of the entire administration. The ministry has already drafted a bill calling for a functional reorganization of some offices and we are furthermore introducing the possibility of hiring technical personnel indispensable for the operation of the outlying offices. This bill is currently being discussed by the appropriate committees of the Chamber of Deputies.

Another important problem deals with soil conservation; we know all about the efforts which the administration has made to secure the early passage of the various bills which have been submitted most often. We must as quickly as possible start the discussion in the appropriate Senate committees on the latest bill which was submitted and which constitutes the premise for the future hydrogeological setup of the entire country as well as the operational structure to be put up.

Regarding the highway code, it is to be hoped that parliament will soon pass a bill authorizing the administration to draft the new code in order to standardize Italy's norms with those of the other countries included in the EC.

For Venice we have a study in an advanced state concerning the search for a planning solution for the well-known problem of flood control; as a matter of fact, we have approval for the agreement asking a group of six consultants to draft a general blueprint, also taking into account the points brought out at the time of the contract award.



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Regarding the highway sector, we hope that we will see the swift passage of the bill aimed at facilitating the adaptation of our highways to the new traffic requirements, such as they sprang from the Frejus tunnel and the need for links designed to improve and increase the capacity of our big superhighways in order to make up some of the delay in the completion of infrastructure facilities. In addition to the accomplishment of large highway sections, these new steps will have to include the definition of the problem of rearranging the economic and financial situations of the concessionaire companies, the revision and reorganization of the rate system, as well as the definition of relations with the central guarantee fund.

Foschi: Will Work with Agency--By Labor Minister Franco Foschi

There are three main topics with which I would like to characterize the activities of the Labor Ministry for 1981.

Regarding the employment service, I think that we can no longer postpone the rapid passage of the pertinent law with its specific portions which should permit the implementation of an active labor policy, a new territorial distribution for our services, and the testing of a labor agency in special areas. This law will also have to permit the use of job-change methods which will be in keeping with the new requirements of technological development and the need for resolving the sector crises which many companies are experiencing.

Regarding welfare, it will be possible to speed up procedures for the payment of pensions and a new link between the welfare system and action to be taken in situations where certain companies or sectors are in trouble, so as to eliminate the current welfare approach and to stop the double labor market and tax evasions.

Looking at the earthquake areas, we will carry out the action plan of the Labor Ministry above all to permit rapid economic recovery and support for employment.

With the help of the Labor Ministry I would like to be able to promote an evolution in the role of the labor unions, with greater emphasis on the process of fund accumulation and participation in the direct management of the economy.

There are many other questions which I would like to resolve, some of which however depend greatly on the stability of the political situation, on the pace with which parliament works, on its decisions as to priorities, and on the possibility of achieving sufficient agreement among the positions of the social forces. I therefore hope that the final judgment will be based on the actual commitment made in overcoming the obstacles facing us.

Manca: Will Increase Exports--By Foreign Trade Minister Enrico Manca

The year 1981 likewise looks like a difficult year: competition among industrialized countries will become stiffer. We are going to have to control the situation of Italy's balance of trade although we must not allow a situation where balancing that account would mean the sacrifice of the country's economic growth and employment levels.

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The 3-year plan as matter of fact for the first time includes an organic plan for foreign trade. That plan is based on the combined rejection of zero growth and protectionist policy and assumes a quantitative growth of exports of 7 percent per year for the 3-year term. We also stressed the need for making a qualitative effort aimed at the reorganization of our export mix which can be derived only from a well-considered and timely industrial conversion policy.

The central nature of our international economic relations policy however first of all calls for an internal redefinition of the relative action powers. For the time being, as a matter of fact, export support functions are being carried out with limited funds and are being administered by a large number of organizations, each with its own parochial view. The Ministry of Foreign Trade proposes to act as coordinator of this large number of agencies and requirements in order to become a center which will provide impetus and which will, for vast areas, spell out problems and types of action, which will identify a coherent and reliable framework within which the market forces can be anticipated and oriented.

Our work method will involve certain projects so as to concentrate initiatives and develop them in depth because they will function as development poles in the various geographic areas. It is our hope that the coordination formula be adopted also by the other administrations and agencies acting in this sector and that we can spell out their specific forms and mechanisms.

We have already begun to move along this road: at the end of January, we had the first national conference on foreign trade whose introductory reports were presented by Sabino Casses, by Guido Carli, and by Romano Prodi.

De Michelis: Will Take Care of Public Enterprises--By Minister of State Participations Gianni De Michelis

Looking at the average lifetime of Italian cabinets, this question seems slightly provocative to me. With the presentation of the "Report on State Participations" which was rather incorrectly called the "Libro bianco," I tried to outline the conditions for the restoration and revival of business involving state participation and of big business as well. These conditions must be implemented right away so that 1981 can reliably become the year during which these conditions must become reality at least for the most part. Now, what are they?

The first one which it seems to me should be implemented through the 3-year plan of Giorgio La Malfa and through the budget bill submitted by Beniamino Andreatta is to recapitalize the system of companies with state participation.

The second one, which likewise seems to me to be in the course of implementation, is to reactivate instruments for the support of industrial policy (reorganization, technological innovation, etc.), so as to relieve the burden on all of the big enterprises in this way.

The third one, on which I am working with the entities and finance companies, is, with respect to specific projects, to reopen the conversation and resume cooperation between the state participations sector and private enterprise, first in Italy and then internationally. The success of this initiative will provide a suitable atmosphere for the materialization of the fourth condition.

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This involves the speed-up of the investment program in key sectors: electronics, big civilian and military systems, energy, electrified transportation, food industry, etc.

The recovery of the original character of state participations (the presence of government capital and private capital in operating countries) is the fifth condition: it will be materialized when the companies begin again to offer prospects of earnings for capital invested in them; this is not really a full-fledged condition here but we are working to make sure that we can brighten up the rather desolate situation of recent years.

Ever since I took over the Ministry of State Participations, I considered this job a challenge: against time, first of all, and against the objective difficulties involved in a situation furthermore aggravated by the practically complete loss of credibility. I believe that the state participations system will in the coming months regain its credibility to the point of once again being a proper conversation partner in the process of spelling out administration economic policy. This is only a first step but it is important. Soon, in March or April, the "Report on State Participations" will become the "Program Report." I would like to move fast this year so that I may, on the one hand, achieve a correction in the course pursued by the management agencies and, on the other hand, so that I may get ample room for discussion in parliament. If, as I hope, there will be still time to do more, then I think I might launch the reorganization of the ministry and the revision of the statutes of the various entities. I have from the very beginning moved with the long-range view in mind. I am convinced that this is the only way to have effective government. You have to state things correctly so that they may be implemented according to my proposals, even when I am no longer in charge of this ministry. This way of operating, I believe, is what I would like to be judged on.

Aniasi: Health System Will Really Work--By Health Minister Aldo Aniasi

The year 1981 will bring the implementation of the health reform following an initial period characterized by considerable delay, caused only in part by inertia or by inadequacies in the central institutions.

There are two reforms which took effect almost simultaneously and which radically altered the country's administrative and health organizations. The complexity of the system to be implemented was not correctly estimated during the planning phase.

The transfer of authority to the regions and local entities and the new law, establishing national health service, call upon us to make the system based on local autonomous government levels operational. The fundamental problem therefore is to implement democratic planning based on the choices made with the support of the regions and the local entities and simultaneously to guarantee the possibility of running the system by making sure that the directions and decisions will effectively be translated into action and achievements. The debate in parliament therefore must be conducted rapidly and the 1981-1983 health plan must be approved quickly.

During the first half of 1981, it will be necessary, in all regions, to establish the local health units, transferring to them the functions spelled out in national

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legislation, carrying out the provisions in the reform, and making up for lost time.

The objective is to make the health services efficient and to improve the quality of services rendered, to begin with, by activating the system of prevention, of early diagnosis, and by earnestly tackling the topic of health education for citizens, as well as training and upgrading of health workers. The Health Ministry will dedicate itself to the pursuit of these objectives, faithful to the spirit of reform but also convinced of the need that strategy and the ultimate goal must be reconciled with the daily needs of the citizens.

Signorello: Has Tourist Plan--By Minister of Tourism and Recreation Nicola Signorello

The year 1981 will be a year of particular hard work for every sector of the Ministry of Tourism and Recreation.

Tourism: examination and passage of model law and reform of ENIT [Italian Tourist Agency]. Both of these bills are now in parliament.

Recreation: submission of a new motion picture law to the cabinet; resumption of review, within appropriate parliamentary committees, of the law on the theater and start of discussion on the law dealing with music.

Sports: submission and completion of debate, in the Chamber, on the problem of the status of professional athletes; start of discussion on model law for sports and regulations for the reform of sports funding.

Whether all of these initiatives or only a part of them can be completed in 1981 will depend on various circumstances: political stability, work program of legislative assemblies, commitment of parliamentary forces as well as the administration itself. Here in detail are the initiatives which I consider most important.

Tourism: drafting of an outline plan for tourism by the spring of 1981. Italy derives major advantages from tourist activities: but it is precisely in this sector that we have so far been lacking an organized and planned action policy. It is important and necessary, from the very first weeks of the year onward, to start a promotion drive abroad; this is all the more urgent following the earthquake which, among other things, struck one of Italy's most interesting tourist areas.

Entertainment: on the basis of the agreements achieved in parliament, we should consider it reasonable to make sure that at least one branch of parliament can pass the law on the theater before the summer. During the first few months of 1981, we must therefore achieve parliamentary passage of the various laws in support of theatrical and musical activities while the discussion on the laws for music and movies must be started before the summer. Wherever this can be achieved, we would certainly be deriving extremely positive results regarding the activities of this ministry.

Sports: it will be necessary to make every effort to complete as soon as possible the passage of the law on professional sports which has already been passed by the Senate of the republic.

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Biasini: Will Save Herculaneum and Pompeii--By Cultural Assets Minister Oddo Biasini

For our ministry, 1981 should be the year of planning. I am thinking above all in terms of a method involving the technical secretariat of the National Council for Cultural Assets which I established last June precisely for the purpose of effective and realistic planning in the various activity sectors (for artistic assets as well as archivist assets, for archeological as well as architectural assets).

The earthquake certainly has shaken us up and has confronted the technical secretariat and therefore also the National Council as a whole with considering the southern regions as the immediate testing ground for planning. It would have made no sense to approve programs in December for Campania and Basilicata such as they had been worked out before the tragic events of 23 November. Our efforts were immediately concentrated on the most urgent actions in the regions struck by the earthquake and other, considerably bigger efforts await us; the overall spending estimates, and these are only estimates and therefore may be corrected, call for an allocation of more than 777 billion lire. In terms of reconstruction efforts--where the administration has already indicated two different periods for the first action assigned to special commissioner Giuseppe Zamberletti--and in the area of real reconstruction, as provided for by the model law, we are faced with a specific requirement, connected with the nature of the assets we must save. Let me explain what I mean by that: it is possible that there might be a long interval between those two phases; by way of example, we are now thinking of Pompeii, the museum at Capodimonte or at Herculaneum, in other words, we are thinking of what these and other archeological, historical, and artistic complexes represent to the economy of the South. Is it conceivable that this home-grown petroleum might not be in proper shape this year, when we need that kind of money more than ever before? I really believe that the answer is no and this is why I must stress the requirement that, in the case of an excessively long interval between the two phases of the emergency and reconstruction, we put in an intermediate phase for cultural assets tied to the need for early overall spending.

As far as the most important initiatives are concerned, I must promise that the restoration of the cultural heritage, which the earthquake has shaken up, certainly cannot be referred to as an initiative but rather as a necessity on which nevertheless I am convinced that my stewardship will be judged. But, as for the other initiatives, there is one which is particularly significant and it involves the new guardianship law. This is a reform law, the laws of 1939 had many points of merit but they are 1939 laws; and I am not saying this because they can all be traced to fascism but because they are based too much on assumptions and implications which are now too far in the past. As for the rest, the reform was implemented through DPR 616 of 24 July which also gave it the job of spelling out the administrative functions of the regions and the local entities in the matter of the historical and artistic heritage.

It is my judgement that, on the basis of this new legislative instrument, we will really be shaping the future of our cultural assets and we will have to try decisively to alter the prospects from which cultural assets have been viewed in the past. It is in particular important to do away with the legal concept of mere administrative limitation of private property and replace it with a new concept of

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cultural assets as assets for fruition. We have had consultations within the cultural community and the university community; those with the regions are now under way. By the spring I hope to be able to present the law to the cabinet for approval.

Romita: Will Build Up Ministry--Scientific Research Minister Pierluigi Romita

The research minister has been surrounded by a complex of functions without however having the very minimum required for a stable structural setup. It is therefore obvious that the minister's first task will be to see to it that the instruments of coordination will work better, with particular emphasis on the directions to be given to the CNR [National Research Council].

But we must not fail to tackle the problem of stability and continuity in these instruments; an initial legislative bill is therefore in an advanced study phase; by developing past initiatives, it calls for the institutionalization of the figure of the minister with a permanent, flexible, and specialized structural set-up on the technical level; a second bill on the reform of the CNR is aimed at better channeling the activities of the agency toward the country's social-economic requirements, to speed up management, and to upgrade our researchers and engineers more and more. In this context, special attention will be given to the completed projects many of which (18 out of 26) will get through the processing phase this year.

We will have to decide how to follow up on these programs: closing them down, because they attained the predetermined scientific-technical objective or because these objectives proved to be partly unattainable; continuation as technical services because the scientific results attained must be made available to public or private organizations; continuation in the form of mixed consortiums between public and private institutions, because the results must filter down to the economic-industrial structures; continuation toward further scientific objectives; or other ways of handling this.

Other major initiatives to be included in the 3-year economic plan undoubtedly are the revival of the special IMI [Italian Credit Institute] fund for applied research in industry, where fund allocations for the next 3-year period call for 1.85 trillion; the special project for research in the South whose programs for the 2nd year are currently being studied by the ministry; handling the space plan for which the research minister must this year propose a specific organizational formula; promotion and coordination of research activities aimed at earthquake protection, calling for the establishment, by the minister, of a national group attached to the CNR.

Scotti: Will Implement EEC Directives--By European Affairs Minister Vincenzo Scotti

There are two tasks which this administration has assigned to me: coordination of community policies and, after that, coordination of the Committee of Ministers for the Reconstruction of Earthquake-Stricken Zones.

Regarding the first job, it is my intention to create and operate the department of the office of the prime minister for coordination of community policies. This

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department is part of a more general blueprint for the reform of the office of the prime minister and during the preliminary phase was assigned to a minister without portfolio to facilitate its insertion among regular administrative agencies. Community policy as a matter of fact must be considered a matter of general responsibility of the administration as a whole, a responsibility which first of all must be shouldered by the premier.

One of the initiatives which I will tackle with maximum urgency is to resolve the conflict now in progress with the Court of Justice of the European Community over the failure, by the Italian government, to accept Community standards. The Chamber of Deputies is already discussing two government reform bills (already approved by the Senate)--one for the implementation of 97 Community directives and the other one for the reform of stock companies in line with Community standards.

Another urgent problem is the coordinated and planned handling of the Community's money flow. This management effort must not be developed outside the basic decisions made by the national government (one of my actions along these lines has already been taken in connection with the 3-year plan) and for this purpose I intend to create a rotating fund which--leaving the powers and responsibilities of the various administrations unchanged--will be capable of supplying, at the right time, both the information and all of the funds, both national and community, which can be obtained for the financing of various efforts. As for the job of coordinating the interministerial committee for the reconstruction of the earthquake-stricken zones, a bill will be submitted to parliament in January whose main objective is to establish an understanding between the federal government and the regions so as to guarantee effective and coordinated reconstruction and development. The law will have to deal with the problems of restoring the housing inventory, supporting the resumption of economic activities by establishing development targets, keeping in mind the particular characteristics of the regions stricken by the earthquake, staying within the fundamental decisions to safeguard the pre-existing economic-social structure.

Mazzotta: Will Send Money to the Regions--Minister for Regions Roberto Mazzotta

The ministry's fundamental tasks includes the coordination of regional activities and the link between them and the administrative initiatives and activities of the various central government agencies which are involved in matters of regional competence.

This is a typical function of a cabinet minister under the office of the premier which is still being carried out in a partial and insufficient manner precisely because of the delay in the reorganization of the reform of the office of the prime minister itself. Here, however, we have two different types of possible objectives. The first one involves the advisability of taking practical steps by building a system of relations with the regions and with the sector ministries which would establish the ministry of regional affairs as an agency under the office of the prime minister.

The second objective is more complex: it involves the need for presenting--for the individual subject--basic and guidance laws which are needed to permit regional legislative activities to move along the right track, following completion of the blueprint for the transfer and organic functions of related subject matter to the

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regions. In this connection, the foot-dragging and the failure on the part of the administration and parliament are very serious. The action of the Ministry for Regional Affairs is essential to correct a tendency that has prevailed so far.

On one point, above all, the initiative can be valuable and can be in keeping with the aspect of "significant" as raised in the question put to us by IL MONDO: the regional finance law is due to run out in December 1981. This year we therefore must permit and secure approval of a new law which will enable us not only to be working with updated criteria for the distribution of money from the common fund or aid in support of the regional development plans, but also to introduce the necessary procedural elements which will facilitate the specific start of a serious planning effort that will enable us in turn to counteract the tendency of the central administration to act as if the regional government did not exist.

Darida: Office Productivity To Go Up--By Civil Service Minister Clelio Darida

The achievement of greater efficiency in public administration is one of the most urgent but also one of the most difficult tasks. The basis of this general re-organization effort is the "Giannini Report" and the subsequent directive issued by the Senate last July. It is the task of the civil service minister to translate this blueprint into specific acts of legislative and administrative initiatives and to bring about a homogeneous arrangement of personnel in the public sector and to implement hiring procedures which will be guided by the above-mentioned document.

It is therefore urgent for parliament to pass (as repeatedly requested by the administration) the basic legislative act, that is, the model law on public employment (Chamber Act 678) which has for many months been examined by the first committee. Through this initiative we try above all to spell out what subjects relative to public employment must be covered by law and which ones should be taken care of within the hiring procedure, at the same time defining procedures for the negotiation and implementation of the agreements stipulated.

Next we have a reform of the office of the prime minister. This is a priority initiative to keep the administration functionally effective in line with the provisions of Article 95 of the Constitution.

The studies and the analysis of the debate within the Constituent Assembly clearly show us that the Italian premier must be assigned functions similar to those of the British prime minister. A committee is at work in this connection and it will present its proposals in February.

This brings us to the reorganization of the ministries and the pertinent outlying agencies in relation to the decentralization of government functions. The objective we want to attain here is likewise to propose an efficient grouping of these agencies, on the basis of decisions tied to a more forceful presence of the regional government setup. A committee will present its first proposal on this problem in February and, after the necessary investigations, not only are they strictly of administrative nature, this proposal will be expanded into a draft bill.

In the matter of government agency reform, the cabinet is already looking into a model bill on the restoration of autonomous government enterprises according to



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criteria of maximum autonomy, efficiency, and responsibility. This initiative likewise is very important because, especially for the combined company and enterprise, it makes it possible to do away with old bureaucratic structures; it is also very urgent because we have many reform initiatives in this field (government railroads, flight assistance, Civil Aviation, Monopolies, ANAS [National Road Board], Post Office and Telecommunications) on the part of the individual ministries, which are pressed by objective requirements and which are exposed to tough labor union agitation, but without any unified point of reference.

Similar reforms are being studied for the other types of companies and groupings with emphasis on the fire department, along with agreements designed to make them more operational and more autonomous.

Productivity and efficiency indicators in public administration are next. We have already completed a first phase of endeavor by sending to all administrations a pertinent directive calling for the introduction of these indicators in government agencies together with instruments for evaluating the output of government agencies. All ministries have established (or are establishing) the pertinent organizational office which must be staffed with specialized personnel (analysts) in which connection the Public Administration Academy has been starting the necessary training courses.

Administrative procedure reforms. According to the indications provided by parliament, the idea is to carry out a unification program for training centers through electronic data processing machines so as to guarantee democratic control and the broadest possible right of access to the so-called data banks, although the privacy of the citizens must be safeguarded.

Policy of reducing the vast numbers of laws. A scheme has already been worked out and it will first be submitted to the cabinet for examination. The purpose of these provisions is to simplify the administrative procedure while complying with constitutional norms.

Auditing discipline. During one of its last meetings, the cabinet approved a bill, drafted by the civil service office, dealing with the control and jurisdiction functions of the general accounting office and aimed at reducing preventive auditing under the law only to acts of government in the strict sense of the word and at the same time introducing subsequent auditing over management functions in order to give the public agencies more responsibility for action. All of this also calls for the proper reorganization of the general accounting office.

Updating of laws. The need for providing a suitable instrument for determining the administrative feasibility of laws in advance is closely tied to the simplification of administrative procedures and controls. A committee, under the public service office, is working on that.

Administrative justice. Various bills are now being examined in parliament and all of them are aimed at guaranteeing faster and more efficient justice through less confused procedures and adjustments which now can no longer be postponed.

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Management problems. These perhaps are the most complex among all of the problems involved in the reorganization of public employment in order to adapt it to the requirements of a modern society. We know of the effort to reduce the number of managers and to increase their authority and responsibility along with adequate pay, also providing direct access from abroad [from the outside]. There is no doubt that this objective cannot be divorced from the reorganization of the ministries in relation to the functions which must be redefined in a rigorously more efficient context so as to enable us to achieve greater efficiency in government agencies. The First Committee of the Chamber is therefore looking into a bill for temporary controls in the matter of management procedures while the general problem complex, briefly touched on above, is being studied--with a target date of February--in order to spell out the directive approved by the Senate last July. In the matter of public employment, the cabinet is also examining a bill for the organization of unskilled and skilled government workers, according to the Senate directive. Other initiatives are being completed and the pertinent schemes will be published as soon as possible for coordination with the agencies involved.

Government, school, post office and telecommunications, monopolies, and ANAS workers. The objective here is as soon as possible to complete the negotiations and thus to put an end to the deadlock situation which has arisen due to the delays in negotiations and to be able right away to start the new hiring procedures for contract renewals starting with the next 3-year term of 1982-1984. These are by no means easy negotiations, not only because of the well-known financial difficulties, but also because the entire problem is very complex from the economic viewpoint and from the organizational viewpoint (redefinition of parameters, retroactive seniority, etc.). For the entire so-called enlarged public employment sector, we nevertheless intend to continue--according to the commitment assumed toward parliament--with a concrete policy of coordinating the organizational setup and equalizing the pay, although on the basis of an in-grade setup.

Capria: Gioia Tauro Will Get Its Industries--By Minister for the South Nicola Capria

There will be three particularly significant moments in 1981: the immediate start of reconstruction and development of the earthquake-stricken areas; the reform law on special action; and the elimination of the major crisis points in the southern area with particular emphasis on the materialization of the major civilian and industrial infrastructure complexes.

On this last point, we have the following special priorities: the completion of port facilities and service areas for Gioia Tauro which will become one of Italy's biggest ports; the simultaneous establishment in the area of some significant industrial initiatives (Finsider [Iron and Steel Finance Corporation], Oto Melara, and others); completion of big water power systems in Sicily, Puglia, and Calabria which will lead to the solution of the problem of water for agricultural and industrial uses in regions with about 8 million inhabitants; the specific start of big projects in the metropolitan areas of Naples and Palermo.

In line with these direct control actions by the Ministry for the South, we will in particular continue to address ourselves to the question of crisis points in big southern establishments, partly connected to the special program itself (Gela,

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Ottana, Cagliari, Priolo, Bagnoli, and Taranto). Here we are going to look into aspects dealing with the completion of the infrastructure facilities and those connected with the system of national and European incentives.

Regarding the earthquake, I am convinced that we will be able quickly to proceed to the reconstruction and development of Irpinia and Basilicata only by boosting the local autonomous government levels as much as possible, with technical, financial, and guidance support from the federal government. The Fund will be used to the maximum degree for the priority implementation of actions in the earthquake areas. By priority I mean here the immediate resumption of economic activities because it would make no sense whatsoever--beyond mere words--to rebuild anything beyond the framework of the logic of production development. But the Fund will only be one of the government agencies which the local autonomous levels will have available during a phase which will have to see them as undisputed protagonists.

The year 1981 therefore is a testing ground for a vigorous resumption of the action of the public administration. Connected with this topic is the renewal of the law on special action which constitutes the opportunity for a profound review of the philosophy of special action. The new law assigns an outstanding role to the southern regions in the management of special regional projects for the entire territory. The regions will not only be submitting proposals but they will also be taking action and they will be managing the various efforts. The reform of the system of incentives is also very important and it will be based on criteria of automatic processing and absolute clarity. We will furthermore introduce incentives regarding the cost of labor arising from newly employed individuals and the range of real incentives will be extended.

Special action under central government control will only have the task of carrying out the big interregional projects of a strategic character as far as the national economic system is concerned. In this connection, the year 1981 can be a year of methane development in the South. More than 300 communities will be offered an opportunity to use Algerian methane within 3 months, if the necessary operational instruments are quickly set up; the federal government will supply all money necessary for that in collaboration with the European Community.

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